



**Ardea**  
**Resources Limited**

# CORPORATE GOVERNANCE MANUAL

Adopted by the Board on 9 November 2016

## CORPORATE GOVERNANCE MANUAL

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## **1. CORPORATE GOVERNANCE FRAMEWORK**

The Board of Directors (the "Board") of Ardea Resources Limited ("Ardea Resources" or the "Company") believes strongly that good governance is important to the Company's long-term success and the protection of the interests of our shareholders and our many other stakeholders. The Board has adopted the following guidelines to create a framework for the effective governance of Ardea Resources. The Board intends that this framework be flexible, subject to all applicable laws and regulatory requirements and may be modified in the future, based on experience.

The Board is responsible for the stewardship of Ardea Resources and for supervising the management of the business and the affairs of the Company. The Board is the ultimate decision-making body of Ardea Resources, except with respect to those matters that require shareholder approval. The Board has the power to delegate its authority and duties to committees of the board (a "Committee") and to senior management, as it deems appropriate. At all times, the Board will retain its oversight function and ultimate responsibility for matters that the Board may Delegate to a Committee.

The Board explicitly delegates to senior management responsibility for the day to day operations of the Company, including all matters not specifically assigned to the Board or to any Committee. The Board will carefully consider any recommendations made to it by the Chair of the Board, a Committee or senior management.

The Company's corporate governance practices comply with the Australian Securities Exchange (ASX) Corporate Governance Council in its publication "Corporate Governance Principles and Recommendations" unless otherwise noted.

**1.1: BOARD, COMMITTEE AND POLICY FRAMEWORK TABLE**

|                             | Board of Directors  | Committees of the Board of Directors   |  |  |
|-----------------------------|---|--|--|--|
|                             |   | Audit  | Corporate Governance and Nominating  | Remuneration   |
| Requirement                 | Yes   | Yes  | Yes  | Yes  |
| Members                     | Katina Law (Chair)<br>Matthew Painter (Managing Director)<br>Ian Buchhorn (Non Executive)   | Full board participation   | Full board participation   | Full board participation   |
| Independent Members         | Katina Law  | Katina Law   | Katina Law   | Katina Law   |
| Summary of Responsibilities | Stewardship of the Company supervising the management of the Company's business and affairs with the goal of enhancing shareholder value. | Assist Board's oversight of: the integrity of financial statements; compliance with legal and regulatory requirements; risk management policies of management; and the qualifications; independence and performance of the independent auditors and the Company's internal Audit function. | Develop and recommend to the Board the corporate governance principles applicable to the Company and to identify individuals qualified to become members of the Board of Directors consistent with the criteria approved by the Board. | Make recommendations to the Board relating to the remuneration of: the members of the Board of Directors; and Members of Senior Management of the Company. |

## 2. BOARD OF DIRECTORS CHARTER

The term “Company” herein shall refer to Ardea Resources Ltd and the term “Board” shall refer to the Board of Directors of the Company.

### **PURPOSE**

The Board assumes responsibility for the oversight and stewardship of the Company.

Although Directors may be nominated by certain persons to bring special expertise or a point of view to Board deliberations, the best interests of the Company must be paramount at all times.

### **RESPONSIBILITIES**

As an integral part of that stewardship responsibility, the Board has responsibility for the following matters (either itself, or through duly appointed and constituted committees of the Board in accordance with applicable laws):

