

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Introduced 01/07/14 Amended 02/11/15

**Name of entity**

Ardea Resources Limited

**ABN / ARBN**

30 614 289 342

**Financial year ended:**

30 June 2019

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- These pages of our annual report:
- This URL on our website: [www.ardearesources.com.au/corporate-governance](http://www.ardearesources.com.au/corporate-governance)

The Corporate Governance Statement is accurate and up to date as at 24 October 2019 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 24 October 2019

Name of Director or Secretary authorising lodgement: Sam Middlemas – Company Secretary

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<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> “Corporate governance statement” is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity’s corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes “OR” at the end of the selection and you delete the other options, you can also, if you wish, delete the “OR” at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> at www.ardearesources.com.au/corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at <a href="http://www.ardearesources.com.au/corporate-governance">www.ardearesources.com.au/corporate-governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.ardearesources.com.au/corporate-governance">www.ardearesources.com.au/corporate-governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.ardearesources.com.au/corporate-governance">www.ardearesources.com.au/corporate-governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.ardearesources.com.au/corporate-governance">www.ardearesources.com.au/corporate-governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

# Ardea Resources Limited Corporate Governance Statement 2019

This statement is current at 24 October 2019 and has been approved by the  
Board of Ardea Resources Limited

# CORPORATE GOVERNANCE STATEMENT

## CONTENTS

<b>1</b>	<b>INTRODUCTION.....</b>	<b>3</b>
<b>2</b>	<b>THE BOARD OF DIRECTORS.....</b>	<b>3</b>
2.1	ROLE OF THE BOARD.....	3
2.2	COMPOSITION OF THE BOARD .....	5
2.3	INDEPENDENCE OF DIRECTORS.....	6
2.4	ACCESS TO INDEPENDENT ADVICE.....	7
2.5	ACCESS TO BOARD MATERIALS AND INFORMATION .....	7
2.6	DIRECTOR SELECTION AND SUCCESSION PLANNING.....	8
2.7	DIRECTOR INDUCTION AND CONTINUING EDUCATION .....	8
2.8	BOARD MEETINGS .....	8
<b>3</b>	<b>BOARD COMMITTEES .....</b>	<b>8</b>
<b>4</b>	<b>PERFORMANCE EVALUATION AND REMUNERATION .....</b>	<b>9</b>
4.1	PERFORMANCE EVALUATION .....	9
4.2	DIRECTOR AND EXECUTIVE REMUNERATION.....	9
<b>5</b>	<b>RISK MANAGEMENT AND INTERNAL CONTROLS.....</b>	<b>9</b>
5.1	RISK MANAGEMENT .....	9
5.2	CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER CERTIFICATIONS.....	10
<b>6</b>	<b>GOVERNANCE DOCUMENTS .....</b>	<b>11</b>
6.1	ETHICS AND CONDUCT.....	11
6.2	DIVERSITY.....	12
6.3	CONTINUOUS DISCLOSURE AND COMMUNICATIONS WITH SHAREHOLDERS.....	12
6.4	DEALING IN SHARES .....	13

# CORPORATE GOVERNANCE STATEMENT

## 1 Introduction

The Board of Ardea Resources Limited (**Board**) is committed to conducting Ardea’s business in accordance with the highest standards of corporate governance to create and deliver value for Ardea’s shareholders. The Board has established a corporate governance framework, including corporate governance policies, procedures and charters, to support this commitment. The framework is reviewed regularly and revised in response to changes in law, developments in corporate governance and changes to Ardea’s business model. A copy of these charters, procedures and policies are available on the governance page of Ardea’s website, [www.ardearesources.com.au](http://www.ardearesources.com.au), and are signposted throughout this document where relevant.

As a listed entity, Ardea must comply with Australian laws including the Corporations Act 2001 (Cth) (**Corporations Act**) and the Australian Securities Exchange Listing Rules (**ASX Listing Rules**), and to report against the ASX Corporate Governance Council’s Principles and Recommendations (**ASX Principles**).

## 2 The Board of Directors

Relevant policies and charters:

- Company Constitution
- Board Charter
- Audit and Risk Committee Charter
- Remuneration and Nomination Committee Charter

### 2.1 Role of the Board

The Board Charter sets out the Board’s role, powers and duties and establishes the functions reserved for the Board and those which are delegated to management. The Board is responsible for the overall corporate governance of Ardea including approving and overseeing Ardea’s strategic direction, strategies, program and budget and financial objectives, assessing the performance of management and reporting on Ardea’s performance. The Board delegates to the Chief Executive Officer (“CEO”) and senior management matters involving the implementation of corporate strategy and management of Ardea’s day-to-day activities.

