
ARDEA RESOURCES LIMITED

ABN 30 614 289 342

NOTICE OF ANNUAL GENERAL MEETING

TIME: 12.15pm (WST)

DATE: Wednesday 27th November 2019

PLACE: The Park Business Centre
45 Ventnor Avenue
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 12.15pm (WST) on Wednesday 27th November 2019 at The Park Business Centre, 45 Ventnor Avenue, 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 12.15pm (WST) on 25th November 2019.

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 2019 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 2019.”

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 12.3 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Ms Katina Law, a Director who retires by rotation, and being eligible, is re-elected as a Director.”

3. RESOLUTION 3 – ISSUE OF PERFORMANCE RIGHTS TO MS KATINA LAW (OR NOMINEE)

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

“That, for the purposes of ASX Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 400,000 Performance Rights to Ms Katina Law (or nominee) under the Company’s Performance Rights Plan on the terms and conditions set out in the Explanatory Statement”

4. RESOLUTION 4 – ISSUE OF PERFORMANCE RIGHTS TO MR IAN BUCHHORN (OR NOMINEE)

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

“That, for the purposes of ASX Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 400,000 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”

5. RESOLUTION 5 – ISSUE OF PERFORMANCE RIGHTS TO MR WAYNE BRAMWELL (OR NOMINEE)

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

“That, for the purposes of ASX Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 200,000 Performance Rights to Mr Wayne Bramwell (or his nominee) under the Company’s Performance Rights Plan on the terms and conditions set out in the Explanatory Statement”

Voting Exclusion Statement for Resolutions 3, 4 and 5: The Company will disregard any votes cast in favour of Resolutions 3, 4 and 5 by or on behalf of any Director who is eligible to participate in the Company’s Performance Rights Plan, or nominee of Ms Law, Mr Buchhorn or Mr Bramwell or an associate of those persons.

However, the Company need not disregard a vote if:

- (a) 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
- (b) it is cast by the Chair 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:

In accordance with section 224 of the Corporations Act, a vote on these Resolutions must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

However, the above prohibition does not apply if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

Please note: If the Chair is a person referred to in the section 224 Corporations Act voting prohibition statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed as proxy in writing and the Proxy Form specifies how the proxy is to vote on the Resolution.

Further, in accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on these Resolutions if:

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

However, 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 the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

6. RESOLUTION 6 – REPLACEMENT OF CONSTITUTION

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

"That, pursuant to and in accordance with section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form of the document tabled at the Meeting and signed by the Chair for the purposes of identification, with effect from the close of the Meeting."

DATED: 15 OCTOBER 2019

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.

7. 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 year ended 30 June 2019 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.

8. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

8.1 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.

8.2 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.

8.3 Previous voting results

At the 2018 Annual General Meeting the vote against the remuneration report was less than 1% of those voting. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

8.4 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.

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

9.1 General

Clause 12.3(b) of the Constitution requires that the Director serving longest without re-election must retire and stand for re-election.

Ms Katina Law will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seek election from Shareholders.

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 and at LionOre International based in Perth. 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 Chair of ASX Listed Yandal Resources Ltd. Ms Law has no other public company directorships.

Ms Law has no interest, 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 will not be an independent director due to her executive role as Chair.

Board recommendation

The Board recommends Shareholders vote in favour of Resolution 2.

10. RESOLUTIONS 3, 4 AND 5 – ISSUE OF PERFORMANCE RIGHTS TO MS KATINA LAW, MR IAN BUCHHORN AND MR WAYNE BRAMWELL

10.1 General

The Board has agreed, subject to Shareholder approval, to issue a maximum of 400,000 performance rights to Ms Katina Law (or nominee), 400,000 performance rights to Mr Ian Buchhorn (or nominee) and 200,000 to Mr Wayne Bramwell (or nominee) (**Performance Rights**) as follows:

Director	Class F	Class G	Total
Ms Katina Law	200,000	200,000	400,000
Mr Ian Buchhorn	200,000	200,000	400,000
Mr Wayne Bramwell	100,000	100,000	200,000
Total	500,000	500,000	1,000,000

These Performance Rights will vest upon satisfaction of the milestones set out in Schedule 1 of this Notice.