- a) The Board has primary responsibility for setting the overall business strategy and long-term direction of the Company. The Board hires the Managing Director and delegates the management of the Company to him/her. Management's primary job is to develop and implement an appropriate business strategy and plan, that will help the Company achieve its vision. The plan will take into account the business opportunities and business risks of the Company. The Board reviews, questions, discusses and ultimately approves management's strategy and plan, at least annually. The Board reviews with management from time to time the strategic planning environment, the emergence of new opportunities, trends and risks and the implications of these developments for the strategic direction of the Company. The Board reviews and approves the Company's financial objectives, plans and actions, including significant capital allocations and expenditures.
- b) The Board monitors and reviews corporate performance against the strategic and business plans, including assessing operating results to evaluate whether the business is being properly managed.
- c) The Board identifies the principal business risks of the Company and ensures that there are appropriate systems put in place to manage these risks.
- d) The Board monitors and ensures the integrity of the internal controls and procedures (including adequate management information systems) within the Company and its financial reporting procedures.
- e) The Board is responsible for ensuring appropriate standards of corporate conduct including, adopting a Corporate Code of Ethics for all employees and senior management, and monitoring compliance with such code.
- f) The Board is responsible for monitoring of financial performance and other financial reporting matters as follows:
  - i) the Board has oversight responsibility for reviewing and questioning the strategies and plans of the Company;

- ii) the Board has oversight responsibility for reviewing systems for managing the principal risks of the Company's business including insurance coverage, conduct of material litigation and the effectiveness of internal controls;
- iii) the Board is responsible for considering appropriate measures if the performance of the Company falls short of its goals or if other special circumstances warrant;
- iv) the Board shall be responsible for approving the interim and audited Financial Statements and the notes thereto and the Company's Management Discussion and Analysis with respect to such financial statements which shall include the following:
  - overseeing the accurate reporting of the financial performance of the Company to its shareholders on a timely and regular basis;
  - overseeing that the financial results are reported fairly and in accordance with international financial reporting standards; and
  - ensuring the integrity of the internal control and management information systems of the Company.
- v) the Board has responsibility for effectively monitoring the principal risks of the Company;
- g) The Board is responsible for establishing and reviewing from time to time a dividend policy for the Company.
- h) The Board reviews and approves material transactions not in the ordinary course of business.
- i) The Board reviews and approves the budget on an annual basis, including the spending limits and authorisations, as recommended by the Audit Committee.
- j) The Board ensures that there is in place appropriate succession planning, including the appointment, training and monitoring of senior management and members of the Board.
- k) The Board approves a Disclosure Policy that includes a framework for investor relations and a public disclosure policy.
- l) The Board is responsible for satisfying itself as to the integrity of the Managing Director and other senior officers and that the Managing Director and other senior officers create a culture of integrity throughout the organization. The Board is responsible for developing and approving goals and objectives which the Managing Director is responsible for meeting.
- m) The Board is responsible for developing the Company's approach to corporate governance principles and guidelines that are specifically applicable to the Company.
- n) The Board is responsible for performing such other functions as prescribed by law or assigned to the Board in the Company's governing documents.
- o) Set forth below are procedures relating to the Board's operations:
  - (i) approving and monitoring compliance with all significant policies and procedures within which the Company operates;

- (ii) approving and having written policies and procedures designed to ensure that the Company operates at all times within applicable laws and regulations and to the highest ethical and moral standards;
- (iii) implementing the appropriate structures and procedures to ensure that the board functions independently of management;
- (iv) enforcing obligations of the Directors respecting confidential treatment of the Company's proprietary information and Board deliberations; and

*Director orientation and continuing education* – The Board, together with the Corporate Governance and Nominating Committee is responsible for providing a comprehensive orientation and education program for new Directors which fully sets out:

- i) the role of the Board and its committees;
- ii) the nature and operation of the business of the Company; and
- iii) the contribution which individual Directors are expected to make to the Board in terms of both time and resource commitments. In addition, the Board together with the Corporate Governance and Nominating Committee is also responsible for providing continuing education opportunities to existing Directors so that individual Directors can maintain and enhance their abilities and ensure that their knowledge of the business of the Company remains current.

*Meetings* – The Board aims for monthly scheduled meetings. The Board is responsible for its agenda. Prior to each Board meeting, the Chair of the Board or nominee shall circulate an agenda to the Board. The Chair of the Board shall discuss the agenda items for the meeting with the Managing Director. Materials for each meeting will be distributed electronically to Directors in advance of the meetings. Directors are expected to attend all meetings of the Board held in a given year, and are expected to adequately review meeting materials in advance of all such meetings.