The following table sets out the matters which are expressly reserved to the Board and those which are delegated to management under the Board Charter.

# CORPORATE GOVERNANCE STATEMENT

## **The Board is responsible for:**

- appointing and removing the Chief Executive Officer, determining their remuneration and terms and conditions of employment, and assessing the performance of the Chief Executive Officer and the executive management group;
- approving the policies, strategic direction, strategies, delegations of authority, budgets and financial objectives of Ardea and ensuring appropriate resources are available;
- monitoring the implementation of those policies and strategies and the achievement of those financial objectives; and
- reporting to shareholders and the investment community on the performance and state of Ardea.



## **Responsibilities delegated by the Board to Management:**

- managing Ardea;
- recommending policy and strategic direction for Board approval; and
- conducting the day-to-day operation of Ardea within delegated limits of authority.

The Company Secretary is accountable to the Board through the Chair on all matters to do with the proper functioning of the Board. The Board Charter confirms that all directors have direct access to the Company Secretary. The Company Secretary is responsible for:

- advising the Board on corporate governance matters;
- managing the company secretarial function;
- attending all Board and Board committee meetings; and
- taking minutes and communicating with the ASX.

# CORPORATE GOVERNANCE STATEMENT

## 2.2 Composition of the Board

As at the date of this Statement, the Board comprised of one Non-Independent Executive Chair, one Non-Independent Executive Director and one Independent Non-Executive Director. Full Names and details of Directors' Qualifications and length of service are included in the 2019 Annual Report. Board composition is determined in accordance with Ardea's constitution and Board Charter, which together set out the following general principles:

- the Board must comprise of a minimum three and a maximum of seven directors;
- the Board should comprise of a majority of independent directors with a range of skills, expertise and experience from a diverse range of backgrounds; and
- the Chair of the Board should be an independent non-executive director.

The composition of the Board does not accord with ASX Principle 2 as only one Director meets the independence criteria under the ASX Corporate Governance Council Recommendations with all other Directors either executives or substantial shareholders, and the Chair is currently an executive (while the Company transitions following the appointment of a new Chief Executive Officer). The Board views shareholdings of Directors as important, although it is outside the ASX Recommendations criteria for independence, as it believes it more correctly aligns the board with shareholders' interests. The Board has recently appointed a new Chief Executive Officer, which will lead to the Chair returning to a Non-Executive Role in the future which will rebalance the independence and allow for the Company to return to a position more in line with the corporate Governance Guidelines. However, the Board notes that the Company is not currently of the size, nor are its affairs of such complexity to justify the expense of the appointment of additional independent Directors.

In determining the composition of the Board, the Board operating as the Remuneration and Nomination Committee work together to ensure that the optimal size and blend of skills, expertise and experience are represented on the Board to further ensure that effective discussion and efficient decision making takes place. The Board is satisfied that the current Board is comprised of directors representing a broad range of these attributes, and once the Chair returns to a Non Executive role the balance will return.

Due to the current size and nature of the existing Board and the magnitude of the Company's operations, the Board does not consider that the Company will gain any benefit from individual Board committees and that its resources would be better utilized in other areas as the Board is of the strong view that at this stage the experience and skill set of the current Board is sufficient to perform these roles. Under the Company's Board Charter, the duties that would ordinarily be assigned to individual committees are currently carried out by the full Board under the written terms of reference for those committees.

The following table summarises the skills, attributes and experience of the directors serving on the Board at the date of the Annual Report:



# CORPORATE GOVERNANCE STATEMENT

## Board Experience, Skills and Attributes Matrix

Experience, skills and attributes	Board	Audit and Risk	Remuneration and Nomination
<i>Total directors</i>	3	3	3
<b>Experience</b>			
<b>Corporate leadership</b> Successful experience in CEO and/or other senior corporate leadership roles	3	3	3
<b>Resources industry experience</b> Relevant industry (resources, mining, exploration) experience	3	3	3
<b>Other board level experience</b> Membership of other listed entities (last 3 years)	2	2	2
<b>Knowledge and skills</b>			
Risk Management	3	3	3
Governance	3	3	3
Risk and compliance	3	3	3
Mergers and acquisitions	1	1	1
<b>Tertiary qualifications</b>			
Geology	1	1	1
Economics, law, commerce and / or business	2	2	2
Corporate Finance/Accounting	1	1	1
Engineering	1	1	1
<b>Gender</b>			
Female	1	1	1
Male	2	2	2

## 2.3 Independence of Directors

The Board recognises the importance of ensuring that directors are free from interests and relationships that could, or could reasonably be perceived to materially interfere with the director's ability to exercise independent judgment and act in Ardea's best interests.

