

11 August 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 – Off-market takeover bid for Cardinal Resources Limited

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 for all of the ordinary shares in Cardinal Resources Limited ACN 147 325 620 (ASX:CDV) (**Cardinal**).

We enclose in accordance with section 633(1) item 5 of the *Corporations Act 2001* (Cth) (**Corporations Act**), a copy of our client's bidder's statement (**Bidder's Statement**) in relation to the Bid.

The Bidder's Statement was lodged with the Australian Securities & Investments Commission and given to Cardinal today.

Relevant date for determining holders of securities

In addition, notice is hereby given under section 633(4) of the Corporations Act that 11 August 2020 is the date set by the Bidder (pursuant to sections 633(2) and (3) of the Corporations Act) for the purposes of determining the people to whom information is to be sent under section 633(1) items 6 and 12 of the Corporations Act in relation to the Bidder's off-market takeover bid for all of the ordinary shares in Cardinal.

Yours sincerely

King & Wood Mallesons

Contacts

Heath Lewis | Partner

King & Wood Mallesons

T +61 8 9269 7163 | M +61 423 844 021

heath.lewis@au.kwm.com

Angela Zhao | Solicitor

King & Wood Mallesons

T +61 8 9269 7298 | M +61 497 086 738

angela.zhao@au.kwm.com



SD-GOLD

BIDDER'S STATEMENT

**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

The Cardinal Directors **UNANIMOUSLY RECOMMEND** you

ACCEPT

the **ALL CASH** offer in the absence of a Superior Proposal

Recommended all cash Offer by:

Shandong Gold Mining (HongKong) Co., Limited,
a private company limited by shares incorporated
in Hong Kong, with Company Number 2489908

to purchase all of your shares in:

Cardinal Resources Limited
ABN 56 147 325 620

For each Cardinal Share you will receive \$0.70

The Offer is dated 13 August 2020 and will close at 7:00 pm (Sydney Time) on 13 October 2020, unless extended or withdrawn. This Bidder's Statement was lodged with ASIC on 11 August 2020.

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.

Financial Adviser

Morgan Stanley

Australian Legal Adviser

**KING & WOOD
MALLESONS**
金杜律师事务所

Canadian Legal Adviser

Goodmans

Key Dates

ASX Announcement of Offer	19 June 2020
Date of this Bidder's Statement	11 August 2020
Date of Offer	13 August 2020
Date Offer closes (unless extended or withdrawn)	7.00 pm (Sydney Time) on 13 October 2020

Important Information

Nature of this document

The Offer in this Bidder's Statement is given by Shandong Gold Mining (HongKong) Co., Limited (**Bidder**) to Cardinal Resources Limited (ABN 56 147 325 620) (**Cardinal**) under Part 6.5 of the Corporations Act and sets out certain disclosures required by the Corporations Act together with the terms of the Offer to acquire your Cardinal Shares.

This Bidder's Statement is dated 11 August 2020 and includes an Offer dated 13 August 2020 on the terms set out in Appendix 1 to this Bidder's Statement.

Australian Securities and Investments Commission

A copy of this Bidder's Statement was lodged with ASIC on 11 August 2020. ASIC takes no responsibility for the content of this Bidder's Statement. This Bidder's Statement has not been reviewed by any provincial securities commission in Canada.

Defined terms

Terms used in this Bidder's Statement are defined in the Glossary in Section 9 of this Bidder's Statement.

Currencies

This Bidder's Statement may contain conversion of relevant currencies to other currencies for reference only. These conversions should not be construed as representations that the relevant currency could be converted into the other currency at the rate used or at any other rate. Conversions that have been calculated at a relevant date may not correspond to the amounts shown in the historic or future financial statements of the Bidder or Cardinal in respect of which different exchange rate may have been, or may be, used.

Ore reserves and mineral resources

This Bidder's Statement contains ore reserves and mineral resources estimates, as reported by Cardinal in its ASX announcement and press release dated 3 April 2019, available to Canadian investors at www.sedar.com under Cardinal's profile. As discussed in Cardinal's ASX announcement and press release dated 3 April 2019, ore reserves and mineral resources were prepared by Cardinal in compliance with regulatory requirements (including NI 43-101) under the supervision of a qualified

person. The Bidder has not verified these mineralogical estimates, is not treating these historical estimates as current and nor has it completed sufficient work to classify the historical estimate as current ore reserves or mineral resources.

Investment decisions

You should read this Bidder's Statement in its entirety before deciding whether to accept the Offer. This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of individual Cardinal Shareholders. Accordingly, before making a decision whether or not to accept the Offer, you should consider seeking independent financial, tax or other professional advice.

Disclaimer as to Cardinal information

The information on Cardinal, Cardinal Shares and the Cardinal Group's business contained in this Bidder's Statement has been prepared by the Bidder using publicly available information and should not be considered comprehensive.

Information in this Bidder's Statement concerning Cardinal, Cardinal Shares and the Cardinal Group has not been independently verified by the Bidder. Accordingly, none of the Bidder, the Bidder Board, nor any member of the Shandong Gold Group or their respective officers, employees, agents or advisors, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Further information relating to Cardinal's business may be included in Cardinal's target statement which Cardinal must provide to Cardinal Shareholders in response to this Bidder's Statement.

Notice to Canadian Cardinal Shareholders

This Bidder's Statement and associated materials are, in Canada, being sent to both registered and non-registered owners of Cardinal Shares. If you are a non-registered owner, and the Bidder (or its agent) has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

The Bidder intends to make an application to the Canadian Securities Regulatory Authorities for relief from certain of the requirements of a foreign take-over bid such that the Offer in this Bidder's Statement would be exempt from the Canadian requirements of a take-over bid. If granted, the exemption would remove any applicable constraints on the Bidder from, among other things, waiving the minimum acceptance condition (at the Bidder's discretion), and, upon the Offer becoming or being declared unconditional, "taking up" deposited Cardinal Shares prior to the 35 day "minimum deposit period".

Notice to foreign Cardinal Shareholders

This Bidder's Statement and the Offer are subject to Australian disclosure requirements which may be different from those applicable in other jurisdictions. The Bidder's Statement and Offer do not in any way constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of this Bidder's Statement may, in some countries, be restricted by laws or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

Forward looking statements

Some of the statements appearing in this Bidder's Statement may be in the nature of forward looking statements. Forward looking statements may generally be identified by the use of forward looking verbs such as "aim", "anticipate", "believe", "estimate", "expect", "foresee", "intend" or "plan", by words denoting uncertainty such as "likely", "may", "potential" or "should", or by derived or similar words. Similarly, statements that describe the expectations, objectives, plans or targets of Shandong Gold, the Bidder or Cardinal may be forward looking statements.

The assumptions and expectations on which forward looking statements are based are subject to a number of risks and uncertainties that could cause the actual outcomes, and the actual performance or results, to be materially different from the outcomes, or the performance or results, expressed in, or implied by, such statements. These risks and uncertainties include among other things, general economic conditions, changes in law, regulation or government policy, the impact of increased competition and certain other operational and financial risks and uncertainties associated with carrying on business in the industries in which Shandong Gold and Cardinal operate. All forward looking statements should be read in light of such risks and uncertainties.

None of Shandong Gold or the Bidder nor any of their respective officers, employees or advisers makes any representation or warranty that any outcome, performance, or result expressed in or implied by any forward looking statement in this Bidder's Statement will actually occur. You should treat all forward looking statements with caution and not place undue reliance on them.

Any forward looking statements in this Bidder's Statement reflect the assumptions and expectations of Shandong Gold and the Bidder as at the date of this Bidder's Statement. Except as required by law, Shandong Gold and the Bidder and their respective officers, employees and advisers disclaim any obligation to revise or update any forward looking statements after the date of this Bidder's Statement to reflect any change in the assumptions or expectations on which those statements are based.

Privacy

The Bidder has collected your information from the register of Cardinal Shareholders for the purposes of the

Offer. The type of information the Bidder has collected about you includes your name, contact details and information on your shareholding in Cardinal. Without this information, the Bidder would be hindered in its ability to carry out the Offer. The Corporations Act requires the names and addresses of Cardinal Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to the Bidder's Related Bodies Corporate and external service providers, and may be required to be disclosed to regulators, such as ASIC.

Websites

Both Shandong Gold, the holding company of the Bidder, and Cardinal maintain internet sites. The Shandong Gold internet site is at <http://en.sdhjgf.com.cn/>. The Cardinal internet site is at www.cardinalresources.com.au.

Information contained in, or otherwise accessible through, these internet sites is not a part of this Bidder's Statement. All references in this Bidder's Statement to these internet sites are inactive textual references to these sites and are for your information only.

Updated information

Information contained in this Bidder's Statement is subject to change from time to time. Please refer to any ASX announcements of Cardinal regarding the Offer.

Enquiries

If you are in any doubt as to how to deal with this Bidder's Statement, you should consult your professional adviser.

How to accept the Offer

The Offer may only be accepted for all of your Cardinal Shares. You may accept the Offer during the Offer Period in the manner specified below.

Australian Branch Shareholders

If you are an Australian Branch Shareholder (ie. your Cardinal Shares are held on the Australian branch register of Cardinal), how you accept the Offer will depend on whether your Cardinal Shares are in a CHESS Holding or an Issuer Sponsored Holding. Your personalised Acceptance Form outlines which type of holding you have.

If you hold your Cardinal Shares in an Issuer Sponsored Holding (your SRN starts with an "I"), to accept the Offer you must complete (with "X" marked in the "Option 1" box), sign and return the enclosed personalised Acceptance Form in accordance with the instructions on it and lodge it by returning it (together with all other documents required by the instructions on your personalised Acceptance Form) in the reply paid envelope provided or to the address indicated on the form (and set out below) so that your acceptance is received before the end of the Offer Period.

If you hold your Cardinal Shares in a CHESS Holding (your HIN starts with an "X"), to accept the Offer you must comply with the ASX Settlement Operating Rules by doing one of the following:

- (a) instruct your Controlling Participant (usually your Broker) to initiate acceptance of the Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules in sufficient time for the Offer to be accepted before the end of the Offer Period. Acceptances must be received by 7.00 pm (Sydney Time) on the last day of the Offer Period, unless the Offer Period is extended; or
- (b) complete (with "X" marked in the "Option 1" box) and sign the accompanying personalised Acceptance Form and send it directly to your Controlling Participant (usually your Broker), (together with all other documents required by the instructions on the form) in sufficient time for the Offer to be accepted before the end of the Offer Period with instructions to initiate acceptance of the Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period. Acceptances must be received by 7.00 pm (Sydney Time) on the last day of the Offer Period, unless the Offer Period is extended; or
- (c) complete (with "X" marked in the "Option 1" box), sign and return your personalised Acceptance Form in accordance with the

instructions on it and lodge it by returning it to the address indicated on the Application Form (and set out below) in sufficient time for the Bidder or Computershare to instruct your Broker or other Controlling Participant to initiate acceptance of the Offer on your behalf so that your acceptance is received before the end of the Offer Period. Acceptances must be received before 7.00 pm (Sydney Time) on the last day of the Offer Period, unless the Offer Period is extended.

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

If some of your Cardinal Shares are held in an Issuer Sponsored Holding and some in a CHESS Holding, if you wish to accept the Offer you will need to accept the Offer separately for each holding. Clause 4 of the Offer Terms in Appendix 1 contains further information on how to accept the Offer.

If you wish to accept the Offer via the Acceptance Facility, you should refer to the Acceptance Form accompanying this Bidder's Statement, and carefully read both the summary of the Acceptance Facility set out in Section 8.9 and the full terms and conditions of the Acceptance Facility and the Financial Services Guide from the Facility Operator in Appendix 2 of this Bidder's Statement.

If you are the registered holder of your Cardinal Shares, you must place "X" in the "Option 2" box on the Acceptance Form and complete and sign the Acceptance Form.

If your Cardinal Shares are held through a custodian:

- (a) you must place "X" in the "Option 2" box on the Acceptance Form and complete and sign the Acceptance Form; and
- (b) complete and sign the Custodian Direction letter.

When you return the completed Acceptance Form, you must mail or deliver the completed Acceptance Form and any other documents required by the above instructions using the self addressed envelope included or otherwise, to the address indicated on the Acceptance Form (and set out below) so that it is received before the relevant deadline stated in the above instructions.

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

Computershare Investor Services Pty Limited
GPO Box 52
Melbourne VIC 3001

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

If you return the completed Acceptance Form to Computershare's address for the purpose of accepting the Offer via the Acceptance Facility, you will be deemed to have delivered the completed Acceptance Form to, and it will be received by, the Facility Operator.

The transmission of your personalised Acceptance Form and other documents is at your own risk.

Canadian Branch Shareholders

If you are a Canadian Branch Shareholder (ie. your Cardinal Shares are held on the Canadian branch register of Cardinal, including through a nominee or depositary identified on such a register), to accept the Offer you may either:

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

In connection with both of the methods referred to in paragraphs (a) and (b) above, if you accept the Offer prior to the Offer becoming or being declared unconditional, your Cardinal Shares will be deposited into the CDS account of the Depositary Agent, and will be deemed to be tendered to the Offer and accepted into the Acceptance Facility. Your acceptance is neither complete nor valid

until the Offer becomes or is declared unconditional (which, with the benefit of an exemption from applicable Canadian regulations, may be prior to the 35 day "minimum deposit period") and the Bidder, in accordance with the terms of the Acceptance Facility, delivers or procures the delivery of a Confirmation Notice to the Depositary Agent confirming that the Cardinal Shares tendered to the Offer have been formally "taken up" by the Bidder. You may withdraw your acceptance of the Offer at any time before the Confirmation Notice is delivered to the Depositary Agent and your acceptance becomes valid.

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.

For full details see clause 4 of the Offer Terms in Appendix 1.

Contents

Key Dates	I
Important Information	I
How to accept the Offer	III
Letter from the Chairman	5
Frequently Asked Questions	7
1 WHY YOU SHOULD ACCEPT THE OFFER	13
2 OVERVIEW OF THE OFFER	16
3 INFORMATION ON THE BIDDER AND SHANDONG GOLD	18
4 INFORMATION ON THE CARDINAL GROUP	20
5 SHANDONG GOLD'S INTENTIONS	25
6 FUNDING	29
7 TAXATION CONSIDERATIONS	31
8 ADDITIONAL INFORMATION	38
9 GLOSSARY	50
10 APPROVAL OF BIDDER'S STATEMENT	56
Appendix 1 - Offer Terms	57
Appendix 2 - Terms of the Acceptance Facility	72
Corporate Directory	77



Shandong Gold Mining Co., Ltd.
Building 3 Shuntai Plaza 2000 Shunhua Road
Jinan, 250100 P.R. China

Letter from the Chairman

11 August 2020

Dear Cardinal Shareholder,

On behalf of Shandong Gold and the Bidder, I am pleased to present you with an all cash Offer to acquire your Cardinal Shares.

Shandong Gold, via the Bidder, is offering you \$0.70 in cash for each Cardinal Share you hold, which is a compelling offer for Cardinal Shareholders to realise liquidity at a highly attractive acquisition premium.

The Offer consists of 100% Cash Consideration with no financing condition and, should all Conditions be satisfied, the Offer would eliminate Cardinal Shareholder exposure to the risks inherent in any new mine development for the Namdini Project, including financing, operational and regulatory risks.

The Cash Consideration represents:¹

- 180.0% over the closing price of \$0.25 of Cardinal Shares on 13 March 2020 (unaffected share price prior to the Nordgold Indicative Proposal);
- 104.9% over the 20-day volume weighted average price of \$0.34 of Cardinal Shares up to 13 March 2020 (unaffected share price prior to the Nordgold Indicative Proposal);
- 93.2% over the 6-month weighted average price of \$0.36 of Cardinal Shares for the period up to 13 March 2020 (unaffected share price prior to the Nordgold Indicative Proposal); and
- 6.1% to the Nordgold Offer of \$0.66 per share announced on 15 July 2020.

The Offer has unanimous support from the Cardinal Board, and Cardinal's Directors, who collectively hold approximately 6.06% of Cardinal's ordinary shares, intend to accept the Offer in respect of all Cardinal Shares they own or control on the Acceptance Date, in the absence of a Superior Proposal.

The Bidder has provided Cardinal with \$11.96 million of funding by subscribing for 26 million Cardinal Shares at a price of \$0.46 per Cardinal Share. These funds will be used to ensure Cardinal may continue advancing the Namdini Project towards development, and for working capital, prior to closing of the Offer.

The Offer is subject to a limited number of conditions and regulatory approvals which, among other things, include:

- a 50.1% minimum acceptance condition; and

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.

- the Bidder receiving FIRB Approval (the application for FIRB Approval was submitted on 22 June 2020).

If the Offer becomes unconditional and all necessary documents are provided by you to the Bidder, the Bidder will pay you the Cash Consideration to which you are entitled on or before:

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

Next steps

Details of the Offer, including its terms, are set out in this Bidder's Statement. I encourage you to read this Bidder's Statement carefully and in its entirety, and then accept the Offer as soon as possible.

The Offer is open for your acceptance until 7:00 pm (Sydney time) on 13 October 2020, unless extended or withdrawn in accordance with the Corporations Act.

To accept the Offer, please follow the instructions in this Bidder's Statement and on the accompanying Acceptance Form.

If you have any questions about the Offer, or how to accept it, 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).

Thank you for your consideration of the Offer and we look forward to receiving your acceptance.

Yours sincerely,



Li Guohong

Director
Shandong Gold Mining (HongKong) Co., Limited

Chairman of the Board
Shandong Gold Mining Co., Ltd.

Frequently Asked Questions

You may have questions in relation to the Offer. The following questions and answers are intended to assist in your understanding of the Offer. They are qualified by, and should be read in conjunction with, the detailed information contained in this Bidder's Statement. You should read the Bidder's Statement in full before deciding whether or not to accept the Offer. You should also have reference to the Target's Statement which Cardinal will send to Cardinal Shareholders as required under the Corporations Act.

No.	Question	Answer	Further information
1	What is the Offer?	The Bidder is offering to buy ALL of your Cardinal Shares by way of an all cash off-market takeover bid. The Offer relates to all Cardinal Shares that exist or will exist on the Register Date, other than the Cardinal Shares owned by the Bidder. The Offer also extends to all Cardinal Shares that are issued during the Offer Period due to conversion of any Cardinal Options that exist at the Register Date, as well as the Employee Shares.	<i>Appendix 1 contains the full terms of the Offer.</i>
2	What will I receive if I accept the Offer?	If you accept the Offer, you will receive \$0.70 in cash for each Cardinal Share that you own.	<i>Appendix 1 contains the full terms of the Offer.</i>
3	When does the Offer close?	The Offer is currently scheduled to close at 7.00 pm (Sydney Time) on 13 October 2020, unless extended or withdrawn.	<i>See clause 3 of Appendix 1.</i>
4	Can the Bidder extend the time at which the Offer is to close?	Yes, the Offer Period can be extended at the Bidder's election or otherwise in accordance with the Corporations Act. The Bidder will give written notice of any extension of the Offer Period in accordance with the Corporations Act. The Bidder will extend the Offer Period (in accordance with the Corporations Act) where it is required to do so in order to comply with Canadian regulatory requirements. Under the Bid Implementation Agreement, the Bidder has agreed that it will not extend the Offer Period beyond 15 March 2021 except in certain circumstances, including where the Offer has become or been declared unconditional and the Bidder has voting power in Cardinal of 50.1% or more or an extension is required to comply with Canadian regulatory requirements.	<i>See clause 3 of Appendix 1.</i>
5	What are the conditions to the Offer?	The Offer is subject to certain conditions, including: (a) a 50.1% minimum acceptance condition; (b) FIRB Approval; (c) no litigation occurring; (d) no regulatory action occurring; (e) regulatory approvals; (f) no material acquisitions or disposals occurring;	<i>See Section 2.1 for further details.</i> <i>See clause 6 of Appendix 1.</i>

No.	Question	Answer	Further information
		<p>(g) no exercise of third party rights occurring;</p> <p>(h) no Material Adverse Change;</p> <p>(i) no material breach of the Bid Implementation Agreement; and</p> <p>(j) no Prescribed Occurrences occurring.</p>	
6	What happens if the Conditions to the Offer are not satisfied?	If the Conditions are not satisfied or waived at the end of the Offer Period, then the Offer will lapse and your acceptance will be void. You will continue to hold your Cardinal Shares and be free to deal with your Cardinal Shares as if the Offer had not been made.	<i>See clause 6.3 of the Offer Terms in Appendix 1.</i>
7	Do the Cardinal Directors support the Offer?	Cardinal Directors unanimously recommend that Cardinal Shareholders accept the Offer in the absence of a Superior Proposal.	<i>See Section 1 for further details.</i>
8	What will the Cardinal Directors be doing in relation to their Cardinal Shares?	The Cardinal Directors intend to accept the Offer in respect of their personal holdings in Cardinal on the Acceptance Date in the absence of a Superior Proposal.	<i>See Section 1 for further details.</i>
9	Who is the Bidder and Shandong Gold?	<p>Shandong Gold is a leading gold mining company from China with a complete industry chain integrating exploration, mining, beneficiation and smelting of ores and deep processing and sales of gold products, as well as gold mining and processing related research and development. Shandong Gold is listed on the main board of both the Shanghai and the Hong Kong Stock Exchanges.</p> <p>The Bidder is registered in Hong Kong and is a wholly owned subsidiary of Shandong Gold, and was established by Shandong Gold to invest in and hold Shandong Gold's overseas assets, and to develop and operate its overseas projects.</p> <p>Shandong Gold Group Co., Ltd. (SG Group), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Shandong Province of China, owns 38.52% of Shandong Gold. SG Group's related entities own another 8.47% of Shandong Gold.</p>	<i>Section 3 contains further information regarding the Bidder and Shandong Gold.</i>
10	What relevant interest does the Bidder have in Cardinal?	<p>As at the date of this Bidder's Statement and as at the date of the Offer, the Bidder holds a relevant interest of 4.94% in Cardinal Shares as a result of the Interim Funding.</p> <p>Note that if the Bidder acquires a further relevant interest in Cardinal Shares, it will lodge substantial holding notice(s) as required by the Corporations Act.</p>	<i>See Section 4.9 for further details.</i>
11	How will the Bidder fund the Cash Consideration?	The consideration for the acquisition of the Cardinal Shares will be funded by Shandong Gold from its available internal cash reserves, unless the Bidder obtains funding from other sources (for example, a debt facility), which it	<i>See Section 6 for further details.</i>