The Performance Rights will be issued under the Plan (which was approved by Shareholders at the 2017 Annual General Meeting) 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 recipient of the Performance Rights as the offer is exempt under section 708(12) of the Corporations Act, as modified by ASIC Corporations (Disclosure Relief—Offers to Associates) Instrument 2017/737.

10.2 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 Performance Rights requires the Company to obtain Shareholder approval because this constitutes giving a financial benefit and Ms Katina Law, Mr Ian Buchhorn and Mr Wayne Bramwell 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 Performance Rights.

10.3 Technical information required by Chapter 2E of the Corporations Act

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act, the following information is provided in relation to the proposed grant of the Performance Rights. Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolution 3:

(a) **Identity of the related parties to whom Resolutions 3, 4 and 5 permits financial benefits to be given**

The Performance Rights will be issued to Ms Katina Law (or nominee), Mr Ian Buchhorn (or nominee) and Mr Wayne Bramwell (or nominee), all of whom are currently Directors.

(b) **Nature of the financial benefit**

Resolution 3 seeks approval from Shareholders to allow the Company to issue up to 1,000,000 Performance Rights to Ms Katina Law (or nominee), Mr Ian Buchhorn (or nominee) and Mr Wayne Bramwell (or nominee) on the basis set out in Section 10.1. The key terms of the Performance Rights are set out in Schedule 1.

The Shares to be issued upon conversion of the Performance Rights will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares. The Company will apply for official quotation of the Shares on ASX.

(c) **Valuation of financial benefit**

The valuation of the Performance Rights is set out in Schedule 2 with a summary below:

Class	Valuation
Class F	\$178,500
Class G	\$160,650
TOTAL	\$339,150

(d) **Dilution**

The issue of the Performance Rights will have a diluting effect on the percentage interest of existing Shareholders' holdings if the Performance Rights vest and are exercised. The potential dilution effect is summarised below.

Director	Class F	Class G	Total	Dilutionary effect
Ms Katina Law	200,000	200,000	400,000	0.36%
Mr Ian Buchhorn	200,000	200,000	400,000	0.36%

Director	Class F	Class G	Total	Dilutionary effect
Mr Wayne Bramwell	100,000	100,000	200,000	0.18%
Total	500,000	500,000	1,000,000	0.89%

If the vesting conditions attaching to the Performance Rights are satisfied and all Performance Rights vest and are exercised, a total of 1,000,000 Shares would be issued. This will increase the number of Shares on issue from 112,291,853 to 113,291,853 (assuming there are no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted by 0.89% by Shares issued to Ms Law (or nominee), Mr Buchhorn (or nominee) and Mr Bramwell (or his nominee).

The actual dilution will depend on the extent that additional Shares are issued by the Company.

(e) **Remuneration**

The remuneration and emoluments from the Company to Ms Law, Mr Buchhorn and Mr Bramwell 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 2019
Ms Katina Law	\$180,000	\$263,562
Mr Ian Buchhorn	\$361,350	\$429,912
Mr Wayne Bramwell	\$65,700	\$99,981

(f) **Existing relevant interests**

At the date of this Notice, Ms Law, Mr Buchhorn and Mr Bramwell have the following relevant interest in securities of the Company.

	Fully Paid Ordinary Shares	Performance Rights
Ms Katina Law	1,008,046	600,000 ¹
Mr Ian Buchhorn	12,511,440	600,000 ¹
Mr Wayne Bramwell	-	450,000 ²

Notes:

1. Class B and C performance rights issued pursuant to shareholder approval at the Company's 2017 annual general meeting.
2. Class B and C performance rights issued pursuant to shareholder approval at the Company's 2018 annual general meeting.