*Committees* – The Board has established the following standing committees to assist the Board in discharging its responsibilities: the Audit Committee, the Corporate Governance and Nominating Committee and the Remuneration Committee, although due to its size the full board will form each of these subcommittees. Special committees are established from time to time to assist the Board in connection with specific matters. The chair of each committee reports to the Board following meetings of the committee. The terms of reference of each standing committee are reviewed annually by the Board.

*Remuneration* – The Board reviews and approves the recommendations of the Remuneration Committee. The Remuneration Committee recommends to the Board the compensation and benefits for the Managing Director and non-management Directors. The Committee seeks to ensure that such compensation and benefits reflect the responsibilities and risks involved in being a Director of the Company and align the interests of the Directors with the best interests of the Company.

*Nomination* – The Board reviews and approves the recommendations of the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee will identify and recommend new nominees as Directors of the Company, based upon ASX guidelines and the following considerations:

- i) the diversity, competencies and skills necessary for the Board as a whole to possess;
- ii) the competencies and skills necessary for each individual Director to possess;
- iii) competencies and skills which each new nominee to the Board is expected to bring; and
- iv) whether the proposed nominees to the Board will be able to devote sufficient time and resources to the Company.

*Access to independent advisors* – In addition, Directors have the right to seek independent professional advice to assist them in discharging their responsibilities as Directors. Costs incurred in obtaining the advice will be borne by the Company, subject to the expenditure being approved in advance by the Chair, or if the Chair is unable or unwilling to approve the expenditure, approval from the Board.

## **2.1 ACCOUNTABILITIES OF INDIVIDUAL DIRECTORS**

The accountabilities set out below are meant to serve as a framework to guide individual Directors in their participation on the Board, with a view to enabling the Board to meet its duties and responsibilities. Principal accountabilities include:

|   |  |
|---|--|
| ▪ | assuming a stewardship role, overseeing the management of the business and affairs of the Company;   |
| ▪ | maintaining a clear understanding of the Company, including its strategic and financial plans and objectives, emerging trends and issues, significant strategic initiatives and capital allocations and expenditures, risks and management of those risks, internal systems, processes and controls, compliance with applicable laws and regulations, governance, audit and accounting principles and practices;   |
| ▪ | preparing for each Board and Committee meeting by reviewing materials that have been provided in a timely manner and requesting, where appropriate, information that will allow the Director to properly participate in the Board's deliberations, make informed business judgments; and exercise oversight;   |
| ▪ | absent a compelling reason, attending every Board and Committee meeting, and actively participating in deliberations and decisions. When attendance is not possible a Director should become familiar with the matters to be covered at the meeting. If the Director is unable to attend the Board Meeting, they should endeavour to discuss the Agenda of the Meeting with the Chair prior to the Board Meeting so that the Chair can convey to the remainder of the Board any issues or concerns the absent Board Member may have; |
| ▪ | voting on all decisions of the Board or its Committees, except when a conflict of interest may exist;  |
| ▪ | preventing personal interests from conflicting with, or appearing to conflict with, the interests of the Company and disclosing details of such conflicting interests should they arise;   |
| ▪ | acting in the highest ethical manner and with integrity in all professional dealings.  |

### **CHARTER REVIEW**

The Board will annually review and reassess the adequacy of this Charter for the Board.

### **ADOPTION**

This Charter for the Board was adopted by the Board on 9 November 2016.

## 2.2            CODE OF BUSINESS CONDUCT & ETHICS

### INTRODUCTION

The Code of Business Conduct and Ethics (the “Code”) has been adopted by the Board of Directors of the Company. This Code embodies the commitment of the Company and any subsidiaries (collectively referred to as “Ardea Resources”) to conduct our business in accordance with all applicable laws, rules and regulations and high ethical standards. The actions of all the Company’s employees, officers and Directors shall reflect honesty, integrity and impartiality that is beyond doubt and that all business should be done in a manner that:

- complies with applicable laws, rules and regulations;
- avoids conflicts of interest;
- protects confidential information, in accordance with the Company’s confidentiality policy;
- adheres to good disclosure practices, in accordance with applicable legal and regulatory requirements.