No.	Question	Answer	Further information
		reserves the right to do. In any event, the Offer is not subject to any financing conditions.	
12	What happens if I accept the Offer and then the Bidder increases the Cash Consideration?	<p>The Bidder does not have any current intention to increase the Cash Consideration (although it reserves the right to do so).</p> <p>If the Bidder improves the Cash Consideration, all Cardinal Shareholders who accept the Offer (whether they have accepted the Offer before or after improvement of the Cash Consideration) will be entitled to receive the benefit of the improved Cash Consideration.</p>	
13	What happens if Cardinal declares a distribution on or after the Announcement Date?	<p>The Offer is subject to a Condition that none of the Cardinal Group Members will make or declare, or announce an intention to make or declare, any distribution.</p> <p>If Cardinal declares a distribution and the Bidder waives that Condition, the Bidder will be entitled to all Rights declared, paid, made or which arise or accrue on or after the Announcement Date.</p> <p>If any Rights are declared, paid, made or arise or accrue after the Announcement Date to the holders of Cardinal Shares, and the Bidder does not receive the benefit of those Rights, the Bidder will be entitled to deduct the amount (or value, as reasonably assessed by the Bidder) of such Rights by reducing the consideration otherwise due to you under the Offer.</p>	See clause 5.4 of Appendix 1.
14	What choices do I have as a Cardinal Shareholder?	<p>As a Cardinal Shareholder, you have the following choices in respect of your Cardinal Shares:</p> <ul style="list-style-type: none"> • accept the Offer; • before the Offer becomes or is declared unconditional, lodge Facility Instructions into the Acceptance Facility; • sell some or all of your Cardinal Shares on the ASX or TSX (unless you have already accepted the Offer for your Cardinal Shares); or • do nothing. 	<p>See clause 4 of Appendix 1 on how to accept the Offer.</p> <p>See Section 8.9 and the full terms of the Acceptance Facility set out in Appendix 2 on how to lodge Facility Instructions into the Acceptance Facility.</p>
15	If I decide to accept the Offer how do I do so?	To accept the Offer, you should follow the instructions set out in clause 4 of Appendix 1 and, in the case of Australian Branch Shareholders (being Cardinal Shareholders holding Cardinal Shares on the Australian register), on your personalised Acceptance Form which accompanies this Bidder's Statement.	See clause 4 of Appendix 1 and, in the case of Australian Branch Shareholders, your Acceptance Form enclosed with this Bidder's Statement.
16	What is the Acceptance Facility?	<p>The Bidder has established an Acceptance Facility so that Cardinal Shareholders can lodge instructions with the Facility Operator for their Cardinal Shares to be accepted into the Offer if and when the Offer becomes or is declared unconditional.</p> <p>The Acceptance Facility is open to all Cardinal Shareholders. The collection agent for the Acceptance Facility is Computershare Clearing Pty Limited.</p>	See Section 8.9 for further details.

No.	Question	Answer	Further information
17	What will happen if I lodge Facility Instructions into the Acceptance Facility?	<p>If you lodge Facility Instructions into the Acceptance Facility in accordance with the terms of the Acceptance Facility, you will either:</p> <ul style="list-style-type: none"> • receive \$0.70 per Cardinal Share if the Offer becomes or is declared unconditional before the close of the Offer; or • continue to hold your Cardinal Shares if the Offer does not become or is not declared unconditional before the close of the Offer. <p>You will be entitled to withdraw your Facility Instructions at any time up until the Offer becomes or is declared unconditional and the Confirmation Notice is given by the Bidder to the Facility Operator and Depositary Agent.</p>	See Section 8.9 and the full terms of the Acceptance Facility set out in Appendix 2 for further details.
18	Can I accept the Offer for part of my holding?	No, you cannot accept the Offer for part of your holding.	
19	Can I sell my Cardinal Shares on market?	<p>Yes, you can sell some or all of your Cardinal Shares on market, but you may incur brokerage costs if you do. The cash proceeds from a sale may be more or less than the value of the Cash Consideration.</p> <p>If you accept into the Acceptance Facility, until the Confirmation Notice is given by the Bidder and your Cardinal Shares are “taken up”, you will retain all Rights and full control over your Cardinal Shares and, in particular, you will be able to withdraw your Facility Instructions and sell your Cardinal Shares on market.</p>	See Section 8.9 and the full terms of the Acceptance Facility set out in Appendix 2 for further details.
20	What are the consequences of accepting the Offer now?	Once you have validly accepted the Offer you will not be able to sell your Cardinal Shares on market, accept any other offer or otherwise deal with your Cardinal Shares even if a Superior Proposal is subsequently made by a third party. You will also no longer be entitled to any Rights declared, paid, made, accrued or which may arise in the future.	See clauses 5.4 and 7 of the Offer Terms set out in Appendix 1.
21	Can I withdraw my acceptance?	<p>Under the Offer Terms, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act. Such a withdrawal right will arise if, after you have accepted the Offer, the Bidder varies the Offer in a way that postpones, for more than 1 month, the time when the Bidder has to meet its obligations under the Offer (for example, if the Bidder extends the Offer for more than 1 month while the Offer remains conditional).</p> <p>If you have lodged Facility Instructions into the Acceptance Facility, you are not deemed to have accepted the Offer until it becomes or is declared unconditional and the Bidder has given the Confirmation Notice to the Facility Operator and the Depositary Agent. Accordingly you are free to withdraw your acceptance at any prior time.</p>	Clause 7.1 and 8 of the Offer Terms set out in Appendix 1 contains more information as to the limited circumstances in which you may be able to revoke or withdraw your acceptance.
22	Can I withdraw my Facility Instructions from the Acceptance Facility?	Yes. If you submit Facility Instructions into the Acceptance Facility, you will be able to withdraw your Facility Instructions. Australian Branch Shareholders should notify the Facility Operator in writing by way of an email transmission to withdraw their Facility Instructions (at the email address	See Section 8.9 and the full terms of the Acceptance Facility set out in Appendix 2 for further details.

No.	Question	Answer	Further information
		<p>corpactprocessing@computershare.com.au). Canadian Branch Shareholders who have tendered to the Offer via CDSX should contact your financial institution or broker on how to withdraw. Canadian Branch Shareholders who have delivered a Letter of Transmittal to the Depositary Agent (if any) should contact the Depositary Agent.</p> <p>You can withdraw your Facility Instructions at any time up until the Offer becomes or is declared unconditional and the Bidder has given the Confirmation Notice to the Facility Operator and the Depositary Agent.</p>	
23	If I accept the Offer, when will I receive the Cash Consideration?	<p>If you accept the Offer and all necessary documents are provided by you to the Bidder, the Bidder will pay you the Cash Consideration to which you are entitled on or before:</p> <ul style="list-style-type: none"> • if the Offer is conditional when you accept the Offer (including if you accept into the Acceptance Facility and have not withdrawn your Facility Instructions), 10 days (or such shorter period as required by applicable regulatory requirements) after the date on which the Offer becomes or is declared unconditional; or • if the Offer is unconditional when you accept the Offer, 10 days after the date of your acceptance of the Offer. 	<i>See clause 5.2 of the Offer Terms set out in Appendix 1.</i>
24	Will I need to pay brokerage if I accept the Offer?	<p>If your Cardinal Shares are registered in an Issuer Sponsored Holding or are held on the Canadian branch register directly in your name and you deliver them in accordance with the instructions set out on the Acceptance Form or by a Letter of Transmittal, you will not incur any brokerage in connection with your acceptance of the Offer.</p> <p>If your Cardinal Shares are in a CHESS Holding or you hold your Cardinal Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually, your Broker or the bank, custodian or other nominee) whether it will charge any transaction fees or service charges connected with you accepting the Offer.</p> <p>If your Cardinal Shares are held on the Canadian branch register of Cardinal through CDS, you should ask your financial institution or broker who is a CDS participant whether it will charge any transaction fees or service charges connected with you accepting the Offer.</p>	<i>Appendix 1 contains the full terms of the Offer. See also the instructions on the Acceptance Form.</i>
25	What happens if I do not accept the Offer?	<p>Subject to the explanation below, you will remain the holder of your Cardinal Shares if you do not accept the Offer.</p> <p>If the Bidder does not compulsorily acquire your Cardinal Shares under the Corporations Act, unless you sell your Cardinal Shares, you will remain a shareholder in Cardinal.</p> <p>In these circumstances and, depending on the number of Cardinal Shares acquired by the Bidder, as a result of the Offer you may be a minority shareholder in what may be a less liquid stock. Further, if Cardinal ceases to have the required spread of shareholders as required under the ASX Listing Rules and TSX Company Manual, Cardinal may be removed from the official list of the ASX and the TSX.</p>	<p><i>See Section 5.2 regarding Shandong Gold's intentions if it acquires a 50.1% relevant interest or more in Cardinal's Shares.</i></p> <p><i>Section 5.3 provides more information regarding Shandong Gold's intentions if it acquires a relevant interest in at least 90% of Cardinal's Shares.</i></p> <p><i>See Section 5.4 regarding Shandong Gold's intentions if it acquires less than a 50.1%</i></p>

No.	Question	Answer	Further information
		If delisting is approved by the ASX and/or the TSX, your Cardinal Shares will no longer be quoted or able to be traded on those exchanges.	<i>relevant interest in Cardinal's Shares.</i>
26	What are the taxation implications of accepting the Offer?	<p>Section 7 contains an overview of the Australian and Canadian taxation implications of accepting this Offer. The Bidder recommends you seek independent professional advice in relation to your own particular circumstances.</p> <p>Tax consequences for Cardinal Shareholders who are not resident in Australia or Canada for tax purposes are not included in this Bidder's Statement. Such Cardinal Shareholders are urged to seek their own advice as to their tax consequences of accepting the Offer.</p>	<i>See Section 7.</i>

1 WHY YOU SHOULD ACCEPT THE OFFER

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

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

The directors comprising the Cardinal Board collectively hold approximately 6.06% of issued Cardinal Shares and intend to accept the Offer in respect of all Cardinal Shares they own or control on the Acceptance Date, in the absence of a Superior Proposal.

Further details of Cardinal's reasons to accept the Offer are outlined in the "Key Reasons to Accept the Offer" section of the Target's Statement.

✓ **The Offer is superior to the Nordgold Offer**

The Offer Price of \$0.70 per Cardinal Share in cash is the highest offer price currently available to you and it represents a premium of 6.1% to the \$0.66 price being offered under the Nordgold Offer.

The Cardinal Board has determined that the Offer is superior to the Nordgold Offer, taking account of the value and the relative conditionality.

Since the announcement of the Offer, the Bidder has received all necessary Chinese regulatory approvals and the Offer is no longer subject to any Chinese regulatory approvals condition.

The Bidder lodged its application for FIRB Approval on 22 June 2020. As FIRB has granted its approval for the Nordgold Offer which is in relation to the same acquisition, the Bidder has no reason to expect that its FIRB Approval will not be forthcoming in a reasonable timeframe.

✓ **The Offer price of \$0.70 per Cardinal Share represents an attractive cash price for your Cardinal Shares in the current uncertain environment**

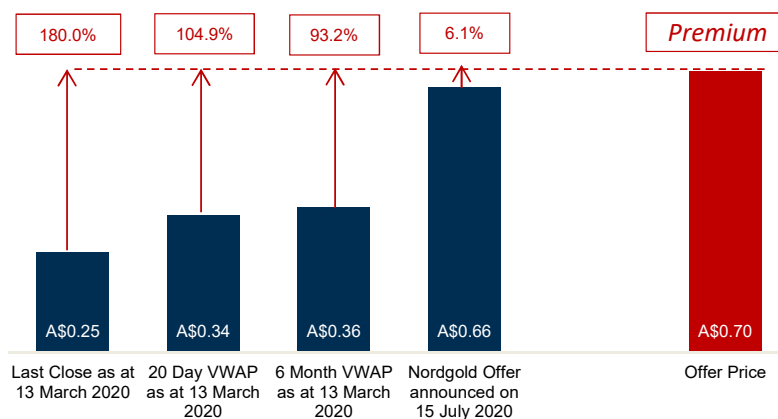
The Cash Consideration of \$0.70 per Cardinal Share represents an attractive premium to historical trading prices.

The Offer represents a premium of:²

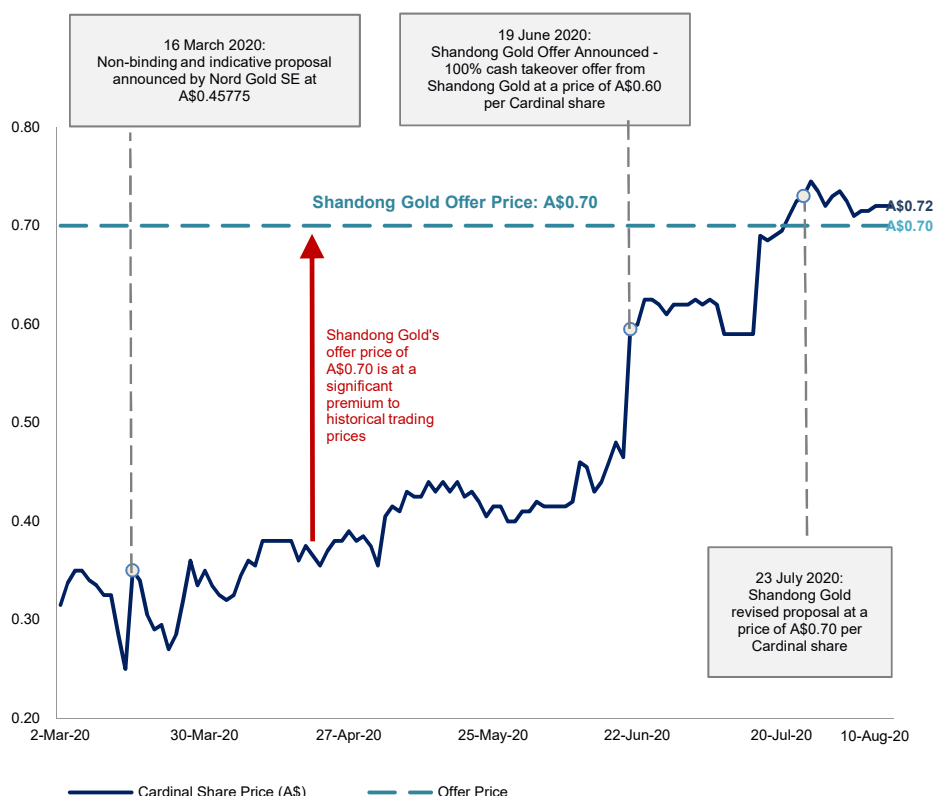
- 180.0% over the closing price of \$0.25 of Cardinal Shares on 13 March 2020 (unaffected share price prior to the Nordgold Indicative Proposal);
- 104.9% over the 20-day volume weighted average price of \$0.34 of Cardinal Shares up to 13 March 2020 (unaffected share price prior to the Nordgold Indicative Proposal);
- 93.2% over the 6-month weighted average price of \$0.36 of Cardinal Shares for the period up to 13 March 2020 (unaffected share price prior to the Nordgold Indicative proposal); and
- 6.1% to the \$0.66 per Cardinal Share offer price contemplated in the Nordgold Offer announced on 15 July 2020.

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.

The graph below shows the premium which the Cash Consideration of \$0.70 per Cardinal Share represents relative to the described historical Cardinal Share trading prices on ASX and to the Nordgold Offer:



The graph below shows the Cash Consideration of \$0.70 per Cardinal Share relative to historical trading prices of Cardinal Shares on ASX, up to the latest practicable date prior to the date of this Bidder's Statement.



✓ Significant liquidity event for monetising your investment in Cardinal

The Offer provides an opportunity for Cardinal Shareholders to monetise their investment and obtain liquidity whilst realising a significant premium on the recent Cardinal Share price. In the 12 months

preceding 13 March 2020, the average daily trading volume of Cardinal Shares was approximately 0.7 million shares. The average daily trading volume has since increased to more than 2.9 million shares in the 3 months preceding the date of this Bidder's Statement.³

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.

✓ **If your Cardinal Shares are registered in an Issuer Sponsored Holding in your name, you will not incur any brokerage charges on the transfer of your Cardinal Shares on acceptance of the Offer**

If you accept the Offer and if your Cardinal Shares are registered in an Issuer Sponsored Holding in your name, you will not incur brokerage on the transfer of your Cardinal Shares to the Bidder pursuant to the Offer.

If you accept the offer and your Cardinal Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Cardinal Shares are registered in the name of a broker, bank, custodian, or other nominee, you should ask your Controlling Participant (usually your Broker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.

Similarly, if your Cardinal Shares are held on the Canadian branch register of Cardinal through CDS, you should ask your financial institution or broker who is a CDS participant whether it will charge any transaction fees or service charges connected with you accepting the Offer.

If you sell your Cardinal Shares on the ASX or TSX, rather than disposing of them via the Offer, you may incur brokerage charges (and, potentially, GST on those charges).

✓ **Cardinal's Share price may fall after the Offer lapses**

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 \$0.70 per Cardinal Share.

✓ **Removal of development and shareholder dilution risks associated with the development of Cardinal's Namdini Project**

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.

The Bidder's cash offer eliminates the uncertainty relating to the development of the Namdini Project for Cardinal Shareholders.

³ 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.

2 OVERVIEW OF THE OFFER

The following is a summary only of the Offer and is qualified by the detailed information contained in the rest of this Bidder's Statement. You should read this Bidder's Statement in full before deciding how to deal with your Cardinal Shares.

The terms of the Offer are contained in Appendix 1.

2.1 SUMMARY OF THE OFFER TERMS

The Offer

The Bidder offers to acquire all of your Cardinal Shares on the Offer Terms set out in Appendix 1. You will be entitled to receive \$0.70 cash for every Cardinal Share acquired from you.

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

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

The Bidder is not offering to acquire any Options under the Offer. Instead, in accordance with clause 6 of the Bid Implementation Agreement, the Bidder has agreed to make an offer to 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 Option.

Offer Period

The Offer is scheduled to close at 7.00 pm (Sydney Time) on 13 October 2020 (but it may be extended).

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

Under the Bid Implementation Agreement, the Bidder has agreed that it will not extend the Offer Period beyond 15 March 2021 except in certain circumstances, including where the Offer has become or been declared unconditional and the Bidder has voting power in Cardinal of 50.1% or more.

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

Payment Date

If you accept the Offer, provided that all relevant documents have been received by the Bidder and correctly completed, you will be provided with the Cash Consideration to which you are entitled on or before:

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

Conditions

The Offer is subject to the Conditions, including:

- (a) a 50.1% minimum acceptance condition;
- (b) FIRB Approval;

-
- (c) no litigation occurring;
 - (d) no regulatory action occurring;
 - (e) regulatory approvals;
 - (f) no material acquisitions or disposals occurring;
 - (g) no exercise of third party rights occurring;
 - (h) no Material Adverse Change;
 - (i) no material breach of the Bid Implementation Agreement; and
 - (j) no Prescribed Occurrences occurring.

This is only a summary of the Conditions. The Conditions are set out in full in clause 6.1 of the Offer Terms in Appendix 1.

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

2.2 HOW TO ACCEPT THE OFFER?

Acceptances for the Offer must be received in sufficient time to be acted upon before the close of the Offer Period.

To accept the Offer you should follow the instructions set out in clause 4 of the Offer Terms and, in the case of Australian Branch Shareholders, the Acceptance Form.

2.3 CANADIAN BRANCH SHAREHOLDERS

Canadian Branch Shareholders, being Cardinal Shareholders who hold their Cardinal Shares on Cardinal's Canadian branch register (including through CDS Clearing and Depository Services Inc (**CDS**)), should contact their broker or financial adviser or call the Depositary Agent toll free at 1-800-564-6253.

2.4 FURTHER INFORMATION

If you have any questions in relation to the Offer or how to accept it, or if you have lost your personalised Acceptance Form and require a replacement, please call 1300 148 804 (callers in Australia) or +61 3 9415 4305 (callers outside Australia) Monday to Friday, between 9.00am and 5.00pm (Sydney Time).

3 INFORMATION ON THE BIDDER AND SHANDONG GOLD

3.1 OVERVIEW OF SHANDONG GOLD

The Bidder is a wholly-owned subsidiary of Shandong Gold, and is a private company limited by shares incorporated in Hong Kong, with Company Number 2489908.

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

3.2 SHANDONG GOLD'S PRINCIPAL ACTIVITIES AND OPERATIONS

Primarily engaged in gold mining, Shandong Gold operates all along the gold supply chain integrating exploration, mining, processing, smelting and refining, and deep processing and sale of gold products. It is one of the largest gold mining companies in China and globally. In 2019, Shandong Gold produced more than 1,250 thousand ounces of gold from its operated mines.

Shandong Gold controls and operates 12 mines in China (Sanshandao gold mine, Jiaojia gold mine, Xincheng gold mine, Linglong gold mine, Guilaizhuang gold mine, Jinzhou gold mine, Qingdao gold mine, Penglai gold mine, Yanan gold mine, Chifengchai gold mine, Fujian Yuanxin gold mine, and Xihe Zhongbao gold mine). Shandong Gold's international assets include its 50% interest in the Veladero mine operated jointly with Barrick Gold Corporation, the second largest gold mine in South America.

Having received the Outstanding ESG (Environmental, Social, and Governance) Responsibility Progression Award for Chinese Enterprises in 2019, Shandong Gold continues to commit itself to developing and implementing the highest level of occupational safety and environmental protection standards in the industry.