Accordingly, the Board has adopted guidelines, set out in the Board Charter, which are used to determine the independence of directors and are based on the definition of independence listed in Box 2.3 of the ASX Principles.

# CORPORATE GOVERNANCE STATEMENT

In accordance with these guidelines, the Board generally considers a director to be independent if they are not a member of management and:

- is not a substantial shareholder of Ardea or an officer of, or otherwise associated with, a substantial shareholder of Ardea;
- is not employed, or been previously employed in an executive capacity by Ardea, or where they were previously employed in such a capacity, there has been a period of at least three years between ceasing such employment and serving on the Board;
- is not in a material business relationship (e.g. as a supplier or customer) of Ardea, or an officer of or otherwise associated with someone with such a relationship;
- has no material contractual relationship with Ardea other than as a director of Ardea;
- does not have close family ties with any person who falls within any of the categories described above;
- has not served on the Board for a period that their independence may have been compromised;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Ardea.

The Board considers the materiality of a director's interests, position, association or relationship on a case by case basis.

Directors also have an ongoing responsibility to disclose any actual or potential transactions or interests that may create a conflict of interest. They may also be required to take steps to remove any conflict of interest. If a director cannot or will not remove a conflict of interest, then the director must be absent from the room when discussion and/or voting occurs on matters to which the conflict relates.

The Board has reviewed the independence of its directors and considers that the Non-Executive Director is independent. In 2018 the Chair moved into a temporary Executive position, until a new Chief Executive Officer could be appointed, and consequently she is no longer deemed to be Independent.

## **2.4 Access to independent advice**

Under the Board Charter, directors may seek independent professional advice at Ardea's expense on any matter connected with the discharge of their responsibilities with the prior written approval of the Chair.

## **2.5 Access to Board materials and information**

Under the Deed of Indemnity, Insurance and Access, directors have access to inspect the company's records which have been prepared during or relate to the director's tenure or discharge of duties as a director in respect of the company.

# CORPORATE GOVERNANCE STATEMENT

## 2.6 Director selection and succession planning

The Board renewal process is overseen by the Remuneration and Nomination Committee and involves regularly reviewing the composition of the Board to ensure that the directors have an appropriate mix of skills, expertise, experience and backgrounds relevant to the management of Ardea.

The Board Charter sets out the overarching principles regarding director selection and succession planning. The Remuneration and Nomination Committee Charter sets out the key nomination planning principles of the committee which is responsible for leading the process of Board appointments.

## 2.7 Director induction and continuing education

All new directors are appointed through a written agreement with Ardea that sets out their duties, rights and responsibilities. In addition, the Remuneration and Nomination Committee is responsible for ensuring that new directors are provided with a comprehensive induction programme (including business briefings by management and site visits).

The Board encourages directors to continue their education and maintain the skills required to discharge their duties by providing professional development opportunities. Ardea meets all reasonable costs of continuing director education.

## 2.8 Board Meetings

The Company has monthly meetings at which a monthly report is presented covering the Company's performance in Health, Safety, Environment and Community, Technical, Financial, Business Development and Human Resources. Full details of the number of meeting and board attendance are included in the 2019 Annual Report.

## 3 Board Committees

Relevant policies and charters:

- Audit and Risk Committee Charter
- Remuneration and Nomination Committee Charter

Following the listing of the Company on the ASX, the Board established two committees, the Remuneration and Nomination Committee and the Audit and Risk Committee, to assist with the effective discharge of its duties. Currently both Committees are made up of the full Board until the Company grows to sufficient size to allow for the appointment of additional Independent Non-Executive Directors when these will be separated from the full Board. Both committees will function under a specific charter approved by the Board which details their respective roles, duties and membership requirements.

