



Australian Government

Takeovers Panel

MEDIA RELEASE

No: TP20/64

Monday, 26 October 2020

Cardinal Resources Limited 02 – Panel Receives Application

The Panel has received an application from Nord Gold S.E. (**Nordgold**) in relation to the affairs of Cardinal Resources Limited (ASX/TSX: CDV).

Details of the application, as submitted by Nordgold, are below.

A sitting Panel has not been appointed at this stage and no decision has been made whether to conduct proceedings. The Panel makes no comment on the merits of the application.

Details

Cardinal is the subject of competing takeover bids from Nordgold and Shandong Gold Mining (HongKong) Co., Limited (**Shandong**). For further background, see the media release for *Cardinal Resources Limited* ([TP20/63](#)).

On 19 October 2020, Shandong lodged its Second Supplementary Bidder's Statement in respect of its off-market takeover bid for Cardinal (**Shandong Offer**) stating that its \$1.00 per share offer price is "*best and final in the absence of a higher competing offer*" (**Last and Final Statement**).

On 21 October 2020, Nordgold increased the price under its unconditional on-market takeover bid for Cardinal from \$0.90 to \$1.00 per share.

Following the *Cardinal Resources Limited* application to the Panel received on 22 October 2020,¹ on 23 October 2020 at approximately 3.03pm, Shandong made an announcement clarifying the interpretation of its Last and Final Statement, to the effect that it will not increase its offer price under the Shandong Offer unless there is a higher competing offer exceeding \$1.00 per share. In that same announcement, Shandong confirmed its intention to extend the offer period under the Shandong Offer until 30 October 2020.

¹ Nordgold subsequently requested consent from the President to withdraw its application on 23 October 2020. The Acting President is currently considering the withdrawal request.

Also on 23 October 2020 at approximately 3.59pm, Cardinal made an announcement (**Cardinal Announcement**) that it had received shareholder intention statements from 28 of its shareholders (representing 19.38% of its shares) (**Accepting Shareholders**) to the effect that the Accepting Shareholders “..intend to accept the unconditional off-market takeover offer by [Shandong] by Friday, 30 October 2020 if [Shandong] has not otherwise extended its offer period by 10:00am on Friday 30 October, or if [Shandong] has extended its offer by 10.00am on Friday 30 October, they intend to accept the [Shandong Offer] by 5:30pm (AEDT) on the new last day of the [Shandong Offer] period, subject to either: a) [Nordgold] not increasing the offer price of its takeover offer above A\$1.00 per Share; or b) there being no superior proposal for value in excess of A\$1.00 per Share, in each case prior to 5.30pm (AEDT) on Thursday, 29 October 2020” (**Shareholder Intention Statements**).

The Cardinal Announcement also:

- invited Cardinal shareholders to “provide additional statements to the Shareholder Intention Statements” and
- stated that “ [i]n the event that Nordgold elects not to increase its offer... the persons providing the Shareholder Intention Statements who own or control 19.38% of Cardinal’s shares will accept the Shandong Gold Offer, increasing Shandong Gold’s relevant interest in Cardinal shares to 31.37%.”

Nordgold understands that Cardinal has “aggressively solicited, and continues to aggressively solicit, these Shareholder Intention Statements”.

Nordgold submits (among other things) that:

- The description of the effect of the Shareholder Intention Statements in the Cardinal Announcement is materially misleading and deceptive. In particular, Cardinal “has implied that each Accepting Shareholder is compelled under ASIC’s “truth in takeovers” policy to accept the Shandong Offer (in the absence of a superior proposal)...” Given only one of the 28 Accepting Shareholders is a substantial shareholder, Nordgold submits that the “truth in takeovers” policy does not apply.
- Cardinal has used the “truth in takeovers” policy for an illegitimate purpose to establish a ““truth in takeovers” acceptance facility on behalf of Shandong”, thereby locking-up and delivering Shandong a significant parcel of Cardinal shares which, when aggregated with Shandong’s shareholding, exceeds 20%.
- Shandong and Cardinal are associates. In particular, that the Shareholder Intention Statements “were part of an agreement, arrangement or understanding, or evidenced that they were acting in concert, intended to either deliver control to Shandong, or cause Nordgold to increase its offer.”

Nordgold seeks interim and final orders, including that:

- Shandong be restrained from processing any acceptances in respect of the Shandong Offer.
- Cardinal cease soliciting statements of intention in relation to acceptance of the Shandong Offer.
- Accepting Shareholders be restrained from accepting the Shandong Offer (and to the extent that Accepting Shareholders have accepted the Shandong Offer, that such acceptances be cancelled or withdrawn).

Nordgold seeks other final orders, including that:

- Cardinal immediately make an announcement to the market that Accepting Shareholders are not bound to accept the Shandong Offer and that Cardinal has withdrawn its recommendation of the Shandong Offer.
- Cardinal *“cease to describe Nordgold’s offer in a manner that suggests it is not equal to Shandong’s offer, and otherwise ceases to describe Nordgold’s offer in a manner that implies that Shandong’s offer is superior to Nordgold’s offer”*.

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