Additional information on Shandong Gold may be found at Shandong Gold's website: <http://en.sdhjgf.com.cn/>.

3.3 SHANDONG GOLD CORPORATE GOVERNANCE

The Bidder's Board of Directors is comprised of the following members:

- Li Guohong;
- Pei Dianfei;
- Wang Peiyue;
- Liu Qin;
- Du Qiang; and
- Tang Qi.

Shandong Gold's Board of Directors is comprised of the following members:

- Li Guohong (Chairman of the board, non-executive director);
- Wang Peiyue (General manager and financial controller, executive director);
- Li Tao (Vice-chairman of the board, deputy general manager, executive director);
- Wang Lijun (Non-executive director);
- Wang Xiaoling (Non-executive director);

-
- Tang Qi (Joint company secretary, executive director, secretary to the board);
 - Gao Yongtao (Independent non-executive director);
 - Lu Bin (Independent non-executive director); and
 - Hui Wing (Independent non-executive director).

3.4 OWNERSHIP OF THE BIDDER AND SHANDONG GOLD

The Bidder is a wholly-owned subsidiary of Shandong Gold. The Bidder was established by Shandong Gold to invest in and hold Shandong Gold's overseas assets, and to develop and operate its overseas projects.

Shandong Gold is listed on the main board of both the Shanghai and the Hong Kong Stock Exchanges.

Shandong Gold Group Co., Ltd. (**SG Group**), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Shandong Province of China, owns 38.52% of Shandong Gold. SG Group's related entities own another 8.47% of Shandong Gold. SG Group is a gold mining and production company registered in China, and as a large, State-owned enterprise, SG Group takes the lead in China's gold industry in terms of gold production, mineral resources, financial performance, technological advancement and mining experts. Additional information on SG Group may be found at SG Group's website: <http://en.sd-gold.net/>.

3.5 PUBLICLY AVAILABLE INFORMATION ABOUT SHANDONG GOLD

Further information about Shandong Gold, the Bidder's holding company, is available in electronic form at <http://en.sdhjgf.com.cn/>.

4 INFORMATION ON THE CARDINAL GROUP

4.1 DISCLAIMER

The information on the Cardinal Group in this Section 4 and elsewhere in this Bidder's Statement has been prepared by the Bidder using publicly available information and information provided by Cardinal management.

The information in this Bidder's Statement concerning Cardinal has not been independently verified. The Bidder and its board of directors do not, subject to applicable law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on Cardinal is not considered comprehensive. For more details regarding Cardinal, you should refer to the Target's Statement, which Cardinal will send to Cardinal Shareholders as required by the Corporations Act.

4.2 OVERVIEW OF THE CARDINAL GROUP AND ITS PRINCIPAL ACTIVITIES

Cardinal is incorporated in Australia and the Cardinal Shares are publicly traded on the ASX and the TSX. Cardinal's registered office is Suite 1, 28 Ord Street, West Perth, Western Australia 6005, Australia.

Cardinal's principal activity is gold exploration and mine development in Ghana. Cardinal holds tenements prospective for gold mineralisation in Ghana in two granite-greenstone belts:

- the Bolgatanga project and the Namdini Project, 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.

The Bolgatanga project and the Subranum project are exploration projects. Cardinal has obtained six prospecting licenses for the Bolgatanga project and the Subranum project, which are due to expire on December 31, 2020. Cardinal has applied to the Ministry of Land and Natural Resources of Ghana for the renewal of these prospecting licenses for three years.

Cardinal's main focus of activity is the Namdini Project, which has a published gold ore reserve of 5.1 Moz (138.6 Mt @ 1.13 g/t Au; 0.5 g/t Au cut-off), inclusive of 0.4 Moz proved (7.4 Mt @ 1.31 g/t Au; 0.5 g/t Au cut-off) and 4.7 Moz probable (131.2 Mt @ 1.12 g/t Au; 0.5 g/t Au cut-off) as announced by Cardinal by ASX announcement on 3 April 2019.

Cardinal's Namdini Project started drilling in 2014, made major discoveries in 2015, conducted large-scale drilling and reported the amount of resources in 2016. In 2017, Cardinal acquired the mining lease with an area of 19.537km² from Savannah Mining Ghana Limited. In 2018, Cardinal completed the preliminary economic evaluation and pre-feasibility study of the Namdini Project. In October 2019, Cardinal completed and published the Feasibility Study Report of the Namdini Project. According to the Feasibility Study Report, the construction period of the project is 27 months. If the Namdini Project had started construction in the fourth quarter of 2019, it could have commenced production in mid-2022 with annual average production of 280,000 ounces of gold (approximately 8.9 tons) upon commencement of production. However, the Namdini Project is yet to start construction.

In March 2020, Cardinal announced that it received approval for the expansion of its Namdini Project mining licence from 19.537km² to 63km² for a renewable term of 15 years, commencing in 2020. In February 2020, Cardinal announced that it had been granted important project water extraction permits. In March 2020, Cardinal announced that it had received approval for the Resettlement Action Plan for the Namdini Project. In April 2020, Ghanaian Environmental Protection Agency approved the environmental impact statement submitted by Cardinal, granting its permit for the development of the Namdini Project. On 17 July 2020, Cardinal announced that its Namdini Project mining licence had officially received Sovereign Parliamentary Ratification in Ghana.

4.3 CARDINAL DIRECTORS

The Cardinal Board comprises the following directors:

Name	Position
Kevin Tomlinson	Chairman, non-executive director
Archie Koimtsidis	Managing director
Malik Easah	Executive director
Michele Muscillo	Non-executive director
Dr. Kenneth G. Thomas	Non-executive director
Trevor Schultz	Non-executive director

4.4 SUBSTANTIAL SHAREHOLDERS

As at 10 August 2020, being the last practicable ASX trading day prior to the date of this Bidder's Statement, based on substantial shareholder notices lodged with the ASX and registry data, the substantial shareholders of Cardinal were:

Shareholder	Last notice	Number of Cardinal Shares	Voting power (%) (based on total of 526,024,522 Cardinal Shares on issue)
Nord Gold SE	15 July 2020	98,443,593	18.71%
MM Asset Management Inc.	16 July 2020	48,415,566	9.20%

The actual number of Cardinal Shares held or voting power may differ from that shown above as there is no obligation to publicly disclose changes if the change in voting power is less than 1%.

4.5 CARDINAL'S ISSUED SECURITIES

Cardinal Shares

As at the date of this Bidder's Statement and as at the date of the Offer, Cardinal had 526,024,522 Cardinal Shares on issue.

Cardinal Options

As at the date of this Bidder's Statement and as at the date of the Offer, Cardinal had 39,592,102 Cardinal Options on issue, comprised as follows:

Cardinal Option Class	Total number
\$1.00 expiring 12 March 2021	1,867,817
\$0.50 expiring 12 April 2022	18,500,000

Cardinal Option Class	Total number
\$0.59 expiring 21 December 2022	2,180,049
\$0.679 expiring 21 December 2022	2,180,049
\$0.75 expiring 21 December 2022	1,000,000
\$0.965 expiring 21 December 2022	2,018,100
\$0 expiring 10 December 2024	5,476,530
\$0 expiring 10 December 2024	6,369,557
TOTAL	39,592,102

Details regarding the effect of the Offer on the Cardinal Options are included at Section 4.7.

The Cardinal Options are unlisted and therefore cannot be traded on the ASX or TSX.

4.6 TRADING OF CARDINAL SHARES

The latest recorded sale price of Cardinal Shares on ASX before the Announcement Date was \$0.465 on 18 June 2020.

The undisturbed price of Cardinal Shares on the ASX on 13 March 2020, being the day prior to the Nordgold Indicative Proposal, was \$0.250.

The VWAP of Cardinal Shares traded on the ASX between the Nordgold Indicative Proposal and the Announcement Date was \$0.430.

The VWAP of Cardinal Shares traded on the ASX between the Announcement Date and 10 August 2020, being the latest practicable date prior to the date of this Bidder's Statement, was \$0.651.

In the twelve months preceding the Nordgold Indicative Proposal:

- approximately 168 million Cardinal Shares representing approximately 32% of the Cardinal Shares currently on issue were traded on the ASX at a VWAP of \$0.37, with a price range of \$0.23 to \$0.55; and
- approximately 30 million Cardinal Shares representing approximately 6% of the Cardinal Shares currently on issue were traded on the TSX at a VWAP of C\$0.33, at a price range of C\$0.20 to C\$0.50.

In the twelve months preceding 10 August 2020, being the latest practicable date prior to the date of this Bidder's Statement:

- approximately 409 million Cardinal Shares representing approximately 78% of the Cardinal Shares currently on issue were traded on the ASX at a VWAP of \$0.50, with a price range of \$0.23 to \$0.75; and
- approximately 71 million Cardinal Shares representing approximately 14% of the Cardinal Shares currently on issue were traded on the TSX at a VWAP of C\$0.44, at a price range of C\$0.20 to C\$0.72.⁴

⁴ Source: IRESS Limited. As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this paragraph contains ASX and TSX trading information sourced from IRESS Limited without its consent. TSX data up to close of trading on TSX on 7 August 2020.

4.7 EFFECT OF OFFER ON CARDINAL OPTIONS

The Offer extends to Cardinal Shares that are issued on the exercise of Cardinal Options during the period from the Register Date to the end of the Offer Period.

Under the Bid Implementation Agreement, Cardinal and the Bidder have agreed how the Cardinal Options will be treated in connection with any change of control of Cardinal arising as a result of the Offer.

The Bidder has the benefit of an Options Commitment Deed entered into between Cardinal and each Nil Priced Optionholder, pursuant to which all Nil Priced Options will be exercised, subject to certain conditions being met. A summary of the terms of the Options Commitment Deed is set out in Section 8.3.

The Bidder is not making a separate takeover bid for Cardinal Options. However, the Bidder has made and will make separate offers to holders of the Sale Options, on the terms described in Section 8.4.

4.8 DIVIDENDS

No dividends have ever been paid on Cardinal Shares.

4.9 DETAILS OF RELEVANT INTERESTS IN CARDINAL SECURITIES

Details of the Bidder's relevant interests in the securities of Cardinal are set out in the table below.

Class of securities	Total number in class	Relevant interest of the Bidder immediately before the Bidder's Statement lodged with ASIC	Relevant interest of the Bidder immediately before the Offer ⁵ is sent
Ordinary securities	526,024,522	26,000,000 (4.94)%	26,000,000 (4.94)%

Other than as set out in the table above, to the knowledge of the Bidder, after reasonable enquiry, no Cardinal Shares or other securities of Cardinal are beneficially owned, directly or indirectly, nor is control or discretion exercised over any such securities, by any insider of the Bidder or any associate or affiliate of any insider of the Bidder or any party acting jointly or in concert with the Bidder.⁶

4.10 DETAILS OF VOTING POWER IN CARDINAL

As at the date of this Bidder's Statement, the Bidder's voting power in Cardinal is 4.94%.

The Bidder's voting power in Cardinal as at the date immediately before the Offer⁷ is sent is 4.94%.

4.11 CONSIDERATION PROVIDED FOR CARDINAL SHARES DURING PREVIOUS SIX MONTHS

The Bidder and its Associates have not acquired or disposed of Cardinal Shares during the period of six months before each of the date of this Bidder's Statement and the date of the Offer, other than as part of the Interim Funding described in Section 8.2.

⁵ For these purposes, means the first Offer pursuant to section 636(1)(k) of the Corporations Act.

⁶ Terms used in this sentence have the meanings given in applicable Canadian regulatory requirements.

⁷ For these purposes, means the first Offer pursuant to section 636(1)(k) of the Corporations Act.

4.12 NO INDUCING BENEFITS GIVEN DURING PREVIOUS FOUR MONTHS

During the period of four months before the date of this Bidder's Statement, neither the Bidder nor any of its Associates gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an Associate of the other person, to:

- accept the Offer; or
- dispose of Cardinal Shares,

and which is not offered to all holders of Cardinal Shareholders under the Offer.

Other than as described in this Bidder's Statement, none of the Bidder nor, to the knowledge of the Bidder, after reasonable enquiry, any of the Bidder's directors or officers, any insider of the Bidder, any associate or affiliate of an insider of the Bidder, or any person acting jointly or in concert with the Bidder, has entered into any agreements, commitments or understandings to acquire any securities of Cardinal.⁸

4.13 NO ESCALATION AGREEMENTS

Neither the Bidder nor any of its Associates has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

4.14 PUBLICLY AVAILABLE INFORMATION ABOUT THE CARDINAL GROUP

Cardinal is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Cardinal is subject to the ASX Listing Rules and TSX Company Manual which require continuous disclosure of any information Cardinal has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Cardinal is also subject to continuous and timely disclosure obligations under applicable Canadian regulatory requirements. All announcements, documents and/or other disclosures required to be filed publicly by Cardinal under applicable Canadian regulatory requirements are on Cardinal's issuer profile at www.sedar.com.

In addition, Cardinal is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Cardinal may be obtained from or inspected at an ASIC office. A substantial amount of information about Cardinal, including its ASX filings are available in electronic form from its website www.cardinalresources.com.au.

The most recent audited financial statements of Cardinal for the six months ended 31 December 2019 were lodged with the ASX on 14 February 2020. The most recent condensed interim consolidated financial statements of Cardinal for the three and nine months ended 31 March 2020 were lodged with the ASX on 14 May 2020.

The Bidder is not aware of any changes to Cardinal's financial position since the release of these results other than announcements made by Cardinal up to the day before the date of this Bidder's Statement.

In addition, the Corporations Act requires the Cardinal Directors to provide a Target's Statement to Cardinal Shareholders, setting out certain material information regarding Cardinal.

⁸ Terms used in this sentence have the meanings given in Canadian regulatory requirements.

5 SHANDONG GOLD'S INTENTIONS

5.1 INTRODUCTION

This Section 5 sets out Shandong Gold's intentions (through the Bidder) in relation to the following:

- the continuation of the business of Cardinal;
- any major changes to be made to the business of Cardinal; and
- the future employment of the present employees of Cardinal.

Those intentions have been formed on the basis of the facts and information regarding Cardinal, and the general business environment, which are known to Shandong Gold at the time of preparation of this Bidder's Statement. Final decisions on these matters have not been made and will only be reached in the light of all material facts and circumstances at the relevant time, including once Shandong Gold has had an opportunity to conduct a review of Cardinal's operations and assets as referred to below. Accordingly, the statements set out in this Section are statements of current intentions only, which may vary as new information becomes available or circumstances change.

5.2 INTENTIONS UPON ACQUIRING 50.1% OR MORE OF CARDINAL SHARES

This Section 5.2 describes Shandong Gold's intentions if it were to acquire a relevant interest in at least 50.1% but less than 90% of Cardinal Shares on issue.

(a) Directors

In accordance with the Bid Implementation Agreement, if Shandong Gold acquires a relevant interest in 50% or more of Cardinal Shares on issue and the Offer has become unconditional, on request from the Bidder, Cardinal and the Bidder will procure the appointment to the Cardinal Board of such number of directors nominated by the Bidder which is commensurate with the Bidder's controlling economic interest in Cardinal, subject to those directors providing a consent to act as a director of Cardinal.

(b) General strategic and operational review

Shandong Gold is supportive of Cardinal's strategic direction, which primarily involves developing the Namdini Project into a producing gold mine.

Consistent with Shandong Gold's model of business, following the end of the Offer, Shandong Gold would continue to monitor the performance of Cardinal and as appropriate conduct a general strategic and operational review of Cardinal's structure, assets, business, personnel and operations.

Following the general strategic and operational review process, the executive management of Cardinal may be enhanced or supplemented by Shandong Gold, with a view to ensuring that Cardinal has the best possible skills and resources available to undertake its business.

Shandong Gold has not determined the scope of any staff changes. If there are any actions to be taken as an outcome of the strategic and operational review, applicable employment laws will be complied with. However, subject to the outcome of the general strategic and operational review noted above, it is not Shandong Gold's current intention to make any material redundancies.

(c) Listings on ASX and TSX

If Cardinal ceases to have the required spread of shareholders as required under the ASX Listing Rules or the TSX Company Manual, Cardinal may be removed from the ASX or the TSX (as applicable).

If Shandong Gold is of view that the benefits of a listing on the ASX or TSX do not justify the additional corporate and compliance costs of maintaining these listings, Shandong Gold may make an application, or seek to cause Cardinal to make an application, to remove Cardinal from the official list of the ASX and, if permissible, TSX.

If Cardinal maintains its listings on the ASX and TSX, Cardinal Shareholders should be aware that the liquidity of Cardinal Shares on the ASX and TSX may be materially diminished.

(d) **Specific intentions – Namdini Project**

It is Shandong Gold's current intention to support Cardinal to pursue the development of the Namdini Project in Ghana generally in accordance with the Feasibility Study Report completed by Cardinal.

Shandong Gold's support to Cardinal in achieving this objective may include (although it is not obliged to do so), subject to the outcome of the general strategic and operational review noted above, Shandong Gold providing financial and other resources such as expertise and industry contacts as they believe to be appropriate, on terms to be negotiated between Shandong Gold and Cardinal on an arm's length basis.

(e) **Further acquisition of Cardinal Shares**

The Bidder may, at some later time, acquire further Cardinal Shares in a manner consistent with the Corporations Act and any other applicable laws.

(f) **Subsequent acquisition of interest in Cardinal**

It is possible that even if Shandong Gold is not entitled to proceed to Compulsory Acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general Compulsory Acquisition under Part 6A.2 of the Corporations Act; for example, as a result of acquisitions of Cardinal Shares in reliance on the "3% creep" exception in item 9 of section 611 of the Corporations Act. If so, it may exercise those rights.

(g) **Disclosure regarding Subsequent Acquisition Transaction under Canadian NI 61-101**

After completion of the Offer, the Bidder may pursue other means of acquiring, directly or indirectly, all of the outstanding Cardinal Shares (and other securities exercisable for or convertible or exchangeable into Cardinal Shares) in accordance with applicable law including, by way of example, by means of an arrangement, consolidation, merger or other combination of Cardinal with the Bidder or one or more of the Bidder's affiliates, on such terms and conditions as the Bidder, at the time, believes to be appropriate (any such transaction a **Subsequent Acquisition Transaction**). The detailed terms of any Subsequent Acquisition Transaction, including the timing of its implementation and the consideration to be received by Cardinal Shareholders and other securityholders, would necessarily be subject to a number of considerations, including the number of Cardinal Shares acquired pursuant to the Offer. The Bidder may pay Cardinal Shareholders pursuant to any Subsequent Acquisition Transaction the consideration equal in amount to and in the same form as that payable under the Offer and reserves its right to do so if it is not prohibited under any relevant laws; however, it is possible that, as a result of the number of Cardinal Shares acquired under the Offer, delays in the Bidder's ability to effect such a transaction, information hereafter obtained by the Bidder with respect to Cardinal or its business, changes in general economic, industry, regulatory or market conditions or in the business of Cardinal, or other currently unforeseen circumstances, such a transaction may not be so proposed, or may be proposed on different terms or delayed or abandoned. The Bidder expressly reserves the right not to propose a Subsequent Acquisition Transaction and reserves the right to propose other means of acquiring, directly or indirectly, all of the issued and outstanding Cardinal Shares in accordance with applicable laws.

Cardinal Shareholders should consult their legal advisors for a determination of their legal rights with respect to any Subsequent Acquisition Transaction.

The income tax consequences to a Cardinal Shareholder of a Subsequent Acquisition Transaction may differ from the income tax consequences to such Cardinal Shareholder exchanging its Cardinal Shares pursuant to the Offer. See Section 7.2 for further information on income tax considerations.

5.3 FURTHER INTENTIONS UPON ACQUIRING 90% OR MORE OF CARDINAL SHARES

In addition to the intentions described in Section 5.2 above, this Section 5.3 sets out Shandong Gold's further intentions if it were to acquire a relevant interest in 90% or more of the Cardinal Shares.

(a) **Compulsory Acquisition at end of Offer Period or a later time**

If the Bidder and its Associates collectively have relevant interests in at least 90% of the Cardinal Shares during, or at the end of the Offer Period, the Bidder will give a notice pursuant to Part 6A.1 of the Corporations Act to compulsorily acquire all outstanding Cardinal Shares, even if the Cardinal Shares to which those notices relate are issued:

- after the Offer closes but before notices are given (pursuant to section 661A(4)(b) of the Corporations Act); or
- on exercise of Cardinal Options, up to 6 weeks after the notices are given (pursuant to section 661A(4)(c) of the Corporations Act).

If not all of the Cardinal Options are exercised or acquired by the Bidder and the Bidder is entitled to compulsorily acquire any outstanding Cardinal Shares, the Bidder intends to compulsorily acquire any outstanding Cardinal Options pursuant to Part 6A.2 of the Corporations Act, although it reserves the right not to do so.

Cardinal Shareholders should consult their legal advisors for a determination of their legal rights with respect to any Compulsory Acquisition.

The income tax consequences to a Cardinal Shareholder of a Compulsory Acquisition may differ from the income tax consequences to such Cardinal Shareholder accepting the Offer. See section 7 for further information on taxation considerations for Cardinal Shareholders who dispose their Cardinal Shares under the Offer.

(b) **Listings on ASX and TSX**

If a Compulsory Acquisition process is undertaken, Shandong Gold would procure the removal of Cardinal from the official list of the ASX and TSX.

(c) **Directors**

Shandong Gold intends replacing all members of the Cardinal Board, and of any company in respect of which Cardinal has nominee directors, with its own nominees, although Shandong Gold reserves the right to allow individual directors to remain in office.

(d) **Operations and assets**

Cardinal's Namdini Project, and other exploration projects, will be fully integrated into Shandong Gold's gold assets portfolio. Shandong Gold will leverage its technical and operational expertise in the gold mining industry and intends to provide further capital to develop the Namdini Project and conduct further exploration activities.