Assuming that Resolutions 3, 4 and 5 are approved by Shareholders, all Performance Rights (including those referred to in Section 10.3(f) above) vest and are exercised, and no other Shares are issued:

- (i) Ms Law's relevant interest would represent approximately 1.75% of the Company's expanded capital;
- (ii) Mr Buchhorn's relevant interest would represent approximately 11.76% of the Company's expanded capital;
- (iii) Mr Bramwell's relevant interest would represent approximately 0.57% of the Company's expanded capital.

(g) **Trading history**

The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price (\$)	Date
Highest	\$0.76	5 September 2019
Lowest	\$0.355	28 June 2019
Last	\$0.605	17 September 2019

(h) **Taxation consequences**

There are no taxation consequences for the Company arising from the issue of the Performance Rights (including fringe benefits tax).

(i) **Director recommendations**

As all Directors have material personal interests in the outcome of the Resolutions, they all decline to make any recommendation.

The primary purpose of the grant of the Performance Rights is to provide a performance linked incentive component for the Directors as part of their 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 the 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 Performance Rights upon the terms proposed.

10.4 Technical information required by ASX Listing Rule 10.15

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

- (a) Ms Law, Mr Buchhorn and Mr Bramwell are Directors.;

- (b) the maximum number of Performance Rights to be issued to Ms Law, Mr Buchhorn and Mr Bramwell is 1,000,000, in the proportions set out in section 10.1 above;
- (c) the Performance Rights are being issued for nil cash consideration and therefore have an issue price of nil, and no cash consideration will be payable on the vesting of the Performance Rights;
- (d) the names of all persons referred to in ASX Listing Rule 10.14 who have received securities under the Plan since it was approved at the 2017 Annual General Meeting, the number of the securities received and the acquisition price for each security is as specified below:

Related Party (or associates)	Number of securities issued	Acquisition price
Katina Law	900,000 performance rights	Nil
Ian Buchhorn	900,000 performance rights	Nil
Wayne Bramwell	450,000 performance rights	Nil
Matthew Painter ¹	1,200,000 performance rights	Nil

Note: Mr Painter has subsequently transitioned into the role of General Manager – Gold and is no longer a Director;

- (e) the names of all persons referred to in ASX Listing Rule 10.14 entitled to participate in the Plan are the current Directors, namely: Katina Law, Ian Buchhorn and Wayne Bramwell;
- (f) no loan is being provided in connection with the grant of the Performance Rights;
- (g) the Performance Rights will be granted 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 Performance Rights will be issued on one date; and
- (h) a voting exclusion statement is included in the Notice.

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

11. RESOLUTION 6 – REPLACEMENT OF CONSTITUTION

11.1 General

Under section 136(2) of the Corporations Act, a company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 6 seeks the approval of Shareholders to repeal the Company's existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. A summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the office of the Company. A copy of the Proposed Constitution 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.

Resolution 6 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Board recommends that Shareholders vote in favour of Resolution 6.

11.2 Summary of material proposed changes

(a) Restricted Securities (Article 2.7)

Changes to the Listing Rules will commence on 1 December 2019 which will require a listed entity's constitution to contain certain provisions regarding Restricted Securities if the entity has any Restricted Securities on issue. The Board considers it prudent to take this opportunity to update the Constitution to ensure it complies with these new requirements.

With effect from 1 December 2019, ASX intends to apply a two-tier escrow regime where ASX can require certain more significant holders of Restricted Securities and their controllers to execute a formal escrow agreement in the form of Appendix 9A of the Listing Rules, as is currently the case. However, for less significant holdings, ASX will instead permit entities to rely on a provision in their constitution imposing appropriate escrow restrictions on the holders of restricted securities and to simply give a notice to the holders of Restricted Securities in the form to be set out in an appendix to the Listing Rules, advising them of those restrictions.

To facilitate the operation of the new two-tier escrow regime, certain changes are required to the customary provisions of constitutions of ASX-listed entities regarding Restricted Securities.

