
ARDEA RESOURCES LIMITED

ABN 30 614 289 342

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10.30am (WST)

DATE: Thursday 23rd November 2017

PLACE: The Celtic Club
48 Ord Street
West Perth WA 6005

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 6244 5136.

BUSINESS OF THE ANNUAL GENERAL MEETING

Notice is given that the annual general meeting of Shareholders will be held at 10.30am (WST) on 23rd November 2017 at The Celtic Club, 48 Ord Street, West Perth, WA.

The Explanatory Statement provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 10.30am (WST) on 21 November 2017.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial period ended 30 June 2017 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial period ended 30 June 2017."

Note: the vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

2. RESOLUTION 2 – ELECTION OF DIRECTOR – MS KATINA LAW

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 12.8 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Ms Katina Law, a Director who was appointed casually on 7 November 2016, retires, and being eligible, is re-elected as a Director.”

3. RESOLUTION 3 – ELECTION OF DIRECTOR – MR IAN BUCHHORN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 12.8 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Ian Buchhorn, a Director who was appointed casually on 17 August 2016, retires, and being eligible, is re-elected as a Director.”

4. RESOLUTION 4 – NON-EXECUTIVE DIRECTOR REMUNERATION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 12.9 of the Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve the maximum total aggregate amount of fees payable to non-executive Directors to be set at \$500,000 per annum in accordance with the terms and conditions set out in this Explanatory Statement.”

<p>Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.</p>
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Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 8 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

5. **RESOLUTION 5 – RATIFICATION OF PREVIOUS PLACEMENT OF SHARES**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 7,371,987 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. **RESOLUTION 6 – APPROVAL OF PLACEMENT OF SHARES TO RELATED PARTY**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 275,863 Shares to Mrs Pamela Jean Buchhorn on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Ian Buchhorn, Mrs Pamela Jean Buchhorn and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. **RESOLUTION 7 – ADOPTION OF PERFORMANCE RIGHTS PLAN**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt the Performance Rights Plan on the terms and conditions summarised in the accompanying Explanatory Statement and to issue Performance Rights from time to time under the Performance Rights Plan.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (b) the proxy is either:
 - (i) a member of the Key Management Personnel; or

- (ii) a Closely Related Party of such a member; and
 - (c) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (a) the proxy is the Chair of the Meeting; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

8. RESOLUTION 8 – ISSUE OF RELATED PARTY PERFORMANCE RIGHTS TO MS KATINA LAW (OR NOMINEE)

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 7, for the purposes of ASX Listing Rule 10.14 and Sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 900,000 Related Party Performance Rights to Ms Katina Law (or her nominee) under the Company’s Performance Rights Plan on the terms and conditions set out in the Explanatory Statement”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought (or their nominee), and any of their associates (**Resolution 8 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 8 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (c) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (d) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 8 Excluded Party, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

9. RESOLUTION 9 – ISSUE OF RELATED PARTY PERFORMANCE RIGHTS TO DR MATTHEW PAINTER (OR NOMINEE)

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 7, for the purposes of ASX Listing Rule 10.14 and Sections 195(4) and 208 of the Corporations Act and for all

other purposes, approval is given for the Company to issue up to 1,200,000 Related Party Performance Rights to Dr Matthew Painter (or his nominee) under the Company's Performance Rights Plan on the terms and conditions set out in the Explanatory Statement"

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought (or their nominee), and any of their associates (**Resolution 9 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 9 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 9 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

10. RESOLUTION 10 – ISSUE OF RELATED PARTY PERFORMANCE RIGHTS TO MR IAN BUCHHORN (OR NOMINEE)

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolution 7, for the purposes of ASX Listing Rule 10.14 and Sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 900,000 Related Party Performance Rights to Mr Ian Buchhorn (or his nominee) under the Company's Performance Rights Plan on the terms and conditions set out in the Explanatory Statement"

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought (or their nominee), and any of their associates (**Resolution 10 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 10 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 10 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

11. RESOLUTION 11 – APPOINTMENT OF AUDITOR AT FIRST AGM

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of section 327B of the Corporations Act and for all other purposes, Butler Settineri (Audit) Pty Limited, having been nominated by a Shareholder and having consented in writing to act in the capacity of auditor, be appointed as auditor of the Company with effect from the close of the meeting."