(e) **Employees**

Following completion of the Offer, and as part of the general strategic and operational review described above, Shandong Gold intends to evaluate the future operation and management requirements of Cardinal. Shandong Gold will seek to provide continued employment to Cardinal's existing workforce, but subject to the review result, certain adjustments to Cardinal's existing workforce may be required. Should any redundancies or other changes to their employment terms occur, the relevant employees will be treated in accordance with their contractual and other legal entitlements.

5.4 INTENTIONS IF SHANDONG GOLD DOES NOT ACQUIRE 50.1% OF CARDINAL

If the Offer closes and Shandong Gold has not acquired a relevant interest in at least 50.1% of Cardinal Shares on issue:

-
- (a) Shandong Gold does not expect to be in a position to give effect to the intentions set out in Sections 5.2 or 5.3; and
 - (b) Shandong Gold would have regard to the circumstances at the time and consider the appropriate courses of action that are in the best interests of Shandong Gold and may review its shareholding in Cardinal.

5.5 LIMITATIONS ON INTENTIONS

The ability of Shandong Gold to implement the intentions set out in this Section 5 will be subject to the legal obligation of the Cardinal Board to have regard to the interests of Cardinal and all Cardinal Shareholders, and the requirements of the Corporations Act, the ASX Listing Rules and the TSX Company Manual. Shandong Gold will only make a decision on the above mentioned courses of action following legal advice in relation to those requirements.

6 FUNDING

6.1 CONSIDERATION UNDER THE OFFER

The Cash Consideration for the acquisition of Cardinal Shares will be satisfied in cash (in Australian dollars).⁹

6.2 CASH CONSIDERATION

Based on the number of Cardinal Shares on issue as at the date of this 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 \$350.35 million.

As at the date of this Bidder's Statement, the Bidder understands that Cardinal has 11,846,087 Nil Priced Options on issue and 27,746,015 Sale Options on issue, comprising a total of 39,592,102 Cardinal Options on issue.

If all Nil Priced Options are exercised and the resulting Cardinal Shares are accepted into the Offer, approximately \$8.29 million additional Cash Consideration will be payable. Refer to Section 8.3 for a description of the Options Commitment Deeds pursuant to which holders of Nil Priced Options conditionally commit to exercise those options.

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 \$19.42 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 \$378.07 million.

However, the Bidder has or intends to enter into an Options Assignment Deed with each holder of Sale Options (refer to Section 8.4 for a description of the Options Assignment Deeds). If all holders of Sale Options enter into an Options Assignment Deed and the conditions to assignment of the relevant Sale Options are satisfied, the Bidder will pay approximately \$4.57 million to the relevant Optionholders (instead of the \$19.42 million referred to above), in which case the maximum Cash Consideration which may be required to settle acceptances under the Offer is approximately \$363.21 million.

6.3 SOURCES OF CASH CONSIDERATION

The funds required by the Bidder to satisfy its obligation to pay the aggregate Cash Consideration will be made available to the Bidder by Shandong Gold.

As at 31 December 2019 (being the date of the last annual financial statements of Shandong Gold), Shandong Gold had approximately RMB 2.674 billion (approximately US\$384 million¹⁰ or approximately A\$546.65 million¹¹) of cash and cash equivalents, and the Bidder had approximately US\$96 million in cash and cash equivalents.

As at 31 March 2020 (being the date of the last unaudited quarterly financial statements of Shandong Gold), Shandong Gold had approximately RMB 3.456 billion (approximately US\$488 million¹² or approximately A\$795.5 million¹³) of cash and cash equivalents.

Shandong Gold has not completed its accounts for the half year ended 30 June 2020 but it expects that its cash and cash equivalent position as at 30 June 2020 will be not less than its cash position as at 31 March 2020.

As at the date of this Bidder's Statement, no part of Shandong Gold's cash reserves have been specifically allocated towards satisfying the Bidder's obligations under the Offer, however, Shandong Gold has provided to the Bidder a

⁹ The Australian dollar Cash Consideration that accepting Canadian Branch Shareholders are entitled to receive will be converted into Canadian dollars, by the Depositary Agent, at the prevailing exchange rate on or around the date the funds are converted. Currency conversion is at the risk of the Canadian Branch Shareholders.

¹⁰ Based on an exchange rate of 0.14362 RMB to USD as at 31 December 2019, sourced from S&P Capital IQ.

¹¹ Based on an exchange rate of 0.20443 RMB to AUD as at 31 December 2019, sourced from S&P Capital IQ.

¹² Based on an exchange rate of 0.1412 RMB to USD as at 31 March 2020, sourced from S&P Capital IQ.

¹³ Based on an exchange rate of 0.23018 RMB to AUD as at 31 March 2020, sourced from S&P Capital IQ.

binding, unconditional funding commitment letter to make funds available to the Bidder for it to meet its obligations under the Offer (including transaction costs).

Although the cash reserves of Shandong Gold are in excess of the maximum consideration under the Offer, the Bidder may, and reserves the right to, obtain the funds necessary for it to meet its obligations under the Offer from other or additional sources. If the Bidder seeks other funds or additional sources of funding, no restriction or delay will be imposed on the performance of the Bidder's obligations under the Offer.

The Offer is not subject to any financing conditions.

6.4 PROVISION OF CONSIDERATION

On the basis of the arrangements described in this Section 6, 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.

7 TAXATION CONSIDERATIONS

7.1 TAXATION CONSIDERATIONS FOR AUSTRALIAN TAX RESIDENT CARDINAL SHAREHOLDERS

(a) Introduction

The following is an outline of the principal Australian income tax consequences applicable to a Cardinal Shareholder who disposes of their Cardinal Shares under the Offer. This outline reflects the current provisions of the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth) and the regulations made under those Acts, taking into account the Bidder's understanding of the current administrative practices of the Australian Taxation Office. The outline does not otherwise take into account or anticipate changes in the law, whether by way of judicial decision or legislative action, nor does it take into account tax legislation of countries apart from Australia.

The following outline is not exhaustive of all possible Australian income tax considerations that could apply to Cardinal Shareholders. The summary is only relevant to those Cardinal Shareholders who hold their shares on capital account and it does not address all tax considerations applicable to Cardinal Shareholders.

The summary does not apply to Cardinal Shareholders:

- (i) that may be subject to special tax rules, such as banks, insurance companies, tax exempt organisations, superannuation funds, dealers in securities;
- (ii) who do not hold the Cardinal Shares on capital account;
- (iii) who are exempt from Australian tax;
- (iv) who hold the Cardinal Shares on behalf of another person;
- (v) who acquired their Cardinal Shares as part of an employee share scheme or who hold Performance Rights;
- (vi) who have not been resident in the same country for tax purposes throughout the period they have owned their Cardinal Shares;
- (vii) who are, or have been, temporary residents of Australia for the purposes of the Australian tax legislation; or
- (viii) who are subject to the "taxation of financial arrangements" regime.

For Cardinal Shareholders who are non-residents of Australia for tax purposes, it is assumed that the Cardinal Shares are not held and have never been held, as an asset of a permanent establishment of that Cardinal Shareholder in Australia. This outline does not constitute tax advice, and is not intended to and should not be used or relied upon by anyone, and the Bidder accepts no duty of care to any other person or entity. Each Cardinal Shareholder should consult their own tax adviser regarding the consequences of acquiring, holding or disposing of their Cardinal Shares.

(b) Australian resident Cardinal Shareholders

This Section applies to Cardinal Shareholders who are Australian residents for tax purposes or are non-residents of Australia who hold their Cardinal Shares through a permanent establishment in Australia.

(i) Accepting the Offer

If you accept the Offer, the disposal of your Cardinal Shares will constitute a capital gains tax (CGT) event for Australian income tax purposes. You will be taken to have disposed of your Cardinal Shares for CGT purposes when the contract to sell your Cardinal Shares is formed. This should be the date that you accept the Offer.

(ii) Compulsory Acquisition

If the Bidder becomes entitled to compulsorily acquire any outstanding Cardinal Shares under the Corporations Act (see Section 5.3 above) and your Cardinal Shares are compulsorily acquired, you will be taken to have disposed of your Cardinal Shares for CGT purposes. The date of disposal will be the date you cease to be the owner of the Cardinal Shares.

(iii) Not accepting the Offer

There should be no CGT consequences if you do not accept the Offer and your Cardinal Shares are not compulsorily acquired as per Section 5.3.

(iv) Calculating the capital gain or loss

If you acquired your Cardinal Shares before 20 September 1985, then, in general, no CGT consequences should arise on the disposal of those shares. If you acquired your Cardinal Shares after 20 September 1985, you may make a capital gain or loss on the disposal of the Cardinal Shares.

You will realise a capital gain in connection with the disposal of a Cardinal Share to the extent that your capital proceeds are more than the CGT cost base of that Cardinal Share. You will realise a capital loss to the extent that the amount you receive (or will receive) is less than the CGT reduced cost base of the Cardinal Share.

Capital losses can usually only be offset against capital gains you realise in the same income year or in later income years. As the loss rules are complex, if you are a company or a trustee you should seek your own independent professional advice as to how these rules may apply, having regard to your particular circumstances.

Any net capital gain should be included in your assessable income for that income year. Broadly, your net capital gain in respect of an income year will be calculated by aggregating all of your capital gains realised in that income year and reducing that amount by your capital losses realised in that income year and any available net capital losses from prior years. The net capital gain may be reduced by the CGT discount (discussed below).

(v) Capital proceeds

The capital proceeds for a Cardinal Share should equal the Cash Consideration.

(vi) Cost base

Generally, the cost base of a Cardinal Share should be the total amount you paid for the Cardinal Share, your acquisition costs and other costs relating to the holding and disposal of the Cardinal Share, to the extent to which you have not claimed an income tax deduction for such costs. The reduced cost base of a Cardinal Share is usually determined in a similar, but not identical, manner.

If you acquired a Cardinal Share before 11:45 am on 21 September 1999, and you are an individual, complying superannuation entity, the trustee of a trust or a listed investment company, it may be possible to index expenditure incurred at or before that time in working out the cost base (but not the reduced cost base) of the Cardinal Share. If you choose to calculate your cost base with reference to indexation, the CGT discount (discussed below) would not be available.

We recommend that you consult your tax adviser to confirm the cost base or reduced cost base of your Cardinal Shares.

(vii) CGT discount

If you are an individual, complying superannuation entity or trustee of a trust and you acquired your Cardinal Share at least 12 months prior to the time of the CGT event (excluding the date of acquisition and the date of the CGT event), the CGT discount may apply to reduce your net capital gain made from

the disposal of a Cardinal Share.

Individuals and trusts may be entitled to a CGT discount of 50%, while complying superannuation entities may be entitled to a CGT discount of 33 ⅓%. The CGT discount is not available to companies.

(c) **Non-Australian resident Cardinal Shareholders**

If you are not a resident of Australia for tax purposes, and do not use your Cardinal Shares in carrying on a business through an Australian permanent establishment, you may be able to disregard the whole of any capital gain or capital loss made upon the disposal of your Cardinal Shares, unless the Cardinal Shares constitute “indirect Australian real property interests”. The Cardinal Shares will constitute an indirect Australian real property interest if:

- (i) you hold a “non-portfolio interest” in Cardinal; and
- (ii) the Cardinal Shares pass the “principal asset test”.

You will hold a “non-portfolio interest” in Cardinal if you (together with your Associates):

- (iii) hold 10% or more of Cardinal Shares at the time of disposal; and
- (iv) held more than 10% of Cardinal Shares throughout a 12 month period during the 24 months preceding the disposal.

Broadly, the Cardinal Shares will pass the “principal asset test” if the market value of Cardinal’s direct and indirect Australian real property assets (i.e., its taxable Australian real property interests) exceeds the sum of the market values of Cardinal’s assets that are not taxable Australian real property.

If you have held, or hold, a non-portfolio interest in Cardinal (either on a stand-alone basis or with their Associates) and you are not a resident of Australia for tax purposes and do not hold your Cardinal Shares through an Australian permanent establishment, you should obtain specific advice on the Australian tax consequences of disposing of your Cardinal Shares (including whether the Cardinal Shares would pass the principal asset test, and the calculation of any capital gain or loss arising from the disposal).

(d) **Stamp duty and GST**

A Cardinal Shareholder that disposes a Cardinal Share to the Bidder is not expected to incur any Australian stamp duty or be subject to Goods and Services Tax (GST) on that disposal.

7.2 CANADIAN TAX CONSIDERATIONS

(a) **Introduction**

The following summary describes the principal Canadian federal income tax considerations generally applicable to a beneficial owner of Cardinal Shares who disposes of Cardinal Shares pursuant to the Offer, a Compulsory Acquisition or a Subsequent Acquisition Transaction and who, at all relevant times, for the purposes of the *Income Tax Act* (Canada) and the Income Tax Regulations (collectively, the **Tax Act**):

- (i) deals at arm’s length with Cardinal and the Bidder;
- (ii) is not affiliated with Cardinal or the Bidder; and
- (iii) holds the Cardinal Shares as capital property,

in each case, for purposes of the Tax Act (**Holder**).

Generally, the Cardinal Shares will be capital property to a Holder provided the Holder does not hold those Cardinal Shares in the course of carrying on a business or as part of an adventure or concern in the nature of trade.

This summary is based on the current provisions of the Tax Act and on the Bidder's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (CRA) published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (**Proposed Amendments**) and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice, whether by legislative, administrative or judicial action, nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ from those described herein.

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Cardinal Shares must generally be expressed in Canadian dollars. Amounts denominated in any other currency must generally be converted into Canadian dollars using a rate of exchange determined in accordance with the rules in the Tax Act.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Cardinal Shareholder. This summary is not exhaustive of all Canadian federal income tax considerations, and does not address all issues relevant to Cardinal Shareholders who acquired their Cardinal Shares on the exercise of a Cardinal Option. Accordingly, Cardinal Shareholders should consult their own tax advisors having regard to their own particular circumstances.

(b) **Holders resident in Canada**

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax convention or treaty is, or is deemed to be, resident in Canada (**Canadian Holder**).

This portion of the summary is not applicable to:

- a Cardinal Shareholder that is a "specified financial institution";
- a Cardinal Shareholder an interest in which is a "tax shelter investment";
- a Cardinal Shareholder that is, for purposes of certain rules (referred to as the mark-to-market rules) applicable to securities held by financial institutions, a "financial institution";
- a Cardinal Shareholder that reports its "Canadian tax results" in a currency other than Canadian currency;
- a Cardinal Shareholder in respect of whom Cardinal is or was a "foreign affiliate"; or
- a Cardinal Shareholder that has entered into, or will enter into, with respect to their Cardinal Shares, a "derivative forward agreement" or a "synthetic disposition arrangement" (in each case, as defined in the Tax Act).

Any such Cardinal Shareholders referred to above should consult their own tax advisors.

(i) **Sale pursuant to the Offer**

Generally, a Canadian Holder who disposes of Cardinal Shares pursuant to the Offer will realise a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Canadian Holder of the Cardinal Shares immediately before the disposition.

Generally, a Canadian Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realised in the year. Subject to and in accordance with the provisions of the Tax Act, a Canadian Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realised in a taxation year from taxable capital gains realised by the Canadian Holder in the year and allowable capital losses in excess of taxable capital gains for the year

may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realised in such years.

Capital gains realised by a Canadian Holder who is an individual or a trust (other than certain specified trusts) may give rise to a liability for alternative minimum tax under the Tax Act.

A Canadian Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable for an additional refundable tax on certain investment income for the year, including taxable capital gains.

(ii) Compulsory Acquisition or Subsequent Acquisition Transaction

The Bidder may, in certain circumstances, compulsorily acquire Cardinal Shares not deposited under the Offer pursuant to statutory rights of purchase under Part 6A of the Corporations Act or propose other means of acquiring the remaining issued and outstanding Cardinal Shares through one or more Subsequent Acquisition Transactions. The tax consequences to a Canadian Holder of a disposition of Cardinal Shares in such circumstances generally should be as described Section 7.2(b)(i). However, this will depend upon the exact manner in which the Compulsory Acquisition or Subsequent Acquisition Transaction is carried out. **Canadian Holders should consult their own tax advisors with respect to the potential income tax consequences to them of having their Cardinal Shares acquired pursuant to a Compulsory Acquisition or Subsequent Acquisition Transaction.**

(iii) Delisting of Cardinal Shares following completion of the Offer

As noted above under Sections 5.2(c) and 5.3(b), Cardinal Shares may cease to be listed on the ASX or TSX following the end of the Offer. If Cardinal Shares cease to be listed on any designated stock exchange (which includes the ASX and TSX) and Cardinal ceases to be a "public corporation" for purposes of the Tax Act, the Cardinal Shares will not be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plan, deferred profit sharing plans and tax-free savings accounts. **Canadian Holders should consult their own tax advisors in this respect.**

(c) **Holders not resident in Canada**

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax convention or treaty is not, and is not deemed to be, resident in Canada, and does not use or hold, and is not deemed to use or hold, Cardinal Shares in connection with a business carried on in Canada (**Non-Canadian Holder**). This portion of the summary is not applicable to a Holder that is an insurer that carries on an insurance business in Canada.

(i) Sale pursuant to the Offer

Generally, a Non-Canadian Holder who disposes of Cardinal Shares pursuant to the Offer will not be subject to tax under the Tax Act on any capital gain realised on such disposition unless at the time of the disposition the Cardinal Shares constitute "taxable Canadian property" (as defined in the Tax Act) of the Non-Canadian Holder and such capital gain is not otherwise exempt from tax under the Tax Act pursuant to the provisions of an applicable income tax convention or treaty (if any).

Provided that the Cardinal Shares are listed on a designated stock exchange for purposes of the Tax Act (which includes the ASX and TSX) at the time of the disposition, the Cardinal Shares generally will not constitute taxable Canadian property of a Non-Canadian Holder, unless, if at any time during the 60-month period immediately preceding the disposition or deemed disposition of the Cardinal Share:

- (A) 25% or more of the issued shares of any class or series of the share capital of Cardinal were owned by, or belonged to, one or any combination of
 - a. the Non-Canadian Holder;
 - b. persons with whom the Non-Canadian Holder did not deal at arm's length (for purposes of the Tax Act); and

- c. partnerships in which the Non-Canadian Holder or a person referred to in paragraph b. above holds a membership interest directly or indirectly through one or more partnerships; and
- (B) more than 50% of the fair market value of the Cardinal Shares was derived directly or indirectly from one or any combination of:
 - a. real or immovable property situated in Canada;
 - b. Canadian resource property (as defined in the Tax Act);
 - c. timber resource property (as defined in the Tax Act); and
 - d. options in respect of, or interests in, or for civil law rights in, property described in any of paragraphs a. through c. above, whether or not such property exists,

or the Cardinal Shares are otherwise deemed under the Tax Act to be taxable Canadian property.

If a Cardinal Share is taxable Canadian property to a Non-Canadian Holder, any capital gain realised on the disposition or deemed disposition of such security may not be subject to Canadian federal income tax pursuant to the terms of an applicable income tax treaty or convention between Canada and the country of residence of a Non-Canadian Holder. **Non-Canadian Holders whose Cardinal Shares are taxable Canadian property should consult their own tax advisors.**

(ii) Delisting of Cardinal Shares following completion of the Offer

As noted above under Sections 5.2(c) and 5.3(b), Cardinal Shares may cease to be listed on the ASX or TSX following the end of the Offer. If Cardinal Shares are no longer listed on any designated stock exchange (which includes the ASX and TSX) at the time of their disposition, Cardinal Shares will constitute taxable Canadian property if, at any time during the 60-month period immediately preceding the disposition or deemed disposition of the Cardinal Share, more than 50% of the fair market value of Cardinal Shares was derived directly or indirectly from one or any combination of:

- (A) real or immovable property situated in Canada;
- (B) Canadian resource property (as defined in the Tax Act);
- (C) timber resource property (as defined in the Tax Act), and
- (D) options in respect of, or interests in, or for civil law rights in, property described in any of paragraphs (A) through (C) above, whether or not such property exists,

or the Cardinal Share are otherwise deemed under the Tax Act to be taxable Canadian property.

Non-Canadian Holders should consult their own tax advisors in this regard.

(iii) Compulsory Acquisition or Subsequent Acquisition Transaction

The Bidder may, in certain circumstances, compulsorily acquire Cardinal Shares not deposited under the Offer pursuant to statutory rights of purchase under Part 6A of the Corporations Act or propose other means of acquiring the remaining issued and outstanding Cardinal Shares through one or more Subsequent Acquisition Transactions. The tax consequences to a Non-Canadian Holder of a disposition of Cardinal Shares in such circumstances generally should be as described in Section 7.2(c)(i). However, this will depend upon the exact manner in which the Compulsory Acquisition or Subsequent Acquisition Transaction is carried out. **Non-Canadian Holders should consult their own tax advisors with respect to the potential income tax consequences to them of having their Cardinal Shares acquired pursuant to a Compulsory Acquisition or Subsequent Acquisition Transaction.**

7.3 NON-AUSTRALIAN AND NON-CANADIAN CARDINAL SHAREHOLDERS

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

7.4 NON-AUSTRALIAN RESIDENT CGT WITHHOLDING

Where a non-Australian resident disposes of certain taxable Australian property, the purchaser is required to withhold 12.5% of the purchase price, and remit that amount to the Australian Taxation Office. The Bidder does not expect this withholding tax to be applicable to the acquisition of Cardinal Shares, but non-resident Cardinal Shareholders should obtain their own independent tax advice.

8 ADDITIONAL INFORMATION

8.1 SUMMARY OF BID IMPLEMENTATION AGREEMENT

The Bidder, Shandong Gold and Cardinal entered into a Bid Implementation Agreement in respect of the Offer on 18 June 2020, which was amended by a letter deed dated 29 July 2020. A summary of certain key terms of the Bid Implementation Agreement is set out below. This summary does not purport to be exhaustive or constitute a definitive statement of the rights and liabilities of each of the Bidder and Cardinal under the Bid Implementation Agreement. The full terms of the Bid Implementation Agreement can be viewed as part of the announcement made by Cardinal to the ASX on the Announcement Date.