(b) Unclaimed dividends or other distributions (Article 13.11)

The Company has included in the Proposed Constitution a provision whereby unclaimed dividends or other distributions may be reinvested into Shares and/or donated to charity by the Company in accordance with the process set out in that provision.

Article 13.11(a) of the Proposed Constitution provides that unclaimed dividends or other distributions may be reinvested, after deducting reasonable expenses, into shares in the Company on behalf of, and in the name of the Shareholder concerned or dealt with by the Directors as they think fit for the benefit of the Company until claimed, or until required to be dealt with in accordance with any law relating to unclaimed moneys.

Article 13.11(b) of the Proposed Constitution provides that any unclaimed dividend or other distribution, which is less than \$100.00 or a residual sum

which arises from a reinvestment that has not been claimed for 12 months or more, may, at the discretion of the Directors, be donated to charity on behalf of the Shareholder, as the board of Directors decides.

(c) Deemed notice to uncontactable Shareholders (Article 14.5)

The Company has included in the Proposed Constitution a provision whereby a Shareholder may be deemed to have been given notice of documents in accordance with the process set out in that provision.

Article 14.5 provides that, if a Shareholder does not have an address in the Register, or has not nominated an alternative address, or if the Company reasonably believes that a Shareholder is not known at the Shareholder's address in the Register or any alternative address provided, a document is taken to be given to the Shareholder if the document is exhibited in the registered office of the Company for 48 hours. The document is taken to be served at the start of that period. It need not be addressed to the Shareholder.

(d) Partial (proportional) takeover provisions (Article 4.9 and schedule 5)

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption or last renewal of the clause.

11.3 Information required by section 648G of the Corporations Act

(a) **Effect of proposed proportional takeover provisions**

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

(b) **Reasons for proportional takeover provisions**

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

(c) **Knowledge of any acquisition proposals**

As at the date of this Notice, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

(d) **Potential advantages and disadvantages of proportional takeover provisions**

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (i) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (ii) assisting in preventing Shareholders from being locked in as a minority;
- (iii) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (iv) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (i) proportional takeover bids may be discouraged;
- (ii) lost opportunity to sell a portion of their Shares at a premium; and
- (iii) the likelihood of a proportional takeover bid succeeding may be reduced.

(e) **Recommendation of the Board**

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 6.

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.

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 Right means a performance right granted pursuant the Performance Rights Plan with the terms and conditions set out in Schedule 1.

Performance Rights Plan or **Plan** means the employee incentive scheme titled "Incentive Performance Rights Plan" that was adopted by shareholders in the 2017 annual general meeting held on 23rd November 2017.

Proposed Constitution means the proposed new constitution of the Company, a copy of which may be sent to Shareholders upon request to the Company Secretary, which is the subject of Resolution 6.

Proxy Form means the proxy form accompanying the Notice.

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 2019.

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

Restricted Securities has the meaning given in the Listing Rules.

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

A summary of the terms and conditions of the Performance Rights to be issued pursuant to Resolutions 3 4 and 5 is set out below:

- (a) **(Vesting Conditions):** The Performance Rights shall vest as follows:
- (i) **Class 'F' Performance Rights:** upon:
- (A) the Company's Shares reaching a 30 day VWAP which is 25% above the 5 day VWAP prior to the date of the meeting; and
- (B) continuous service of the 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 Performance Rights to 30 November 2021,
- prior to 31 December 2021.
- (ii) **Class 'G' Performance Rights:** upon:
- (A) the Company's Shares reaching a 30 day VWAP which is 50% above the 5 day VWAP prior to the date of the meeting; and
- (B) continuous service of the 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 Performance Rights to 30 November 2022,
- prior to 31 December 2022.
- (b) **(Conversion):** Once vested, each 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 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 Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the conversion of the Performance Rights.
- (d) **(Share ranking):** All Shares issued upon the conversion of the Performance Rights will upon issue rank pari passu in all respects with other Shares.
- (e) **(Listing of Shares on ASX):** The Performance Rights will not be quoted on ASX. Upon conversion of the Performance Rights into Shares, the Company will apply for quotation of all Shares issued upon conversion of the Performance Rights within the period required by ASX.
- (f) **(Dividend and Voting Rights):** A 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 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 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 Performance Rights and holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the 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 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 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 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 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 2 – VALUATION OF PERFORMANCE RIGHTS

The Performance Rights to be issued to a Director pursuant to Resolution 3 have been independently valued.