DATED: 18 OCTOBER 2017

BY ORDER OF THE BOARD



SAM MIDDLEMAS
COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the period from 17 August 2016 (being the date the Company's incorporation) to 30 June 2017 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.ardearesources.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial period) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

As this is the Company's first annual general meeting the remuneration report of the Company has not been considered before. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Directed	Undirected
Key Management Personnel ¹	Voted	Not voted ³
Chair ²	Voted	Voted at discretion of Proxy ⁴
Other	Voted	Voted at discretion of Proxy

Notes:

1. Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.
2. Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).
3. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.
4. The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

3. RESOLUTIONS 2 AND 3 – ELECTION OF DIRECTORS – MS KATINA LAW AND MR IAN BUCHHORN

3.1 General

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders.

Ms Katina Law was appointed as a Director on 7 November 2016 and Mr Ian Buchhorn was appointed as a Director on 17 August 2016 and will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seek election from Shareholders.

Ms Katina Law

Katina Law has over 25 years' experience in the mining industry covering corporate and site based roles across several continents. Over the past ten years she has worked with a number of ASX listed resources companies in strategic financial advisory and general management roles. She has worked on a number of development and evaluation projects which were later subject to corporate transactions including the Deflector gold and copper project and the King Vol polymetallic zinc project.

Ms Law was Executive Director and CEO of East Africa Resources Limited from 2012 to 2015. Ms Law has also held senior positions at Newmont Mining Corporation's head office in Denver, USA producing the company's financial plans and providing financial information and analysis to the Board of Directors and the Executive Committee. She held the position of New Business

Development Executive at LionOre International based in Perth where she was responsible for the financial assessment of development projects. Ms Law has a Bachelor of Commerce degree from UWA, is a Certified Practising Accountant and has an MBA from London Business School.

She is currently a non-executive Director of headspace and Gumala Enterprises Pty Ltd. Ms Law has no other public company directorships.

Mr Ian Buchhorn

Ian Buchhorn is a Mineral Economist and Geologist with over 30 years experience. He was the founding Managing Director of Heron Resources Limited for a period of 11 years until early 2007 and returned to that role in October 2012 after a period as Executive Director. Mr Buchhorn previously worked with a number of international mining companies and has worked on nickel, bauxite and industrial mineral mining and exploration, gold and base metal project generation and corporate evaluations. For the last 25 years Mr Buchhorn has acquired and developed mining projects throughout the Eastern Goldfields of Western Australian and has operated as a Registered Mine Manager.

During the three years prior to the end of this financial period, Mr Buchhorn has been a Director of Heron Resources Limited (17 February 1995 to 2 June 2017), RBR Group Limited (19 August to present) and Golden Cross Resources Limited (3 March 2014 to 13 July 2016).

Mr Buchhorn has been appointed as an Executive Director on 10 October 2017.

3.2 Independence

Ms Law has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect her capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If elected, the Board considers Ms Law to be an independent director.

Mr Buchhorn is a substantial Shareholder in the Company, and therefore is deemed not to be independent. The Board views the shareholdings of directors as important as it more correctly aligns the Board with Shareholder interests. It is considered Mr Buchhorn is able to act in the best interests of the entity and its Shareholders generally despite not being deemed independent.

Board recommendation

The Board recommends Shareholders vote in favour of Resolutions 2 and 3.

4. RESOLUTION 4 – NON-EXECUTIVE DIRECTOR REMUNERATION

ASX Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

Clause 12.9 of the Constitution also requires that remuneration payable to the non-executive Directors will not exceed the sum from time to time determined by the Company in general meeting.

As this is the Company's first general meeting, Resolution 4 seeks Shareholder approval to set the maximum annual aggregate amount of fees payable to all of

the non-executive Directors at \$500,000. The expertise requirements of the Board will increase as KNP feasibility studies advance, so it is expected that further Board appointments will be required with time.