Capitalised terms in this Section 8.1 not otherwise defined in this Bidder's Statement have the same meaning given to them in the Bid Implementation Agreement.

(a) Definitions

For the purposes of this Section 8.1, the following terms have the meanings given to them below:

Acceptance Date means the date that is the later of:

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

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

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

Exclusivity Period means the period from and including the date of the Bid Implementation Agreement to the earlier of:

- (i) the termination of the Bid Implementation Agreement in accordance with its terms; and
- (ii) the end of the Offer Period.

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

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

(b) **Takeover bid**

The Bidder has agreed to make the Offer to all Cardinal Shareholders in respect of all their Cardinal Shares. Each of the Bidder and Cardinal have agreed to use all reasonable endeavours in order to implement the Offer.

(c) **Cardinal Director recommendation & intention**

Cardinal represented to the Bidder that each of the Cardinal Directors intend to:

- (i) recommend the Offer to Cardinal Shareholders subject only to there being no Superior Proposal; and
- (ii) publicly state that they intend to accept the Offer on the Acceptance Date in respect of all Cardinal Shares owned or controlled by that director, subject only to there being no Superior Proposal.

Cardinal also consents to the Bidder dispatching the Bidder's Statement and accompanying documents Cardinal Shareholders earlier than the date for dispatch under item 6 of section 633(1) of the Corporations Act.

(d) **Offer Conditions**

The Bid Implementation Agreement sets out the Conditions.

(e) **Cardinal Options**

Prior to the Offer being declared or otherwise becoming free of the Conditions, the Bidder has agreed to make an offer to each holder of the Sale Options for the acquisition by the Bidder of their Sale Options, conditional upon the Offer being declared or otherwise becoming free of the Conditions, the Bidder having a Relevant Interest in at least 50.1% of Cardinal Shares (on a fully diluted basis) and any necessary regulatory waivers being granted.

The Offer extends to all Cardinal Shares that are issued during the Offer Period due to conversion of any Cardinal Options that exist at the date set by the Bidder under section 633(2) of the Corporations Act.

(f) **Interim Funding**

The Bid Implementation Agreement sets out the terms on which the Bidder has agreed to provide the Interim Funding to Cardinal.

(g) **Exclusivity arrangements**

No existing discussions

Cardinal represents and warrants that, other than the discussions with the Bidder in respect of the Takeover Bid, it is not currently in negotiations or discussions in respect of any Competing Transaction with any person, and undertakes to notify any other person with which it has been in negotiations or discussions in respect of any Competing Transaction immediately prior to entry into this agreement that any such negotiations or discussions are terminated.

No-shop

During the Exclusivity Period, Cardinal must ensure that neither it nor any of its Representatives directly or indirectly

- (i) solicits, invites, encourages or initiates any enquiries, negotiations or discussions; or
- (ii) communicates any intention to do any of these things,

with a view to obtaining any offer, proposal or expression of interest from any person in relation to a Competing Transaction.

No-talk

Subject to the exception set out below, during the Exclusivity Period, Cardinal and its Representatives must not:

- (i) negotiate or enter into; or
- (ii) participate in negotiations or discussions regarding,

a Competing Transaction, or communicates an intention to do any of those things, even if that person's Competing Transaction was not directly or indirectly solicited, invited, encouraged or initiated by Cardinal or any of its Representatives, or the person has publicly announced the Competing Transaction, or any offer, proposal or expression of interest from any person in relation to a Competing Transaction.

Due diligence

Subject to the exception set out below, during the Exclusivity Period, Cardinal and its Representatives must not:

- (i) enable any other person other than the Bidder and its Representatives, to undertake due diligence investigations on any Cardinal Group Member or their businesses or operations; or
- (ii) make available to any other person, or permit any other person to receive, other than the Bidder and its Representatives (in the course of due diligence investigations or otherwise) any non-public information relating to Cardinal or any of its Related Bodies Corporate or permit access to Cardinal's Officers to any other person (or that person's Representatives) who might reasonably be expected to submit a proposal for a Competing Transaction.

Notice of unsolicited approach

During the Exclusivity Period, Cardinal must promptly inform the Bidder if it or any of its Related Bodies Corporate or Representatives:

- (i) receives any unsolicited approach with respect to any Competing Transaction and must disclose to the Bidder all material details of the Competing Transaction, including details of the proposed bidder or acquirer except for details where such communication would constitute a breach by the Cardinal Directors of their fiduciary or statutory duties;
- (ii) receives any request for information relating to Cardinal or any of its Related Bodies Corporate or any of their businesses or operations or any request for access to the books or records of Cardinal or any of its Related Bodies Corporate, which Cardinal has reasonable grounds to suspect may relate to a current or future Competing Transaction; and
- (iii) provides any information relating to Cardinal or any of its Related Bodies Corporate or any of their businesses or operations to any person in connection with or for the purposes of a current or future Competing Transaction.

Exceptions to no-talk and no due diligence

Where expressly stated above, the no-talk and no due diligence obligations do not prohibit any action or inaction by Cardinal, any of its Related Bodies Corporate or any of their respective Associates, following an actual or proposed Competing Transaction if compliance with either clause would, in the documented opinion of the Cardinal Directors, formed in good faith after receiving written legal advice from Senior Counsel (which Cardinal must maintain a copy of), constitute, or would be reasonably likely to constitute, a breach of any fiduciary or statutory duties of the Cardinal Directors, provided that the actual or proposed Competing Transaction was not directly or indirectly brought about by the, or facilitated by, a breach of the no-talk or no due diligence obligations.

Matching right

During the Exclusivity Period, Cardinal:

- (i) must not enter into, any legally binding agreement, arrangement or understanding (whether or not in writing) pursuant to which a third party or Cardinal proposes to undertake or give effect to an actual or proposed Competing Transaction; and
- (ii) must use its best endeavours to procure that none of the members of the Cardinal Board change their recommendation in favour of the Takeover Bid to publicly recommend an actual, proposed or potential Competing Transaction,

unless:

- (iii) the Cardinal Directors acting in good faith and in order to satisfy what the Cardinal Directors consider to be their statutory fiduciary duties (having received written advice from Senior Counsel), determine that the Competing Transaction would be or would be likely to be a Superior Proposal;
- (iv) Cardinal has provided the Bidder with the material terms and conditions of the actual or proposed Competing Transaction, including price and the identity of the party making the proposal except for reasons where such communication would constitute a breach by the Cardinal Directors of their fiduciary or statutory duties;
- (v) Cardinal has given the Bidder 5 Business Days after the provision of that information to provide a matching or superior proposal (**Matching Offer**) to the terms of the actual, proposed or potential Competing Transaction. The Bidder has the opportunity, but not the obligation, to provide a Matching Offer; and
- (vi) the Bidder has not made or announced a Matching Offer by the expiry of the 5 Business Day period (as modified in the case of further proposals which constitute a Competing Transaction after the Bidder has made a Matching Offer).

If the Bidder makes a Matching Offer, Cardinal must procure that the Cardinal Board considers the Matching Offer and if the Cardinal Board, acting in good faith, determines the Matching Offer would provide an outcome which is not less favourable for Cardinal Shareholders as a whole compared to the Superior Proposal, Cardinal and the Bidder must use their best endeavours to agree any amendments to the Bid Implementation Agreement, the Offer and the contents of any supplementary bidder's statement and target's statement which are reasonably necessary or desirable to reflect the Matching Offer, and to enter into an appropriate amending agreement to give effect to those amendments and to implement the Matching Offer, in each case, as soon as reasonably practicable.

(h) **Conduct of business**

The Bid Implementation Agreement sets out the obligations of Cardinal from the date of the Bid Implementation Agreement up to the earlier of the end of the Offer Period and the date the Bid Implementation Agreement is terminated in relation to the conduct of its business. Broadly, Cardinal has agreed to, and agreed to procure that each Cardinal Group Member:

- (i) conduct its business in the usual, ordinary and proper course, consistent with the most recent business plans and budgets made public or disclosed to the Bidder prior to the date of the Bid Implementation Agreement and in substantially the same manner as previously conducted and must regularly consult with the Bidder on the manner of conduct of the business including on any matters that may have an adverse impact on the integration of the businesses of Cardinal and the Bidder;
- (ii) ensure that any contract entered into by a Cardinal Group Member after the date of the Bid Implementation Agreement does not contain any change of control provisions or similar provisions, or where they do contain such provisions, that consent to the change of control that will result from the Takeover Bid is provided by the counterparty concurrently with the relevant contract being entered into;

- (iii) actively pursue and support the ratification by the Parliament of Ghana of the Namdini Mining Lease, and providing regular updates to the Bidder on the status of the ratification process;
- (iv) actively pursues and progresses the process for the transfer of prospecting licenses for the Nangodi and Yameriga projects from Red Back Mining Ghana Limited to Cardinal Resources Ghana Limited;
- (v) actively pursues approval by the Ghanaian planning authority for the existing resettlement action plan of the relevant Cardinal Group Member;
- (vi) keeps the Bidder informed and consults with the Bidder on the status of the negotiation with the Government of the Republic of Ghana in relation to the development agreement and tax concession agreement for the development of the Namdini Project, and to the extent practicable, includes the Bidder's reasonable requests in relation to these agreements in its requests to, and negotiation with, the Government of the Republic of Ghana; and
- (vii) consult with the Bidder, with respect to any decisions regarding its business and operations, other than decisions in the normal course of business consistent with past practice.

These obligations are set out in full in clause 8.2 of the Bid Implementation Agreement.

Broadly, Cardinal has agreed not to, and agreed to procure that each Cardinal Group Member does not:

- (i) issue any new shares or rights to issued shares in the capital of Cardinal (other than the issue of any Cardinal Shares in connection with the exercise of Cardinal Options issued or granted prior to the date of the Bid Implementation Agreement) or in the capital of a Cardinal Group Member;
- (ii) enter into, materially amend or terminate a Material Contract or settle or agree to settle any claim by Cardinal for less than the alleged amount where that amount was greater than \$500,000, or against Cardinal where the alleged amount of the claim was greater than \$500,000;
- (iii) increase the remuneration of or benefits provided to or pay any bonuses (other than in accordance with existing arrangements) or issue any securities or options (other than the issue of Cardinal Shares in connection with the exercise of Cardinal Options) to, or otherwise vary the employment arrangements with, any of its directors or employees;
- (iv) accelerate the rights of any of its directors or employees to any benefits of any kind (other than in connection with the treatment of Cardinal Options);
- (v) pay a director, executive or employee a termination payment, other than as provided for in an existing employment contract;
- (vi) incur any cash expenses or expenditure in any calendar quarter more than 15% of the total Budget for that calendar quarter;
- (vii) amend in any material respect any arrangement with its financiers;
- (viii) incur any additional financial indebtedness (except for drawdowns on existing financing arrangements of the Cardinal Group), or guarantee or indemnify the obligations of any person other than a Cardinal Group Member, other than in the usual and ordinary course of business and consistent with past practice;
- (ix) take or fail to take any action that would, or would be likely to, prevent a Condition being satisfied or result in a Condition not being satisfied; or
- (x) take any action which is a Prescribed Occurrence, or would be reasonably expected to give rise to a Prescribed Occurrence.

These restrictions are set out in full in clause 8.3 of the Bid Implementation Agreement.

(i) **Reimbursement of costs**

Cardinal has agreed to pay the Bidder \$3,950,000 as a Compensating Amount if:

- (i) a third party acquires or agrees to acquire the whole or a substantial part of the assets of Cardinal before the later of the date that is 6 months from the date of the Bid Implementation Agreement or the end of the Offer Period and such acquisition or agreement was announced during the Exclusivity Period;
- (ii) any Cardinal Director does not recommend accepting the Takeover Bid, or having recommended it, withdraws or adversely modifies his or her recommendation of the Takeover Bid or approves or recommends or makes an announcement in support of a Competing Transaction or announces an intention to do any of these acts;
- (iii) the Bid Implementation Agreement is terminated by Shandong Gold as a result of:
 - (A) a material breach of Cardinal of the Bid Implementation Agreement or if Cardinal or any of its Related Bodies Corporate becomes Insolvent;
 - (B) a Material Adverse Change within the reasonable control of Cardinal occurs; or
 - (C) a Prescribed Occurrence occurs;
- (iv) the Takeover Bid does not proceed because of a Superior Proposal; or
- (v) Cardinal or any Cardinal Director does (or omits to do) anything which results in any of the Conditions relating to material acquisitions or disposals in the Bid Implementation Agreement being breached, and that breach is not remedied within 3 Business Days.

The Bidder has agreed to pay Cardinal \$3,950,000 as Compensating Amount if Cardinal terminates the Bid Implementation Agreement by reason of the Bidder being in material breach of any term of the Bid Implementation Agreement or the Bidder becoming Insolvent.

The Compensating Amount is an amount to compensate the Bidder or Cardinal (as the case may be) for their costs and damage associated with the failure of the Takeover Bid.

If Cardinal has paid the Bidder any Compensating Amount but the Bidder declares the Offer to be unconditional and becomes the holder of not less than 50.1% of Cardinal Shares (on a fully diluted basis) as a result of the Takeover Bid, the Bidder must repay to Cardinal any of the Compensating Amount received.

Details in relation to the Compensating Amount are set out in full in clause 10 of the Bid Implementation Agreement.

(j) **Termination rights**

Cardinal or the Bidder can terminate the Bid Implementation Agreement if:

- (i) the Bidder withdraws the Takeover Bid as permitted by the Corporations Act for any reason, including non-fulfillment of a Condition, or the Offer lapses;
- (ii) if the other is in material breach of any term of the Bid Implementation Agreement (including a representation or warranty not being true and correct in any material respect), taken in the context of the Takeover Bid as a whole, provided that either the Bidder or Cardinal, as the case may be, has, if practicable, given notice to the other setting out the relevant circumstances and the relevant circumstances continue to exist 5 Business Days after the time such notice is given;
- (iii) if a Court or other Regulatory Authority has issued a final and non-appealable order, decree or ruling which permanently restrains or prohibits the Takeover Bid;

- (iv) the other party or, in the case of Cardinal, any of its Related Bodies Corporate, becomes Insolvent; or
- (v) if a person (other than the Bidder or its Associates) has a relevant interest in more than 50.1% of Cardinal's Shares.

The Bidder can terminate the Bid Implementation Agreement if:

- (i) a Superior Proposal is made or is publicly announced by a third party;
- (ii) any Cardinal Director does not recommend the Takeover Bid or having recommended the Takeover Bid, withdraws or adversely modifies its recommendation of the Takeover Bid, or otherwise makes a public statement indicating they no longer support the Takeover Bid; or
- (iii) any Cardinal Director which has a relevant interest in Cardinal Shares qualifies or withdraws their Acceptance Intention;
- (iv) if Cardinal breach the conduct of business or exclusivity provisions in the Bid Implementation Agreement in a manner which is not immaterial; or
- (v) a Material Adverse Change or Prescribed Occurrence occurs.

Cardinal can terminate the Bid Implementation Agreement if a majority of the Cardinal Board either adversely change or withdraw their recommendation to Cardinal Shareholders in relation to the Takeover Bid or recommend a Competing Transaction in accordance with clause 4.6 of the Bid Implementation Agreement.

The termination rights are set out in full in clause 12 of the Bid Implementation Agreement.

8.2 SUMMARY OF INTERIM FUNDING

In accordance with clause 7 of the Bid Implementation Agreement, the Bidder agreed to provide Cardinal \$11.96 million interim funding by subscribing for 26 million Cardinal Shares at the price of \$0.46 per Cardinal Share. The funds raised by the Interim Funding will be used to ensure Cardinal may continue advancing the Namdini Project towards development and for working capital prior to closing of the Offer.

Completion of the Interim Funding occurred on 7 July 2020.

8.3 SUMMARY OF OPTIONS COMMITMENT DEED

Cardinal has entered into an Options Commitment Deed with each holder of Nil Priced Options under which the relevant holder agrees, in favour of Cardinal and the Bidder, to exercise its respective Nil Priced Options conditional upon the Offer contemplated in the Takeover Bid becoming or being declared unconditional in all respects.

Each holder of Nil Priced Optionholder who is a party to an Options Commitment Deed is not obliged, and has not agreed, to accept the Offer in respect of the Cardinal Shares that are issued upon the exercise of their Nil Priced Options.

8.4 SUMMARY OF OPTIONS ASSIGNMENT DEED

In accordance with clause 6 of the Bid Implementation Agreement, the Bidder has agreed to make an offer to 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 Option.

Each Options Assignment Deed is conditional upon:

- (a) the Offer being declared or otherwise becoming free of the Conditions;
- (b) the Bidder having a relevant interest in at least 50.1% of Cardinal Shares (on a fully diluted basis); and
- (c) any necessary regulatory waivers being granted.

8.5 REGULATORY APPROVALS

(a) Foreign Investment Review Board

The Bidder is a foreign person under the FATA because it is owned by foreign persons. Accordingly, the Offer is subject to the approval or non-objection of the Treasurer of the Commonwealth of Australia, who receives advice from FIRB, under the FATA. Approval will not be given to the Offer if the Treasurer, on advice from FIRB, considers that the result of the acquisition of Cardinal Shares by the Bidder will be contrary to the national interest.

The Bidder filed the necessary application, together with a detailed submission, with FIRB on 22 June 2020. The Bidder believes that the Offer is consistent with the Commonwealth Government's foreign investment policy, and is not aware of any reason why foreign investment approval would not be given (and therefore why the relevant defeating condition of the Offer would not be satisfied) in due course.

(b) Government of Ghana

The Minerals and Mining Act of Ghana requires a person to obtain a "no objection" from the Minister of Lands and Natural Resources of Ghana before becoming a "controller" (controlling 20% or more of the voting power at any general meeting) of a mining company. A "mining company" is defined in the Minerals and Mining Act as a company which is or whose subsidiary is the holder of a mineral right but it does not include a company listed on a stock exchange.

Although Cardinal's Ghana subsidiaries are holders of mineral rights, Cardinal is a company listed on a stock exchange and therefore does not fall within the definition of a mining company under the legislation. The Offer is therefore exempted from the requirement to obtain a "no objection" from the Minister of Lands and Natural Resources of Ghana.

If the Bidder becomes a controller of Cardinal for the purposes of the Minerals and Mining Act during, or at the end of, the Offer Period, the Bidder will give notice of its acquisition of Cardinal Shares to the Minister of Lands and Natural Resources of Ghana and the Minerals Commission of Ghana within 14 days of it becoming a controller of Cardinal as required by the relevant Ghanaian laws.

(c) Canadian regulations

The Bidder intends to make an application to the Canadian Securities Regulatory Authorities for relief from certain of the requirements of a foreign take-over bid such that the Offer in this Bidder's Statement would be exempt from the Canadian requirements of a take-over bid. If granted, the exemption would remove any applicable constraints on the Bidder from, among other things, waiving the minimum acceptance condition (at the Bidder's discretion), and, upon the Offer becoming or being declared unconditional, "taking up" deposited Cardinal Shares prior to the 35 day "minimum deposit period".

8.6 DATE FOR DETERMINING HOLDERS OF SHARES

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) is the Register Date.

8.7 ASIC MODIFICATIONS AND EXEMPTIONS, ASX WAIVERS

ASIC has published various "Class Order" instruments providing for modifications and exemptions that apply generally to all persons, including the Bidder, in relation to the operation of Chapter 6 of the Corporations Act. The Bidder may rely on this "Class Order" relief.

The Bidder has obtained an exemption from ASIC under section 655A(1) of the Corporations Act to allow the Bidder to extend the Offer to the Employee Shares issued after the Register Date and before the end of the offer period.

The Bidder has been informed by Cardinal that Cardinal has been granted a waiver from ASX Listing Rule 6.23.4 so that the Sale Options can be assigned to the Bidder pursuant to the Options Assignment Deeds without the approval of Cardinal Shareholders. Pursuant to the ASX waiver, the Sale Options (which are, on their current terms, incapable of transfer) will be permitted to be transferred to the Bidder without the approval of Cardinal Shareholders on the following conditions:

- (a) the Offer has been declared unconditional; and
- (b) the Bidder has acquired voting power in Cardinal of at least 50.1%.

8.8 CONSENTS

Each of the following parties has given and has not, before the lodgement of this Bidder's Statement with the Australian Securities and Investments Commission and relevant Canadian regulatory authorities, withdrawn its consent to be named in this Bidder's Statement in the form and context in which it is named:

- (a) King & Wood Mallesons as Australian legal adviser to the Bidder;
- (b) Goodmans LLP as Canadian legal adviser to the Bidder;
- (c) Morgan Stanley as financial adviser to the Bidder;
- (d) Computershare as Australian share registry to the Bidder;
- (e) Computershare Trust Company of Canada as Canadian depositary agent to the Bidder; and
- (f) Computershare Clearing Pty Limited as Facility Operator.

Computershare Clearing Pty Limited has also given and has not withdrawn, before the time of lodgement of this Bidder's Statement with the Australian Securities and Investments Commission and relevant Canadian regulatory authorities, its written consent to the inclusion of the terms of the Acceptance Facility and the Financial Services Guide in this Bidder's Statement in the form and context in which they are included and to all references in this Bidder's Statement to the terms of the Acceptance Facility and the Financial Services Guide in the form and context in which they appear.

As permitted by ASIC Class Order 13/521, this Bidder's Statement includes or is accompanied by statements which are made, or based on statements made, in documents lodged with ASIC or given to ASX. Pursuant to this ASIC Class Order, the consent of the person to whom such statements are attributed is not required for the inclusion of these statements in this Bidder's Statement. Any Cardinal Shareholder who would like to receive a copy of any of these documents may obtain a copy free of charge (within two Business Days of the request) during the Offer Period by contacting 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).

As permitted by *ASIC Corporations (Consents to Statements) Instrument 2016/72*, this Bidder's Statement contains security price trading data sourced from IRESS without their consent, and otherwise may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or a published book, journal or comparable publication.