The Company encourages all employees, officers and Directors to submit good faith complaints or concerns regarding Accounting Concerns as defined in the Whistle Blower Policy presented in this manual of the Company without fear of reprisal.

Those who violate the standards in this Code will be subject to disciplinary action, up to and including termination. If a situation exists or arises where an employee is in doubt, the employee should seek the advice from Audit Committee Chair as established by the Company.

#### **1. Compliance with Laws, Rules and Regulations**

The Company is committed to compliance with all applicable laws, rules, and regulations in each jurisdiction in which it does business. All employees, officers and Directors must respect and obey the laws, rules and regulations of the cities, states and countries in which we operate. Employees, officers and Directors should educate themselves on the laws, rules and regulations that govern their work, and seek advice from supervisors, managers or other appropriate individuals at the Company.

Employees, officers and Directors who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of our business. All non-public information about the Company (or about any other company) should be considered confidential information. To use non-public information for personal financial benefit or to “tip” others, including family members, who might make an investment decision on the basis of this information, is not only unethical but also illegal. The Company has adopted an Insider Trading Policy in order to prevent improper trading of securities of the Company and the improper communication of undisclosed material information. All employees, officers and Directors are expected to thoroughly understand and comply with such policy.

#### **2. Conflicts of Interest**

All employees, officers and Directors have an obligation to act in the best interests of the Company. Conflicts of interest can occur when an employee, officer or Director has a private interest in the outcome of a decision, or takes actions that make it difficult to perform his or her work objectively and effectively. Conflicts of interest may also arise when an employee, officer or Director (or immediate family member), receives improper personal benefits as a result of the position of such employee, officer or Director with the Company. Loans to, or guarantees of obligations of, employees, officers, Directors and their family members may create conflicts of interest and so are not condoned. All employees shall not engage in any outside work or business undertaking that interferes with the performance of their duties as employees of the Company, and are not allowed to work

for a competitor or potential competitor as an employee, consultant or Board member unless specifically authorised by the Chair of the Board.

The Company respects the right of officers and Directors to take part in financial, business or other activities outside of their position with the Company; however, the Company's officers and Directors must not serve as officers or Directors, or work as employees or consultants for, a direct competitor or an actual or potential business partner of the Company, without prior written approval of the Chair of the Board.

The Company's employees and Directors may not invest in or trade in shares of a direct competitor or an actual or potential business partner of the Company, where such investment or trading may appear or tend to influence business decisions or compromise independent judgment. This prohibition does not apply to shares of a publicly traded company where such investment or trading relates to less than five percent of its issued shares. However, investing or trading in the Company's competitors or business partners remains subject to applicable laws and regulations regarding insider trading, including prohibitions against trading in possession of material non-public information regarding such companies, whether such information is gained in the course of employment with the Company or otherwise.

If a conflict of interest exists, and there is no failure of good faith on the part of the employee, officer or Director, the Company may allow a reasonable amount of time for the employee, officer or Director to correct the situation in order to prevent undue hardship or loss. However, all decisions in this regard will be in the discretion of the Chair of the Board, whose primary concern in exercising such discretion will be in the best interests of the Company.

If you are aware of a conflict or potential conflict of interest, as an employee you should bring the matter to the attention of a supervisor or manager. If you are aware of a conflict or potential conflict as an officer or Director, you should promptly bring the matter to the Board of Directors, the Chair of the Board or the Chair of the Nominating and Corporate Governance Committee.