This amount includes superannuation contributions made by the Company for the benefit of non-executive Directors and any fees which a non-executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with the Constitution, or securities issued to a non-executive Director under ASX Listing Rule 10.11 or 10.14 with approval of Shareholders.

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

5. RESOLUTION 5 – RATIFICATION OF PREVIOUS PLACEMENT OF SHARES

5.1 General

On 15 September 2017 the Company announced its intention to undertake a placement to sophisticated and professional investors at an issue price of \$0.725 to raise \$5,544,690 (before costs) (**Placement**).

Tranche 1 of the Placement was completed on 22 September 2017 and comprised the issue of 7,371,987 Shares to non-related party investors (**Tranche 1 Shares**). The Tranche 1 Shares were issued without Shareholder approval, pursuant to the Company's existing placement capacity under ASX Listing Rule 7.1 at the time of the issue.

Tranche 2 of the Placement is subject to Shareholder approval (which is being sought in Resolution 6) and comprises an application for 275,863 Shares under the Placement by Pamela Jean Buchhorn the wife of Director, Ian Buchhorn.

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Tranche 1 Shares.

5.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

5.3 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 5:

- (i) 7,371,987 Shares were issued;

- (ii) the issue price was \$0.725 per Share;
- (iii) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (iv) the Shares were issued to "sophisticated or "professional" investors in accordance with 708(8) and (11) of the Corporations Act. None of these subscribers are related parties of the Company; and
- (v) the funds raised from this issue will be used mainly to accelerate the drill and metallurgical programs for the Cobalt Zone of the Company's Kalgoorlie Nickel Project (**KNP**) (previously scheduled for 2018) with the intention of expediting the completion of a preliminary feasibility study for the KNP as well as bringing forward the definitive feasibility study for the KNP. Additionally, funds will be directed to the Company's Lewis Ponds base metal-gold project in NSW, and for gold exploration in WA and NSW.

6. RESOLUTION 6 – APPROVAL OF PLACEMENT OF SHARES TO RELATED PARTY

6.1 General

Resolution 6 seeks Shareholder approval for the issue of up to 275,863 Shares to Pamela Jean Buchhorn, the wife of Mr Ian Buchhorn, arising from the participation by Mrs Buchhorn in Tranche 2 of the Placement (**Participation**).

6.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (i) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (ii) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Shares which constitutes giving a financial benefit and Mrs Buchhorn is a related party of the Company by virtue of being the wife of Mr Ian Buchhorn, a Director.

The Directors (other than Mr Buchhorn who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares will be issued to Mrs Buchhorn on the same terms as Shares issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms.

6.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the Participation involves the issue of Shares to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

6.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (i) the Shares will be issued to Pamela Jean Buchhorn the wife of Mr Ian Buchhorn;
- (ii) the maximum number of Shares to be issued is 275,863;
- (iii) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (iv) the issue price will be \$0.725 per Share, being the same as all other Shares issued under the Placement;
- (v) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (vi) the funds raised were lodged with the Company at the time of the Placement and will be used for the same purposes as all other funds raised under the Placement as set out in section 5.3(v) of this Explanatory Statement.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Mrs Buchhorn will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

7. RESOLUTION 7 – ADOPTION OF PERFORMANCE RIGHTS PLAN

Resolution 7 seeks Shareholders approval for the adoption of the employee incentive scheme titled "Incentive Performance Rights Plan" (**Performance Rights Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

A summary of ASX Listing Rule 7.1 is set out in section 5.2 above.

If Resolution 7 is passed, the Company will be able to issue performance rights under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that no performance rights have previously been issued under the Performance Rights Plan. However, pursuant to Resolutions 8 to 10, the Company is seeking Shareholder approval to issue Related Party Performance Rights to the Directors of the Company.

The objective of the Performance Rights Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Performance Rights Plan and the future issue of performance rights under the

Performance Rights Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of performance rights under the Performance Rights Plan to a related party or a person whose relationship with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Performance Rights Plan is set out in Schedule 1. In addition, a copy of the Performance Rights Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Performance Rights Plan can also be sent to Shareholders upon request to the Company Secretary.