The Performance Rights have been valued by Stantons International Securities using the Black Scholes option pricing model that simulates the Company's share price at the expiry date.

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

Item	Class B	Class C
Underlying Security Spot Price	60.6 cents	65.6 cents
Exercise Price	Nil	Nil
Share Price Barrier	75.8 cents	91 cents
Assumed Grant Date	23 Sept 2019	23 Sept 2019
Expiration Date	31 Dec 2021	31 Dec 2022
Life of Rights (years)	2	3
Volatility	68.77%	68.77%
Risk free rate	0.76%	0.73%

Using the above variables, Stantons International Securities Pty Ltd have calculated a value of \$339,150 for the Performance Rights as follows:

Performance Rights	Number	Value per Right	Total Value
Class B Performance Rights	500,000	\$0.297	\$178,500
Class C Performance Rights	500,000	\$0.268	\$160,650
TOTAL	1,000,000		\$339,150

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ARDEA RESOURCES LIMITED

REGISTERED OFFICE:
SUITE 2, 45 ORD STREET
WEST PERTH WA 6005



ACN: 614 289 342

«EFT_REFERENCE_NUMBER»

«Company_code» «Sequence_number»

«Holder_name»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»

SHARE REGISTRY:
Security Transfer Australia Pty Ltd
All Correspondence to:
PO BOX 52
Collins Street West VIC 8007
Suite 913, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000
T: 1300 992 916
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code:

ARL

Holder Number:

«HOLDER_NUM

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

**VOTE
ONLINE**

Lodge your proxy vote securely at www.securitytransfer.com.au

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 12:15pm WST on Wednesday 27 November 2019 at The Park Business Centre, 45 Ventnor Avenue, West Perth WA 6005 and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies **in FAVOUR** of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION

1. ADOPTION OF REMUNERATION REPORT

For

Against

Abstain*

2. ELECTION OF DIRECTOR - MS KATINA LAW

3. ISSUE OF PERFORMANCE RIGHTS TO MS KATINA LAW (OR NOMINEE)

4. ISSUE OF PERFORMANCE RIGHTS TO MR IAN BUCHHORN (OR NOMINEE)

5. ISSUE OF PERFORMANCE RIGHTS TO MR WAYNE BRAMWELL (OR NOMINEE)

6. REPLACEMENT OF CONSTITUTION

IMPORTANT FOR RESOLUTIONS 1, 3, 4 AND 5

Where I/we have appointed the Chair as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 3, 4 and 5 (except where I/we have indicated a different voting intention above) even though these Resolutions are connected directly or indirectly with the remuneration of members of Key Management Personnel, which includes the Chair.

In relation to Resolutions 3, 4, and 5: If the Chair is a person referred to in the section 224 Corporations Act voting prohibition statement applicable to that Resolution, the Chair will only be able to cast a vote as proxy for you if you are entitled to vote, have appointed as proxy in writing and specified your voting direction above.

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 12:15pm WST on Monday 25 November 2019.

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ARL

ARLPX2271119





My/Our contact details in case of enquiries are:

Name:

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Number:

(

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)

1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

5. 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 must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

Security Transfer Australia Pty Ltd

Online	www.securitytransfer.com.au
Postal Address	PO BOX 52 Collins Street West VIC 8007
Street Address	Suite 913, Exchange Tower 530 Little Collins Street Melbourne VIC 3000
Telephone	1300 992 916
Facsimile	+61 8 9315 2233
Email	registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