8.9 ACCEPTANCE FACILITY

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

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

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

The Facility Operator is Computershare Clearing Pty Limited ACN 063 826 228.

Before deciding whether or not to participate in the Acceptance Facility, Cardinal Shareholders are encouraged to consult with their financial or other professional adviser.

In summary, the Acceptance Facility will operate in the following way:

- (a) Cardinal Shareholders may lodge instructions to accept the Offer subject to the terms of the Acceptance Facility with the Facility Operator (**Facility Instructions**). Australian Branch Shareholders (ie. in a CHESS Holding or an Issuer Sponsored Holding) may lodge Facility Instructions in the form of:
 - (i) a duly completed Acceptance Form in respect of their Cardinal Shares, with "X" marked in the "Option 2" box; and
 - (ii) where a Cardinal Shareholder holds Cardinal Shares as custodian for another person (**Beneficial Holder**), a direction from the Beneficial Holder to the Cardinal Shareholder to accept the Offer (**Custodian Direction**).

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

- (b) If you return the completed Acceptance Form to Computershare's address for the purpose of accepting the Offer via the Acceptance Facility, you will be deemed to have delivered the completed Acceptance Form to, and it will be received by, the Facility Operator.
- (c) Canadian Branch Shareholders accepting the Offer, either through a book-entry transfer using the CDS online tendering system (**CDSX**) or by delivery of a duly completed Letter of Transmittal to the Depository Agent, will be deemed to have lodged Facility Instructions and to be bound by the terms thereof.
- (d) The Facility Operator will hold Facility Instructions as acceptance collection agent only (being no more than a bare trustee for the relevant Cardinal Shareholder) and will not acquire any relevant interest in the Cardinal Shares which are the subject of the Facility Instructions.
- (e) Facility Instructions lodged with the Facility Operator will demonstrate the intention of the relevant Cardinal Shareholder to accept the Offer if the Offer becomes or is declared unconditional, however, they will not constitute an acceptance of the Offer before the Confirmation Notice is received by the Facility Operator.
- (f) As soon as is practicable after the Bidder becomes aware and is satisfied (acting reasonably) that the Offer is free of all the Conditions, the Bidder will provide written notice of that occurrence (and that the Bidder will "take up" all of the Cardinal Shares accepted into the Acceptance Facility) (**Confirmation Notice**) to the Facility Operator and to the Depository Agent.
- (g) By lodging Facility Instructions with the Facility Operator and not withdrawing those Facility Instructions, Cardinal Shareholders and (as the case may be) Beneficial Holders will have directed the Facility Operator to deliver the instructions to irrevocably accept the Offer pursuant to the Facility Instructions following the Facility Operator's receipt of the Confirmation Notice. In relation to Cardinal Shares deposited with the Depository Agent, the Confirmation Notice delivered by the Bidder to the Depository Agent will be deemed to constitute instructions to irrevocably accept the Offer (as if such instructions had been delivered by the Facility Operator to the Depository Agent). Immediately following receipt of the Confirmation Notice:
 - (i) the Facility Operator will deliver or procure the delivery of (as the case may be):
 - (A) Acceptance Forms to Computershare as acceptances of the Offer; and
 - (B) the Custodian Directions to the relevant custodians; and
 - (ii) the Cardinal Shares deposited with the Depository Agent will be "taken up" by the Bidder.
- (h) Until the Facility Operator and the Depository Agent receive the Confirmation Notice from the Bidder, Cardinal Shareholders and (as the case may be) Beneficial Holders will retain all Rights and full control over Cardinal Shares which are the subject of their Facility Instructions and in particular, will be able to

withdraw their Facility Instructions, provided such withdrawal is received by the Facility Operator prior to its receipt of the Confirmation Notice. Australian Branch Shareholders should notify the Facility Operator in writing by way of an email transmission to withdraw their Facility Instructions (at the email address corpactprocessing@computershare.com.au). Canadian Branch Shareholders who have tendered to the Offer via CDSX should contact your financial institution or broker on how to withdraw. Canadian Branch Shareholders who have delivered a Letter of Transmittal to the Depositary Agent (if any) should contact the Depositary Agent.

- (i) If the Facility Operator does not receive a Confirmation Notice from the Bidder by the end of the Offer Period, the Facility Operator will promptly following the end of the Offer Period, return, or procure the return, of all Facility Instructions.

By 8.30 am (Sydney time) on each Business Day (or at any other time upon request from the Bidder), the Facility Operator will notify the Bidder of the number of Cardinal Shares in respect of which Facility Instructions have been received as at 7.00 pm (Sydney time) the previous Business Day. Following receipt of this information from the Facility Operator, the Bidder will disclose this information to the ASX and Cardinal Shareholders by 9.30 am (Sydney time) on the following trading day following a change of 1% in the aggregate number of Cardinal Shares that are the subject of Facility Instructions under the Acceptance Facility and Cardinal Shares in respect of which the Bidder has received acceptances under the Offer, and a breakdown of the aggregate amount between those two categories.

The summary of the Acceptance Facility in this Section 8.9 should be read subject to the terms of the Acceptance Facility which are referred to and set out in the following documents:

- the full terms of the Acceptance Facility set out in Appendix 2 to this Bidder's Statement;
- the Custodian Direction letter; and
- the Financial Services Guide issued by the Facility Operator set out in Appendix 2 of this Bidder's Statement.

Any Cardinal Shareholder (or Beneficial Holder) who requires a Custodian Direction letter should contact the Facility Operator via corpactprocessing@computershare.com.au.

8.10 CARDINAL CONSENTS

The Cardinal Directors have consented to:

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

8.11 ON-MARKET ACQUISITION OF CARDINAL SHARES

The Bidder reserves its rights under item 2 of section 611 of the Corporations Act, but is not obliged, to acquire any Cardinal Shares on-market during the Offer Period following the bid has become unconditional or conditional only on the happening of an event referred to in subsection 652C(1) or (2).

If the Bidder decides to exercise its rights under item 2 of section 611 of the Corporations Act to acquire any Cardinal Shares on-market, it will make an announcement on its intention in a press release filed before making such acquisitions and the number of Cardinal Shares the Bidder acquires on-market will not exceed 5% of the outstanding Cardinal Shares. The Bidder will publish a press release detailing the on-market purchases made after the close of business each day.

8.12 NO OTHER MATERIAL INFORMATION

Except as disclosed in this Bidder's Statement, there is no other information that is:

- (a) material to the making of a decision by a Cardinal Shareholder whether or not to accept the Offer; and
- (b) known to the Bidder,

and has not previously been disclosed to Cardinal Shareholders.

In accordance with Canadian regulatory requirements, this Bidder's Statement and the terms of the Offer contain no untrue statement of material fact and do 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 light of the circumstances in which it was made.

9 GLOSSARY

9.1 DEFINITIONS

The following defined terms are used throughout this Bidder's Statement unless the contrary intention appears or the context requires otherwise:

Acceptance Date has the meaning given in Section 8.1(a).

Acceptance Facility means the acceptance facility established by the Bidder as outlined in Section 8.9 of this Bidder's Statement.

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

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

Appendix means the appendix to this Bidder's Statement.

Ascribed Value has the meaning given in the Bid Implementation Agreement.

ASIC means Australian Securities and Investments Commission.

Associate has the meaning given in section 12 of the Corporations Act.

ASX means ASX Limited (ABN 98 008 624 691) or Australian Securities Exchange, as appropriate.

ASX Listing Rules means the official listing rules of the ASX, as amended from time to time.

ASX Settlement means ASX Settlement Pty Limited (ABN 49 008 504 532).

ASX Settlement Operating Rules means the operating rules of ASX Settlement.

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

Bid Implementation Agreement means the agreement signed between the Bidder, Shandong Gold and Cardinal on 18 June 2020 which sets out the rights and obligations of the parties in respect of this transaction, a copy of which was released on the ASX on 19 June 2020, as amended by an amendment letter dated 29 July 2020 which was released on the ASX on 30 July 2020.

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

Bidder Board means the board of directors of the Bidder.

Bidder's Statement means this document, being the statement of the Bidder under Part 6.5 Division 2 of the Corporations Act relating to the Offer.

Bidder's Takeover Transferee Holding means the holding of Cardinal Shares on the CHESS sub-register of the Bidder established for the purposes of the Offer.

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

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

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

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

Cardinal means Cardinal Resources Limited (ABN 56 147 325 620), a company incorporated in Australia.

Cardinal Board means the board of directors of Cardinal.

Cardinal Group means Cardinal and each of its Subsidiaries, and **Cardinal Group Member** means any one of them.

Cardinal Options means the options to subscribe for a Cardinal Shares, as described in Schedule 7 of the Bid Implementation Agreement.

Cardinal Share means a fully paid ordinary share in the capital of Cardinal.

Cardinal Shareholders means holders of Cardinal Shares.

Cash Consideration is defined in clause 2 of Appendix 1.

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

CGT means the tax arising as a result of a CGT event as defined in the *Income Tax Assessment Act 1997* (Cth).

CHESS means the Clearing House Electronic Sub register System, operated by ASX Settlement which provides for electronic share transfer, settlement and registration of securities in Australia.

CHESS Holding means a holding of Cardinal Shares on the CHESS sub register of Cardinal, being a register administered by ASX Settlement and which records uncertificated holdings of shares.

Competing Transaction has the meaning given in the Bid Implementation Agreement.

Computershare means Computershare Investor Services Pty Limited.

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

Confirmation Notice has the meaning given in Section 8.9.

Compulsory Acquisition means the compulsory acquisition by the Bidder of Cardinal Shares pursuant to Chapter 6A of the Corporations Act.

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

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

CRA means the Canada Revenue Agency.

Custodian Direction has the meaning given in Section 8.9(a)(ii), the form of which is available by contacting the Facility Operator via corpactprocessing@computershare.com.au.

Depository Agent means Computershare Trust Company of Canada.

Employee Shares means the aggregate 480,000 Cardinal Shares to be issued to Sarah Shipway and Richard Bray upon the Offer becoming or being declared unconditional and the Bidder having a relevant interest in at least 50.1% of Cardinal Shares (on a fully diluted basis).

Encumbrance means any:

- (a) security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, option, right of pre-emption, power, title retention, or flawed deposit arrangement; or

- (b) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off; or
- (c) right that a person (other than the owner) has to remove something from land (known as a profit à prendre), easement, public right of way, restrictive or positive covenant, lease, or licence to use or occupy; or
- (d) third-party right or interest or any right arising as a consequence of the enforcement of a judgment; or
- (e) any agreement to create any of them or allow them to exist.

Facility Instructions has the meaning given in Sections 8.9(a).

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

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

Feasibility Study Report means the feasibility study for the Namdini Project approved by the Cardinal Board, a copy of which was released on the ASX on 28 October 2019.

Financial Services Guide means the financial services guide issued by Computershare as set out in Appendix 2 to this Bidder's Statement.

FIRB means the Foreign Investment and Review Board.

FIRB Approval has the meaning given in clause 6.1(b) of Appendix 1.

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

Interim Funding means the interim funding of \$11.96 million provided by the Bidder to Cardinal by way of subscription for 26 million Cardinal Shares on an issue price of \$0.46 per Cardinal Share, as detailed in Section 8.2.

Insolvent has the meaning given in the Bid Implementation Agreement.

Issuer Sponsored Holding means a holding of Cardinal Shares on Cardinal's issuer sponsored sub register.

Letter of Transmittal means a letter of transmittal to accept the Offer by a Canadian Branch Shareholder whose Cardinal Shares are held on the Canadian branch register directly. Canadian Branch Shareholders can contact the Depository Agent toll free at 1-800-564-6253 to obtain a copy of Letter of Transmittal.

Matching Offer has the meaning given in Section 8.1(g).

Material Adverse Change has the meaning given in the Bid Implementation Agreement.

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

Mineral Rights has the meaning given in the Bid Implementation Agreement.

Namdini Project has the meaning given in the Bid Implementation Agreement.

Nil Priced Options means the nil priced Cardinal Options described in rows 7 and 8 of Schedule 7 of the Bid Implementation Agreement.

Nordgold means Nord Gold S.E.

Nordgold Indicative Proposal means the non-binding, indicative proposal from Nordgold announced to ASX on 16 March 2020.

Nordgold Offer means the on-market takeover offer by Nordgold announced to ASX on 15 July 2020.

Offer means the offer by the Bidder on the Offer Terms to acquire Cardinal Shares (and for the avoidance of doubt includes each such offer made to an individual Cardinal Shareholder pursuant to that offer).

Offer Period means the period commencing on 13 August 2020 and ending on at 7.00pm (Sydney time) on 13 October 2020, or such later date to which the Offer has been extended.

Offer Terms means the terms of the Offer set out in Appendix 1 of this Bidder's Statement.

Options Assignment Deed means each deed of assignment of options entered into, or to be entered into, between the Bidder and a holder of Sale Options on the terms set out in clause 6 of the Bid Implementation Agreement.

Options Commitment Deed means each options commitment deed entered into between Cardinal and each Nil Priced Optionholder.

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

Prescribed Occurrence has the meaning given in clause 6.1(j) of the Offer Terms in Appendix 1.

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

Regulatory Authority includes:

- (a) ASX, TSX, ASIC and the Takeovers Panel;
- (b) a government or governmental, semi-governmental or judicial entity or authority;
- (c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (d) any regulatory organisation established under statute,

including, in Australia, Canada, Ghana and China (including Hong Kong SAR).

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

relevant interest has the meaning given in the Corporations Act.

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

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

Representative has the meaning given in the Bid Implementation Agreement.

Sale Options means the Cardinal Options described in Schedule 7 of the Bid Implementation Agreement, other than the Nil Priced Options.

Section means a section of this Bidder's Statement.

SG Group means Shandong Gold Group Co., Ltd.

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

Shandong Gold Group means Shandong Gold and each of its Subsidiaries (including the Bidder).

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

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

Subsequent Acquisition Transaction has the meaning given in Section 5.2(g).

Subsidiary means a subsidiary as that term is defined in the Corporations Act.

Superior Proposal has the meaning given in the Bid Implementation Agreement.

Takeover Bid means the off-market takeover bid by the Bidder to acquire all of the Cardinal Shares to be implemented in accordance with Chapter 6 of the Corporations Act (which is the subject of this Bidder's Statement).

Takeovers Panel means the review body continuing in existence under section 261 of the *Australian Securities and Investments Commission Act 2001* (Cth) and given powers under Part 6.10 of the Corporations Act.

Target's Statement means the target's statement issued by Cardinal in relation to the Offer and includes any supplementary target's statement.

TSX means the Toronto Stock Exchange.

TSX Company Manual means the TSX Company Manual, as amended from time to time.

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

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

9.2 REFERENCES TO CERTAIN GENERAL TERMS

Unless the contrary intention appears, a reference in this Bidder's Statement to:

- (a) **(variations or replacement)** a document includes any variation or replacement of it;
- (b) **(sections, clauses, paragraphs, appendices and annexures)** a section, clause, paragraph, appendix or annexure is a reference to a section, clause, paragraph, appendix or annexure to this Bidder's Statement or a reference to a section, clause or paragraph to any appendix to this Bidder's Statement;
- (c) **(reference to statutes)** a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) **(law)** law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (e) **(singular includes plural)** the singular includes the plural and vice versa;
- (f) **(person)** the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any Regulatory Authority;
- (g) **(executors, administrators, successors)** a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and permitted assigns;
- (h) **(reference to a group of persons)** a group of persons or things is a reference to any two or more of them jointly and to each of them individually;
- (i) **(dollars)** Australian dollars, dollars, AUD, A\$ or \$ is a reference to the lawful currency of Australia;
- (j) **(calculation of time)** a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;


-
- (k) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
 - (l) **(accounting terms)** an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia;
 - (m) **(meaning not limited)** the words "include", "including", "for example" or "such as" when introducing an example, are not to be read as words of limitation;
 - (n) **(time of day)** time is a reference to Australian Eastern Standard Time; and
 - (o) **(headings)** headings are for convenience only and do not affect interpretation.

10

APPROVAL OF BIDDER'S STATEMENT

The copy of this Bidder's Statement that is to be lodged with ASIC has been approved by a resolution passed by the Directors of the Bidder on 11 August 2020.

Signed in accordance with section 351 of the Corporations Act.



.....
Liu Qin, director
Shandong Gold Mining (HongKong) Co., Limited
11 August 2020

Appendix 1 - Offer Terms

1 OFFER

The Bidder offers to acquire all of your Cardinal Shares, together with all Rights attaching to them, on the following terms.

This Offer relates to Cardinal Shares that exist or will exist as at the Register Date and extends to:

- (a) any Cardinal Shares that are issued between that date and the end of the Offer Period as a result of the exercise of any Cardinal Options; and
- (b) any Employee Shares that are issued between that date and the end of the Offer Period.

You may only accept this Offer for all of your Cardinal Shares.

By accepting this Offer, you undertake to transfer to the Bidder not only the Cardinal Shares to which this Offer relates but also all Rights attached to those Cardinal Shares (see clauses 5.4 and 5.5).

2 CONSIDERATION

The consideration offered to Cardinal Shareholders is \$0.70 cash for each Cardinal Share (**Cash Consideration**).

3 OFFER PERIOD

This Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of this Offer, being 13 August 2020, and ending at 7.00 pm (Sydney Time) on:

- (a) 13 October 2020; or
 - (b) any date to which the period of this Offer is extended in accordance with the Corporations Act,
- whichever is the later.

If, within the last 7 days of the Offer Period, either of the following events occur:

- (a) the Offer is varied to improve the consideration offered; or
- (b) the Bidder's voting power in Cardinal increases to more than 50% (including, if available, with the benefit of ASIC relief allowing Cardinal Shares the subject of Facility Instructions held by the Facility Operator being counted towards the Bidder's voting power),

then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.

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

4 HOW TO ACCEPT THIS OFFER

4.1 ACCEPTANCES

Acceptances must be received in the manner specified below prior to the close of the Offer Period at 7.00 pm (Sydney Time) on 13 October 2020, unless extended.

If your Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is returned by post, for your acceptance to be valid you must ensure that they are posted or delivered in sufficient time for them to be received by the Bidder at the address specified on the Acceptance Form before the end of the Offer Period.

4.2 ALL OF YOUR HOLDING

The Offer is for all of your Cardinal Shares.

4.3 ACCEPTANCE PROCEDURE FOR CARDINAL SHAREHOLDERS

How you accept this Offer depends on whether you are an Australian Branch Shareholder or a Canadian Branch Shareholder, and in the case of an Australian Branch Shareholder, whether your Cardinal Shares are held in a CHESS Holding or an Issuer Sponsored Holding (the Acceptance Form outlines which type of holding you have):

- (a) **If you hold your Cardinal Shares in a CHESS Holding (your HIN starts with an "X")** you must comply with the ASX Settlement Operating Rules.

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

- (i) instruct your Controlling Participant (usually your broker) to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules in sufficient time for this Offer to be accepted before the end of the Offer Period; or
- (ii) complete (with "X" marked in the "Option 1" box) and sign your personalised Acceptance Form and send the completed Acceptance Form (together with all other documents required by the instructions on the form) directly to your Controlling Participant (usually your broker) in sufficient time for this Offer to be accepted before the end of the Offer Period with instructions to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period; or
- (iii) complete (with "X" marked in the "Option 1" box) and sign your personalised Acceptance Form and lodge it by returning it to the address as indicated under clause 4.3(f) in sufficient time for the Bidder or Computershare to instruct your Broker or other Controlling Participant to initiate acceptance of the Offer on your behalf so that your acceptance is received before 7.00 pm (Sydney Time) on the last business day of the Offer Period.

Neither the Bidder nor Computershare will be responsible if your Controlling Participant does not acknowledge and confirm your acceptance in sufficient time.

- (b) **If you hold your Cardinal Shares in an Issuer Sponsored Holding (your SRN starts with an "I")**

If your Cardinal Shares are in an Issuer Sponsored Holding, to accept this Offer you must complete (with "X" marked in the "Option 1" box) and sign your personalised Acceptance Form in accordance with the instructions on it and lodge it by returning it (together with all other documents required by the instructions on the Acceptance Form) to the address indicated under clause 4.3(f) so that your acceptance is received before the end of the Offer Period.

- (c) **If you do not mark any box or mark both the boxes on the Acceptance Form**

If you:

- (i) do not mark the "Option 1" box nor the "Option 2" box on the Acceptance Form; or
- (ii) mark both the "Option 1" box and the "Option 2" box on the Acceptance Form,

by signing and returning the Acceptance Form, you will be deemed to have expressly and unconditionally accepted the Offer.

(d) **If some of your Cardinal Shares are held in a number of forms**

If some of your Cardinal Shares are in different holdings your acceptance of this Offer may require action under clauses 4.3(a) and 4.3(b) in relation to the separate portions of your Cardinal Shares.

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

To accept this Offer you must initiate acceptance in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

(f) **Postal address**

Completed Acceptance Forms should be sent to:

Computershare Investor Services Pty Limited
GPO Box 52
Melbourne VIC 3001

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

If your Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is returned by post, for your acceptance to be valid you must ensure that they are posted or delivered in sufficient time for them to be received by the Bidder at the address specified on the Acceptance Form before the end of the Offer Period.

The transmission of the Acceptance Form and other documents is at your own risk.

(g) **Acceptance Form**

The Acceptance Form which accompanies this Offer forms part of it. Subject to clause 4.6, the requirements on the Acceptance Form must be observed in accepting this Offer in respect of your Cardinal Shares.

(h) **Beneficial owners**

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

(i) **Acceptance Facility**

Details regarding the effect of accepting into the Acceptance Facility are set out in Section 8.9 and Appendix 2 of this Bidder's Statement.