# CORPORATE GOVERNANCE STATEMENT

## 4 Performance evaluation and remuneration

Relevant policies and charters:

- Board Charter
- Remuneration and Nomination Committee Charter

### 4.1 Performance evaluation

The Remuneration and Nomination Committee assists the Board in relation to conducting performance evaluations and developing and implementing plans for identifying, assessing and enhancing director competencies.

Annually, the Chief Executive Officer will undertake a review of the performance of each senior executive against individual objectives and deliverables linked to a corporate plan that were agreed at the beginning of the performance period. These personal objectives relate to key areas of performance over which the individual has accountability and influence. During the current financial period reviews were delayed due to the appointment of a new Chief Executive Officer during the year. Performance reviews will be undertaken in future years of the Board and all senior management.

### 4.2 Director and Executive remuneration

The Remuneration and Nomination Committee will obtain independent remuneration benchmarking information for comparative purposes as required. Salary reviews and short-term incentives are determined by assessing performance against both individual performance and profitability and sustainability performance targets.

## 5 Risk management and internal controls

Relevant policies and charters:

- Board Charter
- Audit and Risk Committee Charter
- Risk Management Policy

### 5.1 Risk management

The Board recognises that good risk management is a key element to good corporate governance and has adopted a risk management framework that sets out the processes to identify and manage risk across the Group. The framework sets out a 'whole of business' approach to the management of risks which allows both opportunities and threats to be identified and managed effectively.

# CORPORATE GOVERNANCE STATEMENT

Through this framework, Ardea seeks to:

- embed a culture of risk awareness and decision making;
- identify, assess and manage risks in a structured and systematic manner;
- enable measured risk taking in line with business objectives and strategies;
- establish and monitor appropriate controls in line with business objectives and strategies;
- ensure material business risks are effectively identified, communicated and appropriately elevated throughout all levels of management to the Board; and
- fulfil governance requirements for risk management.

The Board has overall responsibility for reviewing, approving and overseeing systems of risk management and internal control. This includes reviewing processes to identify the main risks associated with the company and reviewing processes and systems in place to manage these risks.

The Audit and Risk Committee assists the Board regarding oversight of Ardea's risk management practices by:

- developing an understanding of key risk areas and the potential consequences of major risk events;
- gaining assurance as to the adequacy of Ardea's policies and processes for integrating risk management into its operations, mainly through the medium of the Monthly Report;
- reviewing and making recommendations to the Board in relation to any incident involving fraud or other break down of Ardea's internal controls;
- reviewing and reporting to the Board that the Audit and Risk Committee has, at least annually, reviewed Ardea's risk management framework to satisfy itself that it continues to be sound and effectively identifies all areas of potential risk; and
- reviewing the insurance strategy and determining the extent to which it aligns with the risk tolerance of Ardea.

In line with changes to the new ASX Principles, Ardea's Risk Management Framework will be reviewed annually. Due to its size, the company does not currently have an internal audit function.

## **5.2 Chief Executive Officer and Chief Financial Officer certifications**

The Chief Executive Officer and Chief Financial Officer will make certifications to the Board in respect of each half and full year financial period confirming to the best of their knowledge and belief:

- that Ardea's financial records have been properly maintained;
- that Ardea's financial statements, in all material respects, are complete and present a true and fair view of the financial condition and operational results of Ardea and group and are in accordance with relevant accounting standards;

# CORPORATE GOVERNANCE STATEMENT

- that the above statement is founded on a sound system of risk management and internal compliance and control, which implements the policies adopted by the Board; and
- that Ardea's risk management and internal control is operating efficiently and effectively in all material respects in relation to financial reporting risks and material business risks.

## 6 Governance Documents

Relevant governance documents:

- Code of Conduct and Ethics
- Directors' Code of Conduct
- Whistleblower Procedure
- Diversity Policy
- Continuous Disclosure and Market Communications Policy
- Securities Trading Policy

### 6.1 Ethics and conduct

Ardea is committed to practising high standards of conduct and has adopted a Code of Conduct that identifies the standard of ethical conduct expected of all Ardea employees and contractors. The Code of Conduct is underpinned by Ardea's values of Commitment, Integrity and Responsibility, and describes Ardea's objectives, values and standards of behaviour that employees and contractors must apply to all business practices. In addition, the Board has specifically adopted a Directors' Code of Conduct which establishes standards for appropriate ethical and professional behaviour for directors.

The Code of Conduct is supported by Ardea's Whistleblower Procedure.