Shareholders are invited to contact the Company if they have any queries or concerns.

8. RESOLUTIONS 8, 9 AND 10 – ISSUE OF RELATED PARTY PERFORMANCE RIGHTS TO DIRECTORS

8.1 General

The Company has agreed, subject to Shareholder approval, to issue a maximum of 3,000,000 performance rights proposed to be issued to the Directors (or their respective nominees) (**Related Party Performance Rights**) as follows:

Director	Class A	Class B	Class C	Total
Resolution 8: Ms Katina Law (Non Executive Chairman)	300,000	300,000	300,000	900,000
Resolution 9: Dr Matthew Painter (Managing Director)	400,000	400,000	400,000	1,200,000
Resolution 10: Mr Ian Buchhorn (Technical Director)	300,000	300,000	300,000	900,000
Total	1,000,000	1,000,000	1,000,000	3,000,000

These Related Party Performance Rights will vest upon satisfaction of the milestones set out in Schedule 2 of this Notice.

The Related Party Performance Rights will be issued under the Plan (subject to Shareholder approval of Resolution 7) but will not be issued in reliance of ASIC Class Order 14/1000 *Employee incentive schemes: Listed bodies*.

No disclosure document is required to be issued to the recipients of the Related Party Performance Rights as the offer is exempt under section 708(12) of the Corporations Act.)

8.2 Chapter 2E of the Corporations Act and ASX Listing Rule 10.14

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The issue of the Related Party Performance Rights requires the Company to obtain Shareholder approval because this constitutes giving a financial benefit and Ms Law, Dr Painter and Mr Buchhorn are related parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.14 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.15B do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of the Incentive Securities to the Related Parties.

8.3 Technical information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.14

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to the proposed grant of the Related Party Performance Rights:

- (a) Ms Law, Dr Painter and Mr Buchhorn are related parties of the Company by virtue of being Directors;
- (b) participation in the Plan is open to the parties detailed in paragraph (a) of Schedule 1, which includes all current Directors, being Ms Law, Dr Painter and Mr Buchhorn;
- (c) the maximum number of Related Party Performance Rights (being the nature of the financial benefit being provided) to be granted to the Directors is 3,000,000 Related Party Performance Rights, as set out in section 8.1 above;
- (d) the Related Party Performance Rights will be granted to the Directors no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Performance Rights will be issued on one date;
- (e) the Related Party Performance Rights will be granted for nil cash consideration and no consideration will be payable upon the vesting of the Related Party Performance Rights on the achievement of the specified performance criteria. Accordingly, no loans will be made in relation to, and no funds will be raised from the issue or the vesting of the Related Party Performance Rights;
- (f) no securities have previously been issued under the Performance Rights Plan nor has the Performance Rights Plan previously been adopted by Shareholders;
- (g) the terms and conditions of the Related Party Performance Rights are set out in Schedule 2. The Shares to be issued upon vesting of the

Related Party Performance Rights shall rank pari passu with existing Shares;

- (h) the value of the Related Party Performance Rights, being the financial benefit being given to the Directors, and the pricing methodology is set out in Schedule 3;
- (i) the Directors have a relevant interest at the date of this Notice of Meeting in the following Shares;

	Number of Shares
Ms Katina Law (Non Executive Chairman)	541,380 ¹
Dr Matthew Painter (Managing Director)	150,690 ²
Mr Ian Buchhorn (Technical Director)	8,428,548 ³

Notes:

1. Held indirectly through Cone Bay Investments Pty Ltd <Cone Bay Super Fund A.c> and K&P Law <Katina Law family account> of which Ms Law is a director, shareholder and/or beneficiary.
2. Held by Dr Painter and Ms Julie Jones as joint holders.
3. Held indirectly through Hazurn Pty Ltd, Kurana Pty Ltd, Manorina Mining Pty Ltd (of which Mr Buchhorn is a Director and shareholder) and wife Mrs PJ Buchhorn.