(j) **Canadian Branch Shareholders**

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

- (A) if your Cardinal Shares are held on the Canadian branch register of Cardinal through CDS, accept the Offer through a book-entry transfer using the CDS online tendering system (CDSX). You may need to instruct your financial institution or broker who is a CDS participant to assist you, provided that a book-entry transfer confirmation through CDSX is received by the Depositary Agent at its office in Toronto, Ontario at or prior to the close of the Offer Period, unless the Offer Period is extended; or
- (B) if your Cardinal Shares are held on the Canadian branch register directly, accept the Offer by delivery a duly completed Letter of Transmittal to the Depositary Agent at its office in

Toronto, Ontario at the address indicated in the Letter of Transmittal with other documents required by the Letter of Transmittal at or prior to the close of the Offer Period, unless the Offer Period is extended. Please contact the Depositary Agent toll free at 1-800-564-6253 to obtain a copy of the Letter of Transmittal and instructions on how you can accept in this way.

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

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

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

4.4 ACCEPTANCE PROCEDURE FOR HOLDERS OF CARDINAL OPTIONS

If you:

- (a) hold Cardinal Options on the date of this Offer; and
- (b) are entitled to and wish to exercise the Cardinal Options during the Offer Period and accept this Offer in respect of the Cardinal Shares issued upon exercise,

you should exercise the Cardinal Options and accept the Offer in respect of the resulting Cardinal Shares.

4.5 POWER OF ATTORNEY, DECEASED ESTATE

When accepting this Offer, you should also forward for inspection:

- (a) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
- (b) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased Cardinal Shareholder, a certified copy of the relevant grant of probate or letters of administration.

4.6 WHEN ACCEPTANCE IS COMPLETE

Acceptance of this Offer will not be complete until your acceptance is made in accordance with clause 4.3 and the requirements of this clause 4 have otherwise been met, provided that:

- (a) the Bidder may in its sole discretion and without notice to you waive any or all of those requirements at any time (including but not limited to requirements in relation to the manner or method of acceptance, or the deadline for receipt of acceptances specified under clause 4.3); and
- (b) where such requirements have been complied with in respect of some but not all of your Cardinal Shares, the Bidder may, in its sole discretion, deem your acceptance of this Offer complete in respect

of those Cardinal Shares for which the requirements have been complied with but not in respect of the remainder (unless the Bidder waives those requirements in accordance with clause 4.6(a)).

Where the Bidder elects to waive any requirement of this clause 4, your acceptance of this Offer will be complete regardless of any failure by you to comply with the waived requirement.

The Bidder shall not, prior to the Offer becoming or declared unconditional, waive the requirement to accept through the Acceptance Facility applicable to Canadian Branch Shareholders, as described in clause 4.3(j).

5 PAYMENT FOR YOUR CARDINAL SHARES

5.1 HOW PAYMENT FOR YOUR CARDINAL SHARES WILL BE MADE

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

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

- (b) **Address:** anything to be dispatched to you under this clause 5.1 will be sent to you at your own risk by pre-paid ordinary mail or, in the case of addresses outside Australia, by pre-paid airmail, to your address as shown on the register of Cardinal.
- (c) **Joint holdings:** if your Cardinal Shares are held in a joint name, the cheque will be issued in the name of the joint holders and forwarded to the address that appears first in the register of Cardinal.

5.2 WHEN CASH CONSIDERATION IS PROVIDED

Subject to clause 5.3 and the Corporations Act, if you accept the Offer, provided that all relevant documents have been received by the Bidder and correctly completed, the Bidder will provide the Cash Consideration to which you are entitled on acceptance of this Offer on or before:

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

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

5.3 WHERE ADDITIONAL DOCUMENTS ARE REQUIRED

Where the Acceptance Form or any subsequent request from the Bidder requires additional documents to be given with your acceptance (such as a certified copy of a power of attorney, grant of probate or letters of administration, or any other document reasonably requested by the Bidder to give better effect to your acceptance):

- (a) if the documents are given with your acceptance, the Bidder will provide the Cash Consideration in accordance with clauses 5.1 and 5.2;

- (b) if the documents are given after acceptance and before the end of the Offer Period and this Offer is subject to a defeating condition at the time that the Bidder is given the documents, the Bidder will provide the consideration on or before 10 days after the contract resulting from your acceptance of this Offer becomes unconditional, or (for the benefit of all Cardinal Shareholders) such earlier date as may be required to comply with any applicable Canadian regulatory requirements;
- (c) if the documents are given after acceptance and before the end of the Offer Period and this Offer is unconditional at the time that the Bidder is given the documents, the Bidder will provide the consideration by the end of whichever of the following periods ends earlier on or before 10 days after the Bidder is given the documents; or
- (d) if the documents are given after the end of the Offer Period, the Bidder will pay you the Cash Consideration within 10 days after those documents are given; but if at the time the Bidder is given the documents, the contract resulting from your acceptance of this Offer is still subject to one or more conditions referred to in clause 6.1(j), the Bidder will pay you the Cash Consideration within 10 days after that contract becomes unconditional.

If you do not provide the Bidder with the required additional documents within one month after the end of the Offer Period, the Bidder may, in its sole discretion, rescind the contract resulting from your acceptance of this Offer.

5.4 WHERE THE BIDDER IS ENTITLED TO ANY RIGHTS

If the Bidder becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give the Bidder all documents necessary to vest those Rights in the Bidder or otherwise to give the Bidder the benefit or value of those Rights. If you do not give those documents to the Bidder, or if you have received the benefit of those Rights, then the Bidder may deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by the Bidder) of those Rights in accordance with clause 5.5.

5.5 RIGHTS GENERALLY

If:

- (a) you have (or any previous holder of your Cardinal Shares has) received the benefit of any Rights (whether in respect of non-cash benefits or otherwise); or
- (b) you are (or any previous holder of your Cardinal Shares is) entitled to receive the benefit of any Rights under the terms that provide for or otherwise apply to those Rights (for example, if the Right is to receive a dividend, if you are (or any previous holder of your Cardinal Shares is) the registered holder of the share at the specified time for determining those entitled to the dividend); or
- (c) your Cardinal Shares were issued (or otherwise came into existence) on or after the specified time for determining entitlements in respect of any Rights to Cardinal Shareholders,

then the Bidder may deduct the value (as reasonably assessed by the Bidder) of such Rights from any Cash Consideration otherwise payable to you.

If the Bidder does not, or cannot, make such a deduction, you must pay such value or amount to the Bidder.

6 CONDITIONS

6.1 CONDITIONS

The Offer, and any contract resulting from the acceptance of the Offer, are subject to the following conditions:

- (a) **(minimum acceptance)** during or at the end of the Offer Period, the Bidder has received acceptance of the Offer which give the Bidder a Relevant Interest in at least 50.1% of Cardinal Shares (on a fully diluted basis);
- (b) **(FIRB)** before the end of the Offer Period, either:

- (A) the Bidder has received a written notice under the FATA from the Treasurer (or the Treasurer's delegate) stating that, or to the effect that, the Australian Commonwealth Government does not object to the acquisition of all the Cardinal Shares by the Bidder under the Takeover Bid, either without conditions or subject only to Standard Tax Conditions; or
- (B) following notice of the proposed acquisition of all the Cardinal Shares by the Bidder under the Takeover Bid having been given by the Bidder to the Treasurer under the FATA, the Treasurer ceases to be empowered to make any order under Part 3 of FATA,

(FIRB Approval);

- (c) **(no litigation)** between the Announcement Date and the end of the Offer Period (each inclusive), no litigation against any Cardinal Group Member, which may reasonably result in judgement of \$2,000,000 or more, is commenced, threatened to be commenced, announced or made known to the Bidder (whether or not becoming public) or Cardinal;
- (d) **(no regulatory action)** between the Announcement Date and the end of the Offer Period (each inclusive):
 - (A) there is not in effect any preliminary or final decision, order or decree issued by a Regulatory Authority; and
 - (B) no application is made to any Regulatory Authority (other than by the Bidder or any of its Related Bodies Corporate), or action or investigation is announced, threatened or commenced by a Regulatory Authority,

in consequence of, or in connection with, the Offer (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act), which:

- (C) restrains or prohibits (or if granted could restrain or prohibit), or otherwise materially adversely impacts on, the making of the Offer or the completion of any transaction contemplated by the Offer (whether subject to conditions or not) or the rights of the Bidder in respect of Cardinal and the Cardinal Shares to be acquired under the Offer; or
- (D) requires the divestiture by the Bidder of any Cardinal Shares, or the divestiture of any assets of Cardinal or any Cardinal Group Member, the Bidder or its Related Bodies Corporate or otherwise;
- (e) **(regulatory approvals)** between the Announcement Date and the end of the Offer Period (each inclusive), any approvals, consents, waivers, exemptions or declarations that are required by law, or by any Regulatory Authority, to permit:
 - (A) the Offer to be lawfully made to and accepted by Cardinal Shareholders; and
 - (B) the Offer to be completed,

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

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

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

- (A) any Cardinal Group Member disposes of, or enters into or announces any agreement for the disposal of, any Mineral Rights;
- (B) any Cardinal Group Member makes any change to its constitutional documents;
- (C) any Cardinal Group Member commences business activities not already carried out as at the Announcement Date, whether by way of acquisition or otherwise;
- (D) any Cardinal Group Member acquires, leases, disposes of, or agrees to acquire, lease or dispose of, any business, assets, entity or undertaking, the value of which exceeds \$500,000 (individually or in aggregate);
- (E) any Cardinal Group Member enters into any contract or commitment (including in respect of financial indebtedness) requiring payments by the Cardinal Group in excess of \$500,000 (individually or in aggregate) other than any payment required by law; or
- (F) any Cardinal Group Member agrees to incur capital expenditure from the Announcement Date of more than \$500,000 (individually or in aggregate);
- (g) **(third party rights)** between the Announcement Date and the end of the Offer Period (each inclusive), no third party exercises, purports to exercise, or announces an intention to exercise, any change of control rights, pre-emptive rights, deemed offer or disposal rights, termination or modification rights, acceleration rights or other similar right in any material contracts to which any Cardinal Group Member is a party, as a result of either the announcement of the Offer or any change of control which may occur as a result of acceptances of the Offer;
- (h) **(no Material Adverse Change)** between the Announcement Date and the end of the Offer Period (each inclusive), no Material Adverse Change occurs;
- (i) **(no material breach of Bid Implementation Agreement)** between the Announcement Date and the end of the Offer Period (each inclusive), the Bidder does not become entitled to terminate the Bid Implementation Agreement, as a result of a material breach of clause 8 or 11 of the Bid Implementation Agreement; and
- (j) **(no Prescribed Occurrence)** between the Announcement Date and the end of the Offer Period (each inclusive), there are no occurring of any of the following events (each a **Prescribed Occurrence**):
- (A) **(Conversion)** any Cardinal Group Member converts all or any of its securities into a larger or smaller number of securities;
- (B) **(Reduction of share capital)** any Cardinal Group Member resolves to reduce its share capital in any way or reclassifies, combines, splits or redeems or repurchases directly or indirectly any of its securities;
- (C) **(Buy-back)** any Cardinal Group Member enters into a buy-back agreement or undertakes any further buy-back or resolves to approve the terms of a buy-back agreement under the Corporations Act;
- (D) **(Distribution)** any Cardinal Group Member makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie);
- (E) **(Issuing or granting shares or options)** any Cardinal Group Member issues shares or grants an option over its shares or agrees to make such an issue or grant such an option, other than as disclosed by Cardinal to the Bidder before the date of the Bid Implementation Agreement or pursuant to the exercise or conversion of any Cardinal Options on issue prior to the date of the Bid Implementation Agreement;
- (F) **(Securities or other instruments)** any Cardinal Group Members issues, or agree to issue, securities or other instruments convertible into shares or debt securities;

- (G) **(Charges)** any Cardinal Group Member charges, or agrees to charge, the whole or a substantial part of the Cardinal Group's business or property;
- (H) **(Winding up)** any Cardinal Group Member resolves that it be wound up or is subject to an order by a Court for the winding up of that relevant Cardinal Group Member;
- (I) **(Appointment of a liquidator)** any Cardinal Group Member is subject to the appointment of a liquidator, or a provisional liquidator;
- (J) **(Appointment of administration)** any Cardinal Group Member is subject to the appointment of an administrator;
- (K) **(Deed of company arrangement)** any Cardinal Group Member enters into a deed of company arrangement;
- (L) **(Appointment of a receiver)** any Cardinal Group Member is subject to the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of any Cardinal Group Member; or
- (M) **(Insolvency)** any Cardinal Group Member becomes Insolvent.

6.2 NATURE OF THE CONDITIONS

Each of the Conditions:

- (a) constitutes and will be construed as a separate, several and distinct condition;
- (b) is a condition subsequent; and
- (c) until the expiration of the Offer Period (or in the case of a condition that relates to a circumstance or event referred to in clause 6.1(j) of Appendix 1, until three Business Days after the end of the Offer Period) will be for the benefit of the Bidder alone and may be relied upon only by the Bidder.

6.3 EFFECT OF BREACH OR NON-FULFILMENT

The breach or non-fulfilment of any of the Conditions does not, until the end of the Offer Period, prevent a contract arising to acquire your Cardinal Shares resulting from your acceptance of this Offer but, if at the end of the Offer Period (or in the case of the Conditions in clause 6.1(j) of Appendix 1 at the end of three Business Days after the end of the Offer Period), in respect of any Condition:

- (a) the Bidder has not declared this Offer (and it has not become) free from that Condition; and
- (b) that Condition has not been fulfilled,

all contracts resulting from the acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In such a case, the Bidder will notify ASX Settlement of the lapse of the Offer in accordance with Rule 14.19 of the ASX Settlement Operating Rules and will promptly issue and file a news release disclosing the lapse of the Offer.

6.4 THE BIDDER MAY DECIDE OFFER IS FREE FROM ALL OR ANY OF THE CONDITIONS

The Bidder may at any time at its sole discretion, but in compliance with the Corporations Act, declare the Offer free from all or any of the Conditions by notice in writing to Cardinal:

- (a) in the case of the Conditions in clause 6.1(j) of Appendix 1 - not later than three Business Days after the end of the Offer Period; or
- (b) in any other case - not later than seven days before the end of the Offer Period.

6.5 DATE FOR GIVING NOTICE ON STATUS OF CONDITIONS

The date for giving a notice on the status of the Conditions as required by section 630(1) of the Corporations Act is 6 October 2020, subject to variation in accordance with section 630(2) of the Corporations Act in the event that the Offer Period is extended.

7 EFFECT OF ACCEPTANCE

7.1 NO REVOCATION OF ACCEPTANCE

Once you have validly accepted this Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of this Offer or otherwise dispose of your Cardinal Shares, except as follows:

- (a) if, by the times specified in clause 7.2, the Conditions have not all been fulfilled or waived, then this Offer will automatically terminate and your Cardinal Shares will be returned to you; or
- (b) if the Offer Period is varied in a way that postpones for more than one month the time when the Bidder has to meet its obligations under the Offer and, at that time, this Offer is subject to one or more of the Conditions, then you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act.

7.2 TIMES

The relevant times for the purposes of clause 7.1(a) are:

- (a) in the case of the defeating condition referred to in clause 6.1(j) of Appendix 1 – three Business Days after the end of the Offer Period; and
- (b) in the case of all other defeating conditions in clause 6.1 – the end of the Offer Period.

7.3 YOUR AGREEMENT

By signing and returning the Acceptance Form, or otherwise accepting this Offer¹⁴, you will be deemed to have:

- (a) irrevocably authorised the Bidder to alter the Acceptance Form on your behalf by:
 - (A) inserting correct details of your Cardinal Shares (including details of a parcel of Cardinal Shares required by clause 10.4(b));
 - (B) filling in any blanks remaining on the Acceptance Form; and
 - (C) rectifying any errors in, and omissions from, the Acceptance Form,

as may be necessary to make the Acceptance Form a valid acceptance of this Offer and to enable registration of the transfer of your Cardinal Shares to the Bidder, and agreed to provide any document reasonably requested by the Bidder to make the Acceptance Form a valid acceptance of this Offer or to otherwise give better effect to your acceptance; and
- (b) if any of your Cardinal Shares are in a CHESS Holding, irrevocably authorised the Bidder to:
 - (A) instruct your Controlling Participant to initiate acceptance of this Offer in respect of all such Cardinal Shares in accordance with the ASX Settlement Operating Rules; and

¹⁴ To avoid doubt, if you lodge (or, in the case of Canadian Branch Shareholders, are deemed to lodge) Facility Instructions with the Facility Operator, you will not be deemed to have accepted the Offer unless and until the Offer becomes or is declared unconditional and the Confirmation Notice is delivered by the Bidder to the Facility Operator and the Depositary Agent.

-
- (B) give any other instructions in relation to those Cardinal Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant; and
 - (c) agreed to indemnify the Bidder in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your HIN or SRN or in consequence of the transfer of your Cardinal Shares to the Bidder being registered by Cardinal without production of your HIN or SRN; and
 - (d) irrevocably accepted this Offer in respect of all your Cardinal Shares despite any difference between that number and the number of Cardinal Shares shown on the Acceptance Form; and
 - (e) agreed to the terms of this Offer, and agreed to transfer (or consented to the transfer in accordance with the ASX Settlement Operating Rules) to the Bidder of your Cardinal Shares; and
 - (f) represented and warranted to the Bidder, as a fundamental condition which goes to the root of the contract resulting from your acceptance of this Offer, that at the time of acceptance and at the time of transfer of your Cardinal Shares to the Bidder:
 - (A) you have paid to Cardinal all amounts which are due for payment in respect of your Cardinal Shares; and
 - (B) all of your Cardinal Shares are fully paid and free from all Encumbrances and restrictions on transfer of any nature; and
 - (C) you have full power and capacity to sell and transfer those Cardinal Shares; and
 - (g) on this Offer, or any contract resulting from acceptance of this Offer, becoming unconditional:
 - (A) irrevocably appointed the Bidder and each of its directors from time to time individually as your agent and attorney on your behalf to:
 - (i) attend and vote in respect of your Cardinal Shares at all general meetings of Cardinal;
 - (ii) receive from Cardinal or any other party, and retain, any share certificates which were held by Cardinal, or any other party, whether pursuant to the terms of any employee incentive scheme (including, without limitation, any employee share scheme) or otherwise; and
 - (iii) sign all documents (including an instrument appointing one of the Bidder's directors as a proxy in respect of any or all of your Cardinal Shares and any application to Cardinal for a replacement certificate in respect of any share certificate which has been lost or destroyed) and resolutions relating to your Cardinal Shares, and generally to exercise all powers and rights which you may have as a Cardinal Shareholder and perform such actions as may be appropriate in order to vest good title in your Cardinal Shares in the Bidder, and to have agreed that, in exercising such powers, any such director is entitled to act in the Bidder's interests as the beneficial owner and intended registered holder of your Cardinal Shares; and
 - (B) agreed not to vote in person at any general meeting of Cardinal or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on the Bidder or a Bidder's director by clause 7.3; and
 - (C) irrevocably authorised and directed the Bidder to direct Cardinal to pay to the Bidder, or to account to the Bidder for, all Rights in respect of your Cardinal Shares, subject to the Bidder accounting to you for any such Rights received by the Bidder if this Offer is withdrawn or any contract resulting from your acceptance to this Offer is rescinded or rendered void; and

- (D) irrevocably authorised the Bidder to notify Cardinal on your behalf that your place of address for the purposes of serving notices upon you in respect of your Cardinal Shares is the address specified by the Bidder in the notification; and
- (E) where, at that time, you have a right to be registered as a holder of the Cardinal Shares the subject of your acceptance as the result of an on-market purchase (but are not a Cardinal Shareholder):
- (i) agreed to use best endeavours to procure the delivery of the Cardinal Shares the subject of your acceptance to the Bidder in accordance with your acceptance (including giving the Bidder all documents necessary to vest those Cardinal Shares in the Bidder or otherwise to give the Bidder the benefit or value of those Cardinal Shares);
 - (ii) agreed not do or omit to do anything which may frustrate your acceptance of this Offer, or otherwise obstruct registration of the transfer of the Cardinal Shares the subject of your acceptance to the Bidder;
 - (iii) irrevocably assigned to the Bidder all contractual rights and recourse against the vendor in respect of your on-market purchase which contractual rights and recourse may arise by reason of that person's failure to complete that trade;
 - (iv) agreed to assign to the Bidder (without any further action being required) all rights in respect of your on-market purchase immediately on any failure by you to complete that trade, including irrevocably assigning to the Bidder the right to (at the Bidder's ultimate discretion) complete that trade on your behalf, and agreed that the Bidder may deduct from the consideration otherwise payable to you (pursuant to a valid acceptance of this Offer and the delivery of the Cardinal Shares the subject of that acceptance) any amount paid by the Bidder in order to settle that on-market purchase on your behalf. If the Bidder does not, or cannot, make such a deduction, you must pay such amount to the Bidder; and
 - (v) agreed that if you are unable to assign to the Bidder any of the rights and recourse specified under clause 7.3(g)(E)(iii) and (iv), you will assign such rights and recourse as soon as you are legally able to; and
- (h) authorised the Bidder to cause a message to be transmitted to ASX Settlement in accordance with Rule 14.17.1 of the ASX Settlement Operating Rules so as to transfer all of your Cardinal Shares to the Bidder's Takeover Transferee Holding and the Depositary Agent's participant account within CDS. The Bidder will be so authorised even though at the time of such transfer it has not provided the Cash Consideration due to you under this Offer.

By accepting this Offer you will be deemed to have agreed to the matters set out in clauses 7.3(a) to 7.3(h) above, notwithstanding where this Offer has been caused to be accepted in accordance with the ASX Settlement Operating Rules.

Except in relation to Cardinal Shares in a CHESS Holding, the Bidder may at any time deem the receipt of a signed Acceptance Form to be a valid acceptance of this Offer even though you omit to include your share certificate(s) (if any) or there is non-compliance with any one or more of the other requirements for acceptance but, if the Bidder does so, the Bidder is not obliged to make the Cash Consideration available to you until all of the requirements for acceptance have been met.

8 WITHDRAWAL

- (a) The Bidder may withdraw unaccepted Offers at any time with the written consent of ASIC and subject to the conditions (if any) specified in such consent. If ASIC gives such consent, the Bidder will give notice of the withdrawal to ASX and to Cardinal and will comply with any other conditions imposed by ASIC.

