

Recommended All-Cash Takeover Offer of Cardinal Resources by Shandong Gold

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Highlights

- 100% cash takeover offer from Shandong Gold at a price of A\$0.60 per Cardinal share (“Shandong Gold Offer”);
- Attractive cash premium to Cardinal’s recent trading:
 - Offer price represents a 75.5% premium to Cardinal’s 20-day unaffected volume weighted average price¹, and a 39.3% premium to Cardinal’s 20-day volume weighted average price up to 18 June 2020
 - Offers a 31.1% premium to the [Nord Gold SE](#) indicative proposal of A\$0.45775 on 16 March 2020
- Proposed implementation by way of an off-market takeover offer with a 50.1% minimum acceptance condition
- Interim funding package agreed with Shandong Gold via a placement of shares to raise \$11.96 million
- The Board of Cardinal unanimously recommends the Shandong Gold Offer in the absence of a superior proposal

TORONTO, June 18, 2020 -- [Cardinal Resources Ltd.](#) (ASX/TSX: CDV) (“Cardinal” or “Company”) announces that it has entered into a Bid Implementation Agreement (“Bid Implementation Agreement”) with Shandong Gold Mining (Hong Kong) Co, Ltd (a subsidiary of Shandong Gold Mining Co, Ltd) (“Shandong Gold”), pursuant to which Shandong Gold has agreed to acquire 100% of the issued and outstanding ordinary shares in Cardinal at a price of A\$0.60 cash per share, by way of an off-market takeover offer (the “Shandong Gold Offer” or “Transaction”).

The premium implied by the Shandong Gold Offer is a significant increase on the non-binding indicative and preliminary proposal announced by [Nord Gold SE](#) (“Nordgold”) on 16 March 2020 of A\$0.45775.

The Shandong Gold Offer represents an attractive premium of:

- 75.5% to Cardinal’s 20-day volume weighted average price of A\$0.34 up to 13 March 2020¹
- 39.3% to Cardinal’s 20-day volume weighted average price of A\$0.43 up to close of trading on 18 June 2020, being the last trading date prior to announcement of the Transaction
- 29.0% to Cardinal’s last closing price of A\$0.465
- 31.1% to Nordgold’s preliminary proposal of A\$0.45775 per share announced on 16 March 2020

Recommended Shandong Gold Takeover Bid

Cardinal’s Board of Directors has carefully considered the Shandong Gold Offer in consultation with the Special Committee appointed in connection with the strategic process, its financial and legal advisors. Accordingly, Cardinal’s Board of Directors unanimously recommends that all Cardinal shareholders accept the Shandong Gold Offer in the absence of a superior proposal.

Cardinal’s Directors, who collectively hold approximately 6.37% of Cardinal’s ordinary shares, intend to accept the Shandong Gold Offer in respect of all Cardinal shares they own or control by the later of 21 days after the offer is opened for acceptance and 5 days after dispatch of the Cardinal Target’s Statement, in the absence of a superior proposal.

Key Benefits to Cardinal Shareholders

Cardinal's Board of Directors has been exploring a range of potential transactions to maximise value for shareholders and considers that the Shandong Gold Offer is the best option for shareholders, in the absence of a superior proposal, and will deliver several key benefits to shareholders including:

- Certain and immediate value for Cardinal shareholders - ability for shareholders to realise certain and immediate value at a significant premium to Cardinal's trading price on the ASX and TSX markets. By accepting the Shandong Gold Offer, subject to the Shandong Gold Offer going unconditional, Cardinal shareholders will receive cash consideration of A\$0.60 for every Cardinal share they own
- No financing condition - the Shandong Gold Offer is an all-cash offer which is not subject to any financing conditions
- Avoids risks associated with mine development; the Shandong Gold Offer eliminates exposure to the risks inherent in any new mine development, including financing, operational and regulatory risks

Cardinal's Chief Executive Officer and Managing Director, Mr Archie Koimtsidis stated:
"The Board of Directors of Cardinal has negotiated what we consider a strong offer for our shareholders and one which delivers a significant premium to Cardinal's market price, at a time of considerable volatility and uncertainty in global markets."