- (j) the remuneration and emoluments from the Company to the Directors for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

	Current Financial Year	Previous Financial Period ended 30 June 2017
Ms Katina Law (Non Executive Chairman)	\$60,000	\$40,000
Dr Matthew Painter (Managing Director)	\$273,750	\$114,999
Mr Ian Buchhorn (Technical Director)	\$232,053	\$29,200

- (k) if the vesting conditions attaching to the Related Party Performance Rights are satisfied and all Related Party Performance Rights vest and are exercised, a total of 3,000,000 Shares would be issued. This will increase the number of Shares on issue from 80,649,536 to 83,649,536 (assuming there are no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 3.71% comprising 1.11% by Ms Law, 1.48% by Dr Painter and 1.11% by Mr Buchhorn;
- (l) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below: and

	Price (\$)	Date
Highest	\$1.15	18 September 2017

Lowest	\$0.17	9 February 2017
Last	\$0.945	17 October 2017

- (m) the primary purpose of the grant of Related Party Performance Rights to the Directors is to provide a performance linked incentive component in the remuneration package to motivate and reward the performance of achieving specified vesting conditions within a specified period. The Board considers this issue to be a cost effective remuneration practice and reasonable given the vesting conditions will align the interests of Directors with those of Shareholders. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Performance Rights upon the terms proposed.

8.4 Directors' Recommendation

As all Directors have an interest in the Resolutions, no directors are able to give a recommendation.

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 8-10.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Performance Rights as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Related Party Performance Rights will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

9. RESOLUTION 11 – APPOINTMENT OF AUDITOR AT FIRST AGM

The Directors of a public company must appoint an auditor within one month of registration. The directors have appointed Butler Settineri (Audit) Pty Limited as the Company's auditor.

The auditor of a public company so appointed within one month of registration holds office until the first annual general meeting of the Company. The auditor must be re-appointed at the first annual general meeting so that they may continue to act as auditor of the Company.

In accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a shareholder for Butler Settineri (Audit) Pty Limited to be appointed as the Company's auditor. A copy of this nomination is attached to this Explanatory Statement as Annexure A.

Butler Settineri (Audit) Pty Limited has given its written consent to act as the Company's auditor subject to Shareholder approval of this resolution.

If this resolution is passed, the appointment of Butler Settineri (Audit) Pty Limited as the Company's auditor will take effect at the close of this Meeting.

GLOSSARY

\$ means Australian dollars.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities and Investments Commission.

Associated Body Corporate means:

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company or **Ardea Resources** means Ardea Resources Limited (ACN 614 289 342).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Group Company means the Company or any Associated Body Corporate.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Performance Rights Plan or **Plan** means the employee incentive scheme titled "Incentive Performance Rights Plan" to be adopted pursuant to Resolution 7 as summarised in Schedule 1.

Proxy Form means the proxy form accompanying the Notice.

Related Party Performance Right means a performance right granted pursuant the Performance Rights Plan with the terms and conditions set out in Schedule 2.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the period ended 30 June 2017.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

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

Shareholder means a holder of a Share.

VWAP means the volume weighted average price of the Company's Shares as traded on the ASX.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS PLAN

The following is a summary of the key terms and conditions of the Performance Rights Plan to be adopted by Shareholders under Resolution 7:

- (a) **Eligibility:** Participants in the Performance Rights Plan may be:
- (i) a Director (whether executive or non-executive) of the Company or any associate Group Company;
 - (ii) a full or part time employee of any Group Company;
 - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (**Class Order**); or
 - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,
- who is declared by the Board to be eligible to receive grants of Performance Rights under the Performance Rights Plan (**Eligible Participants**).
- (b) **Offers:** The Board may, from time to time, at its absolute discretion, make an offer to grant Performance Rights to an Eligible Participant under the Performance Rights Plan and on such additional terms and conditions as the Board determines (**Offer**).
- (c) **Plan limit:** Where the Company has relied or intends relying on the Class Order to make an Offer, the Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on conversion of Performance Rights offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the Offer.
- (d) **Consideration:** Performance Rights granted under the Plan will be issued for nil cash consideration.
- (e) **Performance Rights:** Each Performance Right, once vested, entitles the holder, on exercise, to the issue of one fully paid ordinary share in the capital of the Company (**Share**).
- (f) **Not transferrable:** Performance Rights are only transferrable with the prior written consent of the Board of the Company or by force of law upon death to the participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- (g) **Vesting Conditions:** The Board will determine the vesting conditions (if any) that must be satisfied before a Performance Right vests, and the date by which a vesting condition must be satisfied (**Vesting Condition**).
- (h) **Vesting:** A Performance Right will vest where Vesting Conditions are satisfied or where, despite Vesting Conditions not being satisfied, the Board (in its absolute discretion) resolves that unvested Performance Rights have vested as a result of:

- (i) the participant ceasing to be an Eligible Participant due to certain special circumstances (eg due to death, severe financial hardship, total and permanent disability, retirement or redundancy) as set out in the Plan; or
- (ii) the Company being wound up.

Vesting Conditions are deemed to be automatically waived in the event that the Company undergoes a change of control.

- (i) **Shares:** Shares resulting from the vesting of the Performance Rights shall, from the date of issue, rank on equal terms with all other Shares on issue.
- (j) **Sale Restrictions:** The Board may, in its discretion, determine at any time up until exercise of Performance Rights, that a restriction period will apply to some or all of the Shares issued to an Eligible Participant (or their eligible nominee) on exercise of those Performance Rights (**Restriction Period**).
- (k) **Quotation of Shares:** If Shares of the same class as those issued under the Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the Shares ends.
- (l) **Lapse of a Performance Right:** Subject to the terms of an Offer otherwise providing, a Performance Right will lapse upon the earlier to occur of:
 - (i) an unauthorised dealing in, or hedging of, the Performance Right;
 - (ii) a Vesting Condition in relation to the Performance Right not being satisfied by the due date, or becoming incapable of satisfaction, as determined by the Board in its absolute discretion;
 - (iii) in respect of an unvested Performance Right, a participant (or, where the participant is a nominee of the Eligible Participant, that Eligible Participant) (**Relevant Person**) ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Performance Right under a good leaver exception;
 - (iv) in respect of a vested Performance Right, a Relevant Person ceases to be an Eligible Participant and the Performance Right granted in respect of that Relevant Person is not exercised within one (1) month (or such later date as the Board determines) of the date the Relevant Person ceases to be an Eligible Participant;
 - (v) the Board deems that a Performance Right lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant;
 - (vi) the Company undergoes a change in control or winding up, and the Performance Right has not otherwise vested in accordance with paragraph (h); and
 - (vii) the expiry date of the Performance Right.
- (m) **No Participation Rights:** There are no participating rights or entitlements inherent in the Performance Rights and participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights without exercising the Performance Right.

- (n) **No Change:** A Performance Right does not confer the right to a change in the number of underlying Shares over which the Performance Right can be exercised.
- (o) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Performance Right are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (p) **Inconsistency with Offer:** Notwithstanding any other provision in the Plan, to the extent that any covenant or provision contained in an Offer document is inconsistent with any covenant or provision under the Plan, the deemed covenant or provision under the Offer document shall prevail.

SCHEDULE 2 – TERMS AND CONDITIONS OF RELATED PARTY PERFORMANCE RIGHTS

A summary of the terms and conditions of the Related Party Performance Rights to be issued to Directors pursuant to Resolutions 8 to 10 is set out below:

- (a) **(Vesting Conditions):** The Related Party Performance Rights shall vest as follows:
- (i) **Class 'A' Related Party Performance Rights:** upon completion of the Pre-Feasibility Study in relation to the cobalt zone of the Company's Kalgoorlie Nickel Project (**KNP Cobalt Zone**) prior to 30 November 2018:
 - (ii) **Class 'B' Related Party Performance Rights:** upon:
 - (A) the Company's Shares reaching a 30 day VWAP which is equal to or greater than the price which is 50% higher than the 5 day VWAP on the date of obtaining Shareholder approval for Resolutions 8-10; and
 - (B) continuous service of the Related Party Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Related Party Performance Rights to 1 February 2019,prior to 30 November 2019.
 - (iii) **Class 'C' Related Party Performance Rights:** upon:
 - (A) completion of the Definitive Feasibility Study in relation to the KNP Cobalt Zone; and
 - (B) continuous service of the Related Party Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Related Party Performance Rights to 1 February 2020,prior to 30 November 2020.
- (b) **(Conversion):** Once vested, each Related Party Performance Right will, at the election of the holder, convert into one Share. The holder will be entitled to give notice to the Company Secretary in writing that the relevant Related Party Performance Rights have vested and, provided that the holder remains employed by the Company at the time of giving such notice, the Company shall, unless otherwise directed by the holder, issue the associated number of Shares within 10 Business Days of receipt of such notice.
- (c) **(Consideration):** The Related Party Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the conversion of the Related Party Performance Rights.
- (d) **(Share ranking):** All Shares issued upon the conversion of the Related Party Performance Rights will upon issue rank pari passu in all respects with other Shares.
- (e) **(Listing of Shares on ASX):** The Related Party Performance Rights will not be quoted on ASX. Upon conversion of the Related Party Performance Rights into Shares, the Company will apply for quotation of all Shares issued upon conversion of the Related Party Performance Rights within the period required by ASX.

- (f) **(Dividend and Voting Rights):** A Related Party Performance Right does not confer upon the holder an entitlement to notice of, or to vote or attend at, a meeting of the Shareholders of the Company or receive dividends declared by the Company.
- (g) **(Share Buy-back/ Capital Return):** In the event that there is a share buy-back or capital return to Shareholders undertaken by the Company which has a material impact on the Company's market capitalisation and upon the achievability of the performance criteria in respect of the Related Party Performance Rights, set out in paragraph (a) above, the parties will agree on a pro rata adjustment of the market capitalisation targets required to be met as part of the performance criteria. Any such changes to the performance criteria of the Related Party Performance Rights will be subject to Shareholder approval and any other restrictions imposed by ASX.
- (h) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Related Party Performance Rights and holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Related Party Performance Rights.
- (i) **(Reorganisation of capital):** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of the holder of the Related Party Performance Rights are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (j) **(Change of control):** In the event that there is a Change of Control Event which occurs as a direct consequence of a decision of the Board to procure or seek a change of control of the Company, the holder will be entitled within 60 days of the happening of such Change of Control Event to call on the Company (which call the Company will be obliged to meet) either, at the holder's election:
 - (i) Issue the holder with Shares in respect of those Related Party Performance Rights that have not already vested or expired as at the date of the Change of Control Event in the same number as the holder would have been entitled to had the holder met the performance criteria applicable to those Related Party Performance Rights; or
 - (ii) pay to the holder a sum equal to the market value of the Shares that the holder would have received had the holder met the performance criteria applicable to the Related Party Performance Rights, referred to in (i) above, which market value shall be assessed by reference to the higher of the 30 day daily closing price trading average of the Company's Shares immediately preceding the occurrence of the Change of Control Event and the consideration payable per Share under the Change of Control Event.

Change of Control Event means a change in ownership of the Company occurs when:

- (a) any one person or more than one person acting as a group acquires ownership of stock of the Company that constitutes more than 50% of the total fair market value or total voting power of the stock of the Company; or
- (B) a merger of two companies.

SCHEDULE 3 – VALUATION OF RELATED PARTY PERFORMANCE RIGHTS

The Related Party Performance Rights to be issued to Directors pursuant to Resolutions 8 to 10 have been independently valued.

The Related Party Performance Rights have been valued using a hybrid employee share option pricing model that simulates the Company's share price at the expiry date.