- (b) If, at the time this Offer is withdrawn, all the conditions in clause 6.1 have been freed, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.
- (c) If, at the time this Offer is withdrawn, the Offer remains subject to one or more conditions in clause 6.1, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).
- (d) A withdrawal pursuant to this clause 8 will be deemed to take effect:
 - (A) if the withdrawal is not subject to conditions imposed by ASIC, on and after the date on which that consent in writing is given by ASIC; or
 - (B) if the withdrawal is subject to conditions imposed by ASIC, on and after the date on which those conditions are satisfied.

9 VARIATION

The Bidder may vary this Offer in accordance with the Corporations Act.

10 ACCEPTANCES BY TRANSFEREES AND NOMINEES

10.1 WHO MAY ACCEPT THIS OFFER

During the Offer Period:

- (a) any person who is able to give good title to a parcel of your Cardinal Shares may accept this Offer (if they have not already accepted an offer in the form of this Offer) as if an offer on terms identical with this Offer has been made to them; and
- (b) any person who holds one or more parcels of Cardinal Shares (within the meaning of section 653B of the Corporations Act) as trustee, nominee, or otherwise on account of another person or several distinct beneficial owners, may accept (in compliance with the procedure in section 653B(3) of the Corporations Act) as if a separate and distinct offer had been made in relation to:
 - (A) each of those distinct parcels; and
 - (B) any distinct parcel they hold in their own right.

If your Cardinal Shares are registered in the name of a broker, bank, trust company or other nominee, you should contact that nominee for assistance in accepting the Offer.

10.2 HOLDING SHARES

- (a) A person is taken to hold Cardinal Shares if the person is, or has a right to be registered as, the holder of those Cardinal Shares.
- (b) A person who has a right to be registered as a holder of Cardinal Shares may accept this Offer by completing and signing the Acceptance Form in accordance with the instructions on it and lodging it by returning it (together with all other documents required by the instructions on the Acceptance Form) to the address indicated under clause 4.3(f) so that the acceptance is received before the end of the Offer Period.

10.3 HOLDING SHARES ON TRUST OR AS A NOMINEE

A person is taken to hold Cardinal Shares on trust for, as nominee for, or on account of, another person if they:

- (a) are entitled to be registered as the holder of particular Cardinal Shares; and

- (b) hold their interest in the Cardinal Shares on trust for, as nominee for, or on account of, that other person.

10.4 EFFECTIVE ACCEPTANCE

In relation to Australian Branch Shareholders, being the Cardinal Shareholders whose Cardinal Shares are held on the Australian branch register, an acceptance of an offer under clause 10.1(b) is ineffective unless:

- (a) the person who holds on account of another person, gives the Bidder a notice stating that the Cardinal Shares consist of a separate parcel:
 - (A) in the case that the relevant Cardinal Shares are not in a CHES Holding, in writing; or
 - (B) in the case that the relevant Cardinal Shares are in a CHES Holding, in an electronic form approved by the ASX Settlement Operating rules for the purpose of Part 6.8 of the Corporations Act; and
- (b) the acceptance specifies the distinct number of Cardinal Shares in that parcel.

In relation to Canadian Branch Shareholders, an acceptance of the Offer is ineffective unless it is in accordance with clause 4.3(j) (subject to clause 4.6).

References in this Offer to your Cardinal Shares will be treated to relate to that separate distinct parcel.

10.5 NOTICE OF ACCEPTANCE

A notice under clause 10.4(a) of these terms must be made:

- (a) if it relates to Cardinal Shares entered on a CHES sub register - in an electronic form approved by the ASX Settlement Operating Rules; or
- (b) otherwise - in writing.

A person may, at the one time, accept for two or more parcels under this clause as if there had been a single offer for a separate parcel consisting of those parcels.

11 OTHER MATTERS

11.1 NOTICES AND OTHER COMMUNICATIONS

Subject to the Corporations Act, a notice or other communication given by the Bidder to you in connection with this Offer shall be deemed to be duly given if it is in writing and:

- (a) is delivered at your address as recorded on the register of members of Cardinal or the address shown in the Acceptance Form; or
- (b) is sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of those addresses.

11.2 RETURN OF DOCUMENTS

If:

- (a) this Offer is withdrawn after your Acceptance Form has been sent to the Bidder, but before it has been received; or
- (b) for any other reason the Bidder does not acquire the Cardinal Shares to which your Acceptance Form relates,

you may request the Bidder by notice in writing to return to you all documents (other than the Acceptance Forms) to such address as you nominate. Where such address is inside Australia, those documents will be sent to you by pre-paid ordinary mail. Where such address is outside Australia, those documents will be sent to you by pre-paid airmail. The Bidder intends to destroy the Acceptance Forms in the above circumstances.

If any Cardinal Shares accepted into the Acceptance Facility are not taken up and paid for by the Bidder under the Offer for any reason whatsoever, certificates for Cardinal Shares not deposited (if any) will be returned at the Bidder's expense by either sending new certificates representing Cardinal Shares not purchased or returning the deposited certificates (and other relevant documents). The certificates and other relevant documents will be forwarded by first class insured mail in the name of and to the address of the depositing Cardinal Shareholder specified in the Letter of Transmittal or, if no such name or address is so specified, then in such name and to such address of such Shareholder as shown on the registers maintained by Computershare Trust Company of Canada promptly after the end of the Offer Period or the withdrawal or termination of the Offer.

11.3 COSTS AND EXPENSES

All costs and expenses of the preparation, dispatch and circulation of the Bidder's Statement and this Offer and all stamp duty payable in respect of a transfer of Cardinal Shares in respect of which Offers are accepted, will be paid by the Bidder.

11.4 FOREIGN LAWS

This Offer is not registered in any jurisdiction outside Australia and Canada (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Offer.

11.5 GOVERNING LAW

This Offer and any contract resulting from acceptance of it is governed by the law in force in Western Australia.

Appendix 2 - Terms of the Acceptance Facility

Capitalised terms not otherwise defined in this Appendix 2 have meanings given in Section 9 of the Bidder's Statement.

1. These terms (**Terms**) relate to the acceptance facility (**Acceptance Facility**) that has been arranged by Shandong Gold Mining (HongKong) Co., Limited (a private company limited by shares incorporated in Hong Kong, with Company Number 2489908) (**Bidder**) in respect of the off-market takeover offer (**Offer**) by the Bidder for Cardinal Shares.
2. These Terms apply as between each Cardinal Shareholder that appoints the Facility Operator to act on their behalf in respect of the Acceptance Facility and the Facility Operator (not the Bidder).
3. Cardinal Shareholders may lodge instructions to accept the Offer subject to the terms of the Acceptance Facility with the Facility Operator (**Facility Instructions**).
4. Australian Branch Shareholders (ie. in a CHESS Holding or an Issuer Sponsored Holding) may lodge Facility Instructions in the form of:
 - (a) a duly completed Acceptance Form in respect of their Cardinal Shares, with "X" marked in the "Option 2" box; and
 - (b) where a Cardinal Shareholder holds Cardinal Shares as custodian for another person (**Beneficial Holder**), a direction from the Beneficial Holder to the Cardinal Shareholder to accept the Offer (**Custodian Direction**).

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

5. If you return the completed Acceptance Form to Computershare's address for the purpose of accepting the Offer via the Acceptance Facility, you will be deemed to have delivered the completed Acceptance Form to, and will be received by, the Facility Operator.
6. In relation to Canadian Branch Shareholders, accepting the Offer, either through a book-entry transfer using the CDS online tendering system (**CDSX**) or by delivery of a duly completed Letter of Transmittal to the Depositary Agent, will be deemed to have lodged Facility Instructions and to be bound by the terms thereof and these Terms.
7. The Facility Operator will hold Facility Instructions as acceptance collection agent only (being no more than a bare trustee for the relevant Cardinal Shareholder) and will not acquire any relevant interest in the Cardinal Shares which are the subject of the Facility Instructions.
8. Facility Instructions lodged with the Facility Operator will demonstrate the intention of the relevant Cardinal Shareholder to accept the Offer if the Offer becomes or is declared unconditional, however, they will not constitute an acceptance of the Offer before the Confirmation Notice is received by the Facility Operator.
9. As soon as is practicable after the Bidder becomes aware and is satisfied (acting reasonably) that the Offer is free of all the Conditions, the Bidder will provide written notice of that occurrence (and that the Bidder will "take

-
- up" all of the Cardinal Shares accepted into the Acceptance Facility) (**Confirmation Notice**) to the Facility Operator and to the Depositary Agent.
10. By lodging Facility Instructions with the Facility Operator and not withdrawing those Facility Instructions, the relevant Cardinal Shareholders and (as the case may be) Beneficial Holders (**Participants**) will have directed the Facility Operator to deliver the instructions to irrevocably accept the Offer pursuant to the Facility Instructions following the Facility Operator's receipt of the Confirmation Notice. In relation to all the Cardinal Shares deposited with the Depositary Agent, the Confirmation Notice delivered by the Bidder to the Depositary Agent will be deemed to constitute the instructions to irrevocably accept the Offer (as if such instructions had been delivered by the Facility Operator to the Depositary Agent).
11. Immediately following receipt of the Confirmation Notice:
- (a) the Facility Operator will deliver or procure the delivery of (as the case may be):
 - (i) Acceptance Forms to Computershare Investor Services Pty Limited in its capacity as the share registry to the Bidder (**Registry**) as acceptances of the Offer; and
 - (ii) the Custodian Directions to the relevant custodians; and
 - (b) Cardinal Shares deposited with the Depositary Agent will be "taken up" by the Bidder.
12. The Bidder and the Facility Operator will use their reasonable endeavours to ensure that the Facility Instructions are processed or implemented as soon as reasonably practicable following the issue of the Confirmation Notice.
13. Before 8.30am (Sydney time) each business day (or at any time upon request from the Bidder) the Facility Operator will inform the Bidder of the number of Cardinal Shares the subject of Facility Instructions held in the Acceptance Facility as at 7.00pm (Sydney time) on the previous business day. In addition, the Facility Operator will inform the Bidder of any withdrawals of Facility Instructions under clause 15 below on the business day on which those withdrawals are received (or received on any preceding non-business day).
14. Until the Facility Operator receives the Confirmation Notice from the Bidder, Cardinal Shareholders and (as the case may be) Beneficial Holders will retain all Rights and full control over Cardinal Shares which are the subject of their Facility Instructions and in particular, will be able to withdraw their Facility Instructions simply by notifying the Facility Operator by the method set out in clause 15 below, provided such notification is received by the Facility Operator prior to its receipt of the Confirmation Notice.
15. The Facility Operator must cancel the Facility Instructions (and return the Acceptance Form and Custodian Direction to the relevant Cardinal Shareholder, if applicable) promptly upon receipt of written notification from:
- (a) the Cardinal Shareholder of withdrawal of their Facility Instructions at any time prior to the Facility Operator receiving the Confirmation Notice as provided in clause 11 above should notify the Facility Operator in writing by way of an email transmission to withdraw their Facility Instructions (at the email address corpactprocessing@computershare.com.au). Canadian Branch Shareholders who have tendered to the Offer via CDSX should contact your financial institution or broker on how to withdraw. Canadian Branch Shareholders who have delivered a Letter of Transmittal to the Depositary Agent (if any) should contact the Depositary Agent; or

- (b) subject to clause 24 below, the Bidder terminating its arrangements with the Facility Operator in respect of the Acceptance Facility.
16. If the Facility Operator does not receive a Confirmation Notice from the Bidder by the end of the Offer Period, the Facility Operator will promptly following the end of the Offer Period, return, or procure the return, of all Facility Instructions.
17. The Participant warrants that:
- (a) it is the absolute legal and beneficial owner of the Cardinal Shares or, where a custodian is the legal owner of the Cardinal Shares, either the Participant is the beneficial owner of the Cardinal Shares or the Participant controls the exercise of the power to dispose of the Cardinal Shares;
 - (b) the Cardinal Shares are free of all Encumbrances;
 - (c) it has authority to enter into the arrangements and provide the warranties the subject of these Terms;
 - (d) in respect of the Acceptance Form (if applicable), the Acceptance Form has been duly completed and executed and, in the case of CHESS Holdings, when it is delivered to the share registry to the Bidder, the Participant will take all necessary action in order to ensure the relevant Controlling Participant immediately initiates acceptance of the Offer;
 - (e) in respect of the Custodian Direction (if applicable), the Custodian Direction has been duly completed and executed and when delivered to the custodian, it will compel the custodian to immediately accept the Offer for the Cardinal Shares subject to its compliance procedures (in respect of which the Beneficial Holder will take all necessary action in order to ensure the custodian immediately accepts the Offer);
 - (f) if a Participant who is an Australian Branch Shareholder purchases a legal and beneficial interest or beneficial interest in additional Cardinal Shares for which it wishes to lodge instructions, it will notify the Facility Operator of the additional number of Cardinal Shares acquired and how those Cardinal Shares are registered in writing within 24 hours and acknowledge that the Facility Instructions extend to such additional Cardinal Shares or provide additional Facility Instructions in relation to such Cardinal Shares;
 - (g) it will give the Facility Operator written notice in accordance with clause 15(a) above withdrawing the Facility Instructions if the Participant intends to withdraw its Facility Instructions, dispose of, encumber or otherwise create any third party interest whatsoever in respect of any of the Cardinal Shares or, where the Cardinal Shares are held by the custodian, the custodian is changed or the Beneficial Holder becomes registered as the holder of the Cardinal Shares;
 - (h) the Facility Operator has not provided any investment, financial advice or other advice, and does not have any obligation to provide such advice, concerning the relevant Cardinal Shareholder's decision to participate in the Acceptance Facility; and
 - (i) the matters set out in clause 7.3(f) of Appendix 1 of the Bidder's Statement, being the key representations and warranties given by a holder of Cardinal Shares accepting the Offer.
18. The Participant acknowledges that, by accepting the Facility Instructions, the Facility Operator does not have any duties, obligations, rights or powers in relation to the Cardinal Shares or the arrangements referred to in these Terms other than as expressly set out in these Terms and that nothing in the arrangement described in

these Terms creates in the Facility Operator a relevant interest (as defined in the Corporations Act), or legal or equitable interest (including any proprietary interest), or association between the Facility Operator (or the Bidder) and the Participant in, or in relation to, any of the Cardinal Shares which are the subject of the Facility Instructions held by the Facility Operator.

19. The Facility Operator does not accept, and the Participant releases the Facility Operator from, any responsibility in relation to its appointment as Facility Operator including for ensuring that the Confirmation Notice from the Bidder is delivered, or that it is delivered in time to effect acceptance of the Offer in respect of Cardinal Shares.
20. The Facility Operator:
 - (a) does not accept, and the Participant releases the Facility Operator from, any responsibility if there is any defect in the completion, execution or implementation of the Facility Instructions, which would render the Facility Instructions (or any acceptance form provided by the custodian in relation to Cardinal Shares) ineligible for acceptance; and
 - (b) is not responsible for any stamp duty or other duties payable in respect of these Terms or the Participant's instructions as contemplated by these Terms and any such duties will be payable by the Participant.
21. By signing and returning, faxing or emailing the Acceptance Form for lodgement of Facility Instructions, or otherwise appointing the Facility Operator under these Terms, the Participant will be deemed to have (subject to withdrawal under clause 15(a)) irrevocably authorised the Bidder to alter the relevant sections of the Acceptance Form or the Facility Instructions on your behalf by inserting correct details of your Cardinal Shares, filling in any blanks remaining on the Acceptance Form and rectifying any errors in, or omissions from the relevant sections of the Acceptance Form, as may be necessary to make the form a valid appointment of the Facility Operator and to enable acceptance of the Offer in respect of all of your Cardinal Shares.
22. If a Participant returns an Acceptance Form to the Facility Operator with a "X" marked for both "Option 1" and "Option 2", or if a Participant returns an Acceptance Form to the Facility Operator without making an "X" for either "Option 1" or "Option 2", that Participant's Facility Instructions to the Facility Operator will be treated as invalid.
23. These Terms may be amended by the Facility Operator (with the consent of the Bidder) by notice provided to the ASX, provided that no amendment will be prejudicial to the interests of the Participant or confer on the Bidder or the Facility Operator any control or discretion over the voting or disposal of the Cardinal Shares to which Facility Instructions relate.
24. The Bidder may at any time by notice to the ASX, remove Computershare Clearing Pty Limited as the Facility Operator under this Acceptance Facility and appoint another entity (**New Facility Operator**) on substantially similar terms or on terms which are no less favourable to the Participants than these terms, and the Participants will continue to be bound by the Terms as if it had provided its Facility Instructions to the New Facility Operator and the new terms had applied at that time.
25. These Terms are governed by the laws in force in Western Australia.

COMPUTERSHARE CLEARING PTY LTD
ABN 16 063 826 228
FINANCIAL SERVICES GUIDE – INVESTOR
ACCEPTANCE FACILITY
ISSUE DATE: 11 AUGUST 2020

About this Financial Services Guide

This Financial Services Guide is issued by Computershare Clearing Pty Limited ABN 16 063 826 228 and AFSL Licence No. 234715 (“we”, “our” or “us”).

We have been appointed by Shandong Gold Mining (HongKong) Co., Limited (a private company limited by shares incorporated in Hong Kong, with Company Number 2489908) (**Bidder**) as the operator of an Acceptance Facility in respect of the Bidder’s off market takeover for all of the ordinary shares in Cardinal Resources Limited (ABN 56 147 325 620) (**Cardinal**). The terms of the Acceptance Facility are in Appendix 2 and summarised in Section 8.9 of the Bidders Statement.

This Financial Services Guide is an important document. It provides you with information about:

- who we are;
- how you can contact us;
- the services we offer you;
- the remuneration we receive in respect of the financial services we provide; and
- our dispute resolution procedures that cover complaints by customers and what to do if you have a complaint or wish to register a complaint with our external dispute resolution provider.

Who is responsible for the financial services provided

We are responsible for the financial services provided. We are a member of the Computershare group of companies which is headed by Computershare Limited ABN 71 005 485 825, a company listed on the Australian Securities Exchange Limited.

What services we provide

We are authorised to provide general advice and deal in derivatives, foreign exchange, bonds, managed investment schemes and securities. We are also authorised to deal in non-cash payment products and provide custodial services to retail and wholesale clients. We will not provide you with personal financial product advice.

If you decide to participate in the Acceptance Facility, you must complete and send your Facility Instructions to us and will hold these instructions in accordance with the terms of the Acceptance Facility.

We will process your Facility Instructions and deliver your instruction to accept the Offer to the registry for the Bidder, which is Computershare Investor Services Pty Limited, on receipt of a Confirmation Notice from the Bidder. The delivery of your acceptance instructions in these circumstances constitutes a dealing service.

How to contact us and give us instructions

You can contact us and give us instructions in relation to the Acceptance Facility in accordance with the details set out in the terms of the Acceptance Facility.

Insurance Arrangements

We are covered by Computershare Limited’s professional indemnity insurance. This insurance is considered to satisfy the requirements of section 912B of the Corporations Act 2001.

How are we remunerated for the services we provide you?

There are no fees payable by you to us if you wish to participate in the Acceptance Facility. All our fees to operate the Acceptance Facility are payable by the Bidder.

Associations with any product issuers

In the context of the Acceptance Facility we do not have any relationships with financial product issuers that are reasonably likely to influence our provision of financial services.

What to do if you have a complaint

We are committed to handling any complaints efficiently and fairly. Any complaints will be managed in the strictest confidence.

If you have a complaint, you should take the following steps to resolve it.

1. Please contact us on 1300 148 804 (within Australia) or +61 3 9415 4305 (outside Australia) or send details of your complaint to us in writing at:

Incident Management
 Computershare
 Yarra Falls, 452 Johnston Street
 Abbotsford VIC 3067

2. If, despite our best efforts, you are unable to resolve your complaint within 45 days, you are entitled to refer your complaint to our approved external dispute resolution scheme provider.

Australian Financial Complaints Authority
 GPO Box 3
 Melbourne VIC 3001
 Phone number: 1800 931 678
 Website: www.afca.org.au
 Email: info@afca.org.au

Financial Services Guide does not constitute advice

The information presented in this Financial Services Guide does not constitute investment or financial advice and no part of this Financial Services Guide shall be construed as creating a fiduciary, financial or other advisory relationship between us and the recipient of, or any other person using the information in, this Financial Services Guide. We recommend that you seek independent professional financial advice which takes into account your objectives, financial situation and needs before deciding whether you want to participate in the Acceptance Facility.

Corporate Directory

Shandong Gold Mining (HongKong) Co., Limited

A limited liability company incorporated in Hong Kong

Company Number

2489908

Directors

Li Guohong
Pei Dianfei
Wang Peiyue
Liu Qin
Du Qiang
Tang Qi

Registered office

Room 4003-06, 40/F
China Resources Building
No. 26 Harbour Road, Wan Chai
Hong Kong

Financial Adviser

Morgan Stanley Australia Limited
Level 39, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Australian Legal Adviser

King & Wood Mallesons
Level 30
QV1 Building
250 St Georges Terrace
Perth WA 6000
Australia
www.kwm.com

Canadian Legal Adviser

Goodmans LLP
Bay Adelaide Centre - West Tower
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7
Canada
<http://www.goodmans.ca/>

Australian Share Registry

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067, Melbourne, Australia

Canadian Depositary Agent

Computershare Trust Company of Canada
8th Floor, 100 University Avenue
Toronto, Ontario, M5J2Y1 Canada

Facility Operator

Computershare Clearing Pty Limited
ACN 063 826 228
Level 3, 60 Carrington Street
Sydney NSW 2000, Australia

Offer Information Line

1300 148 804 (callers in Australia)
+61 3 9415 4305 (callers outside Australia)
Monday to Friday, between 9.00 am
and 5.00 pm (Sydney Time)

Canadian Depositary Agent Toll Free

1-800-564-6253

For personal use only

