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1 February 2017

Sandra Wutete and Wade Baggott
ASX Limited
Level 40, Central park
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Dear Sandra and Wade

Pre-Quotation Information – Ardea Resources Limited (“Company”)

The Company provides the following information as part of its pre-quotation disclosures.

1. Annexure 1 – updated capital structure
2. Annexure 2 – updated statement of commitments based on actual funds raised
3. Annexure 3 – updated pro-forma balance sheet based on actual funds raised
4. Annexure 4 – statements and confirmations as required by ASX prior to quotation.

Annexure 1 – Updated Capital Structure

Description	Fully Paid Ordinary Shares	Unlisted Options¹
Securities issued to Heron Resources Limited as part of the In-Specie Distribution	41,501,621	N/A
Securities issued under the Public Offer	25,499,126	N/A
Securities issued to Heron, the Lead Manager and the Corporate Adviser under the Option Offer	N/A	12,310,022
Total	67,000,747	12,310,022

¹ Unlisted options exercisable at \$0.25 each expiring on or before 3 years from the date of listing. Terms and conditions of these options are announced to ASX separately as part of the Company's pre-quotations disclosure.

Annexure 2 – Updated Statement of Commitments

Description	(\$'000)
Actual funds raised	5,100
Expenditure	
Lewis Ponds (feasibility)	1,400
Mt Zephyr (exploration)	500
Bardoc Tectonic Zone Gold (exploration)	350
Kalgoorlie Nickel Project (feasibility)	600
Other projects (exploration)	800
Advisory and equity raising fees of the Offers	900
Business development	250
Overheads	300
Total expenditure	5,100

Annexure 3 - Updated Pro-Forma Balance Sheet

		17 August 2016	Pro-forma Financial Information 17 August 2016 - Actual
	Note	A\$'000	A\$'000
CURRENT ASSETS			
Cash and cash equivalents		-	5,100
TOTAL CURRENT ASSETS		-	5,100
NON-CURRENT ASSETS			
Investments		-	10
Property, plant and equipment	1	-	354
Exploration and evaluation costs carried forward	2	-	8,300
TOTAL NON-CURRENT ASSETS		-	8,664
TOTAL ASSETS		-	13,764
CURRENT LIABILITIES			
Accounts Payable	3	-	355
Provisions – employee entitlements		-	18
TOTAL CURRENT LIABILITIES		-	373
NON CURRENT LIABILITIES			
Provisions – employee entitlements		-	5
TOTAL LIABILITIES		-	378
NET ASSETS		-	13,386
EQUITY			
Contributed equity	4	-	13,400
Option reserve	5	-	689
Accumulated losses		-	(703)
TOTAL EQUITY		-	13,386

Note 1 – Property Plant and equipment**Pro-forma Financial
Information 17 August 2016****A\$'000**

Freehold Land – Lewis Ponds	\$325
Plant and Equipment - WDV	\$29
Total	<u>\$354</u>

Note 2 – Exploration and Evaluation Costs carried forward**Pro-forma Financial
Information 17 August 2016****A\$'000**

Kalgoorlie Nickel Project	\$3,397
Lewis Ponds	\$4,903
Total	<u>\$8,300</u>

Note 3 – Accounts Payable**Pro-forma Financial
Information 17 August 2016****A\$'000**

Equity Raising Fee – Azure/Euroz	<u>\$355</u>
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Note 4 – Contributed Equity**Pro-forma Financial Information
17 August 2016**

	Number of Shares	A\$'000
Issued Capital on date of incorporation	100	-
Share split following de-merger	41,501,521	8,300
Issue of Shares via Public Offering	25,499,126	5,100
	<u>67,000,747</u>	<u>13,400</u>

Note 5 – Option Reserve

Option reconciliation	Number of options	Option Reserve A\$'000's
Opening balance at 17 August 2016	-	-
Options issued to Heron to reimburse IPO costs	10,000,000	560
Options issued to Azure/Euroz for successful completion of IPO	2,310,022	129
Closing balance	<u>12,310,022</u>	<u>689</u>

The Black Scholes valuation methodology has been used to value the options issued during the reporting period. The following table lists the inputs used to value the options issued.