Ardea has a zero tolerance for bribery or corruption in its business. The Code of Conduct and Ethics policy documents Ardea's commitment to ensure all officers, employees, contractors, agents and any other party representing Ardea, wherever they are in the world, will act fairly, honestly, with integrity and in compliance with the law. The Code of Conduct and Ethics policy sets out the standards and behaviour Ardea expects of its officers, employees and representatives and links with the Whistleblower Procedure for the reporting of any actual or suspected breaches of the policy.

# CORPORATE GOVERNANCE STATEMENT

The Whistleblower Procedure documents Ardea's commitment to encouraging all employees, directors, contractor and consultants to raise concerns regarding any misconduct that they believe constitutes a breach of the Code of Conduct, Ardea's policies or the law. This Whistleblower Procedure sets out the mechanism by which staff can confidently, and anonymously if they wish, raise concerns in a responsible manner without fear of discriminatory treatment, recrimination or reprisal, and Ardea's commitment to properly investigate any issues.

Copies of the Code of Conduct and Ethics and the Whistleblower Procedure can be found in the Governance section of Ardea's website.

## **6.2 Diversity**

Ardea respects and encourages workplace diversity and strives to create a flexible and inclusive workplace environment. Ardea seeks to attract and retain the best people while building and maintaining a diverse, sustainable and high achieving workforce. To achieve the objective, Ardea is committed to:

- promoting awareness of diversity within Ardea;
- integrating workplace diversity principles into company activities;
- supporting skills development, aligned to the needs of Ardea, in communities in which Ardea operates;
- attracting, developing and retaining more employees across various age ranges, people with disability, women and indigenous people; and
- creating a flexible workplace culture which assists employees to balance their responsibilities.

Ardea will continue to develop and implement programs which foster workforce and Board diversity.

Due to the size of the Company measurable objectives have not been set at this time but will be implemented as the Company grows. Current gender diversity is 33% of board, 0% of senior management and 25% of total employees.

## **6.3 Continuous disclosure and communications with shareholders**

Ardea is committed to ensuring that shareholders and the market are kept fully and regularly informed of information and major developments concerning Ardea. To achieve this, Ardea has developed an External Communications Policy which establishes procedures to ensure that directors and management fulfil their obligations under the Corporations Act and the ASX Listing Rules in relation to the timely disclosure of price-sensitive information.

The Company Secretary has primary responsibility for administration of the policy. The Company Secretary's responsibilities also include monitoring compliance with Ardea's disclosure obligations and managing all communications with the ASX.

# CORPORATE GOVERNANCE STATEMENT

Ardea communicates with shareholders through releases to the ASX, Ardea's website, information distributed direct to shareholders and the general meetings of shareholders. To ensure that security holders have the opportunity to participate at meetings of members:

- at the Annual General Meeting, shareholders elect the directors and can express their views, ask questions about company business and vote on items of business for resolution by shareholders;
- the provisions of adopting the remuneration report at the Annual General Meeting provide shareholders with a statutory forum; and
- Butler Settineri, Ardea's external auditor, will attend each Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Shareholders are also able to send and receive communications to/from Ardea electronically. Transcripts of results presentations and major business presentations are lodged with the ASX immediately prior to the event and placed on the website as soon as practicable after the conclusion of such events.

## 6.4 Dealing in shares

The Board believes it is in the best interests of shareholders for directors and employees to own shares in Ardea, subject to strict controls and guidelines on share trading.

Ardea has in place a Securities Trading Policy which applies to Ardea's directors and employees (and their "connected persons"). The policy prohibits directors and employees from trading in Ardea's securities if they are in possession of price-sensitive information which is not generally available to the market. It also prohibits dealings by directors and certain employees during defined "closed periods" except where clearance has been granted for exceptional circumstances or the dealing falls within an excluded category under the policy.

Closed periods under the policy include:

- Two weeks before the release of the Annual financial accounts and two days after;
- Two weeks before the release of the half financial accounts and two days after, and
- The period between the end of the quarter and two days after the release of quarterly reports

Outside of these closed periods and prior to any proposed trade, directors and certain employees must seek approval from the Chief Executive Officer or Chair prior to trading in Ardea's securities.

Directors and employees are also restricted from engaging in short-term trading of Ardea's securities and from hedging their securities unless those securities have fully vested and are no longer subject to restrictions. Key management personnel must not at any time enter into a transaction that involves using Ardea's securities as collateral in any financial transaction, including margin lending arrangements.