"This is an opportunity for shareholders to crystalize their investment in Cardinal at an attractive price, and I am pleased that Shandong Gold is committed to getting on with development of Namdini to establish the first long-life gold mine in the Upper East Region of Ghana, bringing many significant and long-lasting benefits to the local community and Ghana."

"The Cardinal Team is looking forward to working with Shandong Gold and its advisors to implement the transaction delivering a seamless transition as Shandong Gold embarks on the next steps towards this world class development."

Shandong Gold Chairman, Mr Li Guohong commented:

"We have tremendous respect for the Cardinal organization for the manner in which it has advanced Namdini to its current development status. We are conscious of the strong working relationship Cardinal has developed with its local Ghanaian community over many years and how important the development of Namdini is to both the local community and to the country of Ghana. We look forward to continue to build on this close relationship for the benefit of all stakeholders of the Namdini Project."

"Shandong Gold is currently the largest gold producer in China, and also has substantial mining interests in Argentina. We have a strong track record in environment, social and corporate governance matters and in safe production, and we proudly received the Outstanding ESG Management Reward for Chinese Companies in 2019. We will build on our positive track record and reputation as we expand our business into Ghana with this agreed Cardinal transaction. This is a positive track record and reputation we plan to uphold, as we continue to expand our operations to additional overseas jurisdictions, including our expansion into Ghana with this agreed transaction with Cardinal."

"We look forward to working closely with stakeholders, the local communities and the Government of Ghana to deliver the Namdini Project that will create employment and deliver many significant benefits for the regional economy and Ghanaians for many years to come."

Details of the Bid Implementation Agreement

Cardinal and Shandong Gold have agreed a Bid Implementation Agreement (filed on Cardinal's SEDAR profile) pursuant to which the parties have given undertakings to each other to facilitate the Transaction. The Shandong Gold Offer is subject to a limited number of conditions (full details of which are set out in Schedule 2 of the BIA), including:

- 50.1% minimum acceptance by Cardinal shareholders;
- Regulatory approvals, including Foreign Investment Review Board (FIRB) approval and approvals of certain Chinese regulatory bodies described below;

- No material adverse change in relation to Cardinal; and
- Other conditions customary for a transaction of this nature.

The Bid Implementation Agreement contains customary deal protection mechanisms including “no shop”, “no talk”, “no due diligence”, “notification” and “matching rights” restrictions. Cardinal has agreed it will not solicit any competing proposal or participate in any discussions or negotiations in relation to any competing proposal unless, in the case of discussions or negotiations, failure to do so would be a breach of the fiduciary or statutory duties of the Cardinal Directors. Under certain circumstances, an agreed break fee or reverse break fee of \$3.3 million will be payable.

The Shandong Gold Offer will extend to any Cardinal Shares that are issued during the offer period as a result of the exercise of Cardinal options that exist at the time of the offer opening. However, Shandong Gold has also committed to make offers to holders of certain Cardinal options to acquire those options by way of private treaty, subject to obtaining necessary regulatory approvals.

Regulatory Approvals

Shandong Gold will shortly submit its application to the Foreign Investment Review Board. It is anticipated that the FIRB approval process should be completed within the usual timeframe.

The Shandong Gold Offer is also conditional upon Shandong Gold obtaining approval from the following regulatory bodies from the People’s Republic of China:

- the National Development and Reform Commission of the People’s Republic of China (or its relevant local branch);
- the Ministry of Commerce of the People’s Republic of China (or its relevant local branch); and
- the State Administration of Foreign Exchange of the People’s Republic of China (or its relevant local branch).

Interim Financing

In connection with the Transaction, Shandong Gold has agreed to provide Cardinal with interim funding of \$11.96 million by subscribing for 26 million ordinary shares in Cardinal at an issue price of \$0.46 per Share (“Placement”).