### **3. Confidentiality**

To avoid a breach of confidentiality, all employees, officers and Directors should maintain all confidential information in strict confidence, except when disclosure is authorised by the Company or is legally mandated. Confidential information includes, among other things, any non-public information concerning the Company, including its business, financial performance, results or prospects, and any non-public information provided by a third party with the expectation that the information will be kept confidential and used solely for the business purpose for which it was conveyed. The obligation to keep information confidential also extends beyond your employment or Directorship with the Company.

### **4. Corporate Opportunities**

Employees, officers and Directors are prohibited from taking for themselves, personally or for the benefit of others, opportunities that are discovered through the use of corporate property, information or position, except to the extent that a waiver has been granted under Section 9 of this Code. No employee, officer or Director may use corporate property, information, or position for improper personal gain or for the improper personal gain of others, and no employee, officer or Director may compete with the Company directly or indirectly. Employees, officers and Directors owe a duty to the Company to advance the company's interests when the opportunity to do so arises.

### **5. Protection and Proper Use of Company Assets**

All employees, officers and Directors should protect the Company's assets and ensure their efficient use. The Company's assets should be protected from loss, damage, theft, misuse, and waste. Company assets include your time at work and work product, as well as the Company's equipment and vehicles, computers and software, trading and bank accounts, Company information and the Company's reputation, trademarks and name. The

Company's telephone, email, voicemail and other electronic systems are primarily for business purposes. Personal communications should be kept to a minimum. Unauthorised use or distribution of this information would violate Company policy. It is also illegal and could result in civil or even criminal penalties.

## **6. Competition and Fair Dealing**

Each employee, officer and Director should endeavor to deal fairly with the Company's counterparties, suppliers, competitors and employees. The Company seeks to outperform its competition in a fair and honest manner. No employee, officer or Director should take unfair advantage of anyone through unlawful manipulation or concealment, abuse of privileged information, misrepresentation of material facts or any other intentional unfair-dealing practice. Each employee is required to maintain impartial relationships with Company suppliers and customers. Any gifts provided to Company suppliers and customers must not be excessive in value, and must be approved in advance by the Chair of the Board.

## **7. Employee Harassment and Discrimination**

The Company is committed to fair employment practices in which all individuals are treated with dignity and respect. The Company will not tolerate any type of illegal discrimination or harassment. The Company expects that all relationships among persons in the workplace will be professional and free of bias and harassment.

## **8. Environmental, Safety, and Occupational Health Practices**

The Company believes that sound environmental, safety and occupational health management practices are in the best interests of the Company, its employees, its shareholders and the communities in which it operates. The Company is committed to conducting its business in accordance with recognised industry standards and to meeting or exceeding all applicable environmental and occupational health and safety laws and regulations. Achieving this goal is the responsibility of all employees, officers and Directors.

## **9. Waivers of the Code**

From time to time, the Company may waive certain provisions of this code. Waivers generally may only be granted by the Board. However any waiver of the provisions of this Code for officers, Directors, including the Managing Director and Chief Financial Officer may be made only by the Board of Directors or a Committee of the Board and will be disclosed to shareholders as required by applicable rules and regulations.

### **CODE REVIEW**

The Board will annually review and reassess the adequacy of this policy and submit any recommended changes to the Board for approval.

### **ADOPTION**

This Policy was adopted by the Board on 9 November 2016.

## **2.3 POSITION DESCRIPTION FOR MANAGING DIRECTOR**

The Managing Director's primary role is to take overall supervisory and managerial responsibility for the day to day operations of the Company's business and to manage the Company in an effective, efficient and forward-looking way and to fulfill the priorities, goals and objectives determined by the Board in the context of the Company's strategic plans, budgets and responsibilities set out below, with a view to increasing shareholder value. The Managing Director is responsible to the Board.