Number of options	12,310,022
Method adopted	Black Scholes
Average volatility (%)	50
Average risk free interest rate (%)	2%
Average expected life of option (years)	3
Exercise price	\$0.25
Share price at grant date	\$0.20
Average value per option	\$0.056

Annexure 4 – Statements and Confirmations

1. The Company confirms the following:
 - a. The conditions precedent and completion of the Demerger Implementation Agreement have been satisfied or waived, and completion of the Demerger Implementation Agreement including the issue of 41,501,621 (the number is varied as agreed by all parties via a letter of variation dated 31 January 2017) fully paid ordinary shares at an issue price of \$0.20 per share and 10,000,000 unquoted options exercisable at \$0.25 expiring 3 years from the date of issue.
 - b. The issue of 1,155,011 unquoted options to Azure Capital Limited exercisable at \$0.25 expiring 3 years from the date of issue.
 - c. The issue of 1,155,011 unquoted options to Euroz Securities Limited exercisable at \$0.25 expiring 3 years from the date of issue.
 - d. The number of securities subject to ASX imposed escrow and the escrow period applied to those securities as follows:

Class of securities	Number of securities	Escrow period
Fully paid ordinary shares	5,050,551	24 months commencing on the date on which quotation of Shares commences.
Options	12,310,022 ¹	24 months commencing on the date on which quotation of Shares commences.

- e. The number of securities subject to voluntary escrow and the escrow period applied to those securities as follows:

Class of securities	Number of securities	Escrow period
Fully paid ordinary shares	5,113,166	6 months after the date of transfer of the Shares

- f. There are no legal, regulatory, statutory or contractual impediments to the Company undertaking the activities the subject of the commitments disclosed in the Prospectus.
- g. Other than as disclosed, there have been no material subsequent events to alter the Company's financial information as detailed in section 7 of the Prospectus.
- h. The renewal or updated status on the Company's applications of the exploration permit as follows:

Tenements	Status
E39/01854	Pending (in progress) – The Company has reached an access agreement conclusion with Murrin Murrin Holding.

¹ This includes 10,000,000 options (\$0.25 with a term expiring 3 years) issued to Heron in satisfaction of a \$500,000 debt owed by Ardea to Heron. Heron may, in the event it exercises the options, seek a waiver of Listing Rule 9.7 to allow the sale of shares issued on exercise of the options, on the basis that it will have paid in total \$0.306 per share and cash formula relief applies to securities issued to related seed investors.

Tenements	Status
E39/01855	Pending (in progress)
E37/01271	Pending (in progress)
E37/01272	Pending (in progress)
E37/01273	Pending (in progress)
E37/01274	Pending (in progress)
E29/00934	Pending (in progress)
E28/01224	Extension of term (in progress – no response received by the department to this point)
E63/01787	withdrawn – new application over pegged 65% of original area with additional new area of focus (E63/1828), contiguous along geological horizon
E70/04804	Pending (in progress)
E24/00203	Pending (in progress)

2. The Company confirms that the following in relation to the Sale Facility Offer:
 - a. Foreign shareholders were entitled to 5,956,820 shares under the distribution of Ardea shares approved by Heron shareholders on 29 September 2016 which became available under the share sale facility (“Facility”).
 - b. 1,593,831 shares were transferred to foreign shareholders under the Facility who elect to receive their entitlements.
 - c. The balance of 4,362,989 shares were sold at \$0.20 per share.
3. Further, the Company confirms that in respect of the additional options to be issued to Heron on a one for three basis and based on the number of options held by Heron on the record date of the loyalty option issue, the Company has provided an undertaking to ASX that the Company will obtain restriction agreements together with the undertaking required by listing rule 9.5 in relation to any additional options in the Company which may be issued following the Company’s admission to the official list of ASX for the balance of the period from the date of issue and 24 months from the date of official quotation.