Completion of the Placement is subject to and conditional upon no competing proposal being received by Cardinal, which the Cardinal Board of Directors considers is superior to the Shandong Gold Offer within 14 days from entering into the BIA. Shareholder approval is not required for the Placement.

The funds raised by the Placement will be used to ensure Cardinal may continue advancing the Namdini Project towards development and for working capital prior to closing of the Transaction.

Timetable and Next Steps

Detailed information relating to the Shandong Gold Offer will be set out in the Bidder’s Statement and Target’s Statement, which are expected to be dispatched to Cardinal shareholders on or about 21 July 2020.

The Bidder’s Statement and Target’s Statement will set out important information, including how to accept the Shandong Gold Offer, information about Shandong Gold and the key reasons as to why Cardinal Shareholders should accept the Shandong Gold Offer.

Advisers

Cardinal's joint financial advisers are Maxit Capital LP, BMO Capital Markets, Hartleys Limited and Canaccord Genuity Corp. Cardinal's legal advisers are HopgoodGanim Lawyers (Australia) and Bennett Jones LLP (Canada).

About Shandong Gold

Shandong Gold is principally engaged in the exploration, mining, refining and sale of gold and non-ferrous metals. Shandong Gold is listed on the main board of both the Shanghai and Hong Kong Stock Exchanges. Shandong Gold had a market capitalisation of approximately US\$14.5 billion as at 18 June 2020. In 2019, Shandong Gold produced mined gold of 1.273 million ounces and generated revenue of US\$9.0 billion and EBITDA of US\$771 million. As of 31 December 2019, Shandong Gold controlled total resources of 35.5 million ounces. Shandong Gold is 48% owned by Shandong Gold Group Co., Ltd (Shandong Gold Group), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Shandong Province of China (Shandong SASAC).

About Cardinal

[Cardinal Resources Ltd.](#) (ASX/TSX: CDV) is a West African gold-focused exploration and development Company that holds interests in tenements within Ghana, West Africa.

The Company is focused on the development of the Namdini Gold Project and released its Feasibility Study on 28 October 2019. The Namdini Project has a published gold Ore Reserve of 5.1 Moz (138.6 Mt @ 1.13 g/t Au; 0.5 g/t cut-off), inclusive of 0.4 Moz Proved (7.4 Mt @ 1.31 g/t Au; 0.5 g/t cut-off) and 4.7 Moz Probable (131.2 Mt @ 1.12 g/t Au; 0.5 g/t cut-off).

The Company announced completion of the Feasibility Study (FS), which was released 28 October 2019. The technical report on the FS, prepared in accordance with NI 43-101 of the Canadian Securities Administrators, was issued on SEDAR at www.sedar.com on 28 November 2019.

Cardinal confirms that it is not aware of any new information or data that materially affects the information included in its announcement of the Ore Reserve of 15 October 2019 and included in the Company's completed Feasibility dated 28 October 2019. All material assumptions and technical parameters underpinning this estimate continue to apply and have not materially changed.

This release has been authorised by the Board of Directors of Cardinal.

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Competent / Qualified Person Statement

The scientific and technical information in this announcement that relates to Exploration Results, Mineral Resources and Ore Reserves at the Namdini Gold Project has been reviewed and approved by Mr. Richard Bray, a Registered Professional Geologist with the Australian Institute of Geoscientists and Mr. Ekow Taylor, a Chartered Professional Geologist with the Australasian Institute of Mining and Metallurgy. Mr. Bray and Mr. Taylor have more than five years' experience relevant to the styles of mineralisation and type of deposits under consideration and to the activity which is being undertaken to qualify as a Competent Person,

as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves"; and as a Qualified Person for the purposes of NI43-101. Mr. Bray and Mr. Taylor are full-time employees of Cardinal and hold equity securities in the Company.

^[1] Represents the 20-day volume weighted share price up to close of trade on 13 March 2020, being the last date Cardinal traded prior to a non-binding and indicative proposal being announced by [Nord Gold SE](#).

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