Without limiting the foregoing, the Managing Director is responsible for the following:

- a) develop and maintain the Company's goal to operate to the highest standards of the industry;
- b) maintain and develop with the Board strategic plans for the Company and implement such plans to the best abilities of the Company;
- c) provide quality leadership to the Company's staff and ensure that the Company's human resources are managed properly;
- d) provide high-level policy options, orientations and discussions for consideration by the Board;
- e) together with any special committee appointed for such purpose, maintain existing and develop new strategic alliances and consider possible merger or acquisition transactions with other mining companies which will be constructive for the Company's business and will help enhance shareholder value;
- f) provide support, co-ordination and guidance to various responsible officers and managers of the Company;
- g) ensure communications between the Company and major stakeholders, including and most importantly the Company's shareholders, are managed in an optimum way and are done in accordance with applicable securities laws;
- h) provide timely strategic, operational and reporting information to the Board and implement its decisions in accordance with good governance, with the Company's policies and procedures, and within budget;
- i) act as an entrepreneur and innovator within the strategic goals of the Company;
- j) co-ordinate the preparation of an annual business plan or strategic plan;
- k) ensure appropriate governance skills development and resources are made available to the Board;
- l) provide a culture of high ethics throughout the organization; and
- m) take primary responsibility for the administration of all of the Company's sub-areas and administrative practices.

## **2.4 POSITION DESCRIPTION FOR CHAIR OF THE BOARD**

### **PURPOSE**

Unless specifically and unanimously sanctioned by other Directors, the Chair of the Board shall be an independent Director who is designated by the full Board to act as the leader of the Board.

### **WHO MAY BE CHAIR**

The Chair will be selected annually at the first meeting of the Board following the annual general meeting of shareholders.

## RESPONSIBILITIES

The following are the responsibilities of the Chair. The Chair may delegate or share, where appropriate, certain of these responsibilities with any other independent committee of the Board:

- a) Chairing all meetings of the Board in a manner that promotes meaningful discussion.
- b) Providing leadership to the Board to enhance the Board's effectiveness, including:
  - i) Ensuring that the responsibilities of the Board are well understood by both management and the board;
  - ii) Ensuring that the Board works as a cohesive team with open communication;
  - iii) Ensuring that the resources available to the Board (in particular timely and relevant information) are adequate to support its work;
  - iv) Ensuring that a process is in place by which the effectiveness of the Board and its committees (including size and composition) is assessed at least annually; and
  - v) Ensuring that a process is in place by which the contribution of individual Directors to the effectiveness of the Board is assessed at least annually.
- c) Managing the Board, including:
  - i) Preparing in consultation with the Managing Director the agenda of the Board meetings and ensuring pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;
  - ii) Adopting procedures to ensure that the Board can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;
  - iii) Ensuring meetings are appropriate in terms of frequency, length and content;
  - iv) Ensuring that, where functions are delegated to appropriate committees, the functions are carried out and results are reported to the Board;
  - v) Ensuring that a succession planning process is in place to appoint senior members of management when necessary;
  - vi) Together with any special committee appointed for such purpose, approaching potential candidates once potential candidates are identified, to explore their interest in joining the Board and proposing new nominees for appointment to the Board and its committees; and
  - vii) Ensuring procedures are established to assess and recommend new nominees for appointment to the Board and its committees.
- d) Acting as liaison between the Board and management to ensure that relationships between the Board and management are conducted in a professional and constructive manner.

- e) At the request of the Board and jointly with the Managing Director, representing the Company to external groups such as shareholders and other stakeholders, including community groups and governments.

#### **REVIEW**

The Corporate Governance and Nominating Committee will annually review and reassess the adequacy of these position descriptions and submit any recommended changes to the Board for approval.

#### **ADOPTION**

This Policy was adopted by the Board on 9 November 2016.

### **3. AUDIT COMMITTEE CHARTER**

#### **CHARTER**

The Audit Committee ("Committee") is a committee of the board of Directors of the Company ("the Board"). Its primary function shall be to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting and disclosure requirements, the overall maintenance of the systems of internal controls that management have established and the overall responsibility for the Company's external and internal audit processes.

The Committee shall have the power to