The variables required to value the Related Party Performance Rights are as follows:

Item	Class A	Class B	Class C
Underlying Security Spot Price	86 cents	86 cents	86 cents
Exercise Price	Nil	Nil	Nil
Share Price Barrier	Nil	\$1.29	Nil
Assumed Grant Date	30 Nov 2017	30 Nov 2017	30 Nov 2017
Expiration Date	30 Nov 2018	30 Nov 2019	30 Nov 2020
Life of Rights (years)	1	2	3
Volatility	100%	100%	100%
Risk free rate	1.85%	1.85%	1.85%

Using the above variables, Stantons International Securities Pty Ltd have calculated a value of \$1,852,250 for the Performance Rights as follows:

Performance Rights	Number	Value per Right	Total Value
Class A Related Party Performance Rights	1,000,000	86 cents	\$860,000
Class B Related Party Performance Rights	1,000,000	45.52 cents	\$455,500
Class C Related Party Performance Rights	1,000,000	53.705 cents	\$537,050
TOTAL	3,000,000		\$1,852,250

	Value of Related Party Performance Rights to be issued
Ms Katina Law (Non Executive Chairman)	\$555,675
Dr Matthew Painter (Managing Director)	\$741,700
Mr Ian Buchhorn (Non Executive Director)	\$555,675
	\$1,852,250

Ian Buchhorn
72 Branksome Gardens
City Beach WA 6015

Ardea Resources Limited
Suite 2, 45 Ord Street,
WEST PERTH, WA, AUSTRALIA, 6005

1st October 2017

Attention: Sam Middlemas, Company Secretary

NOMINATION OF AUDITOR

In accordance with the provisions of s328B(1) of the Corporations Act 2001, I, Ian Buchhorn, a shareholder of Ardea Resources Limited, hereby nominate Butler Settineri (Audit) Pty Ltd for appointment as auditor of the Company.

Please distribute copies of this notice of nomination as required by s328B(3) of the Corporations Act 2001.

Yours sincerely



Ian Buchhorn

APPOINTMENT OF PROXY FORM
ARDEA RESOURCES LIMITED ANNUAL GENERAL MEETING

I/We
of
being a Shareholder entitled to attend and vote at the Meeting, hereby
appoint
Name of proxy

OR: the Chair as my/our proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10.00am (WST), on Thursday 23rd November 2017 at The Celtic Club, 48 Ord Street, West Perth, WA, 6005, and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Voting on business of the Meeting	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Election of Director – Ms Katina Law	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Election of Director – Mr Ian Buchhorn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Non-Executive Director Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Ratification of Previous Placement of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Approval of Placement of Shares to Related Party	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Adoption of Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – Issue of Related Party Performance Rights to Ms Katina Law	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 – Issue of Related Party Performance Rights to Dr Matthew Painter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 – Issue of Related Party Performance Rights to Mr Ian Buchhorn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11 – Appointment of Auditor at First AGM	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Option 1: A voting prohibition statement and a voting exclusion statement apply to the Chair.

Important for Resolutions 1,4,7,8,9 and 10.

If you have not directed your proxy how to vote as your proxy in respect of Resolutions 1,4,7,8,9 and 10 and the Chair is, or may by default be, appointed your proxy, you must mark the box below.

I/we direct the Chair to vote in accordance with his/her voting intentions (as set out above) on Resolutions 1,4,7,8,9 and 10 (except where I/we have indicated a different voting intention above) and expressly authorise that the Chair may exercise my/our proxy even though Resolutions 1,4,7,8,9 and 10 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel and acknowledge that the Chair may exercise my/our proxy even if the Chair has an interest in the outcome of Resolutions 1,4,7,8,9 and 10 and that votes cast by the Chair for Resolutions 1,4,7,8,9 and 10, other than as proxy holder, will be disregarded because of that interest.

If the Chair is, or may by default be, appointed your proxy and you do not mark this box and you have not directed the Chair how to vote, the Chair will not cast your votes on Resolutions 1,4,7,8,9 and 10 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1,4,7,8,9 and 10.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail: YES NO

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) in person, Ardea Resources Limited, Suite 2, 45 Ord Street, West Perth, WA 6005; or
 - (b) mail, Ardea Resources Limited, PO Box 1433, West Perth, WA 6872; or
 - (c) email to the Company at smiddlemas@ardearesources.com.au,

so that it is received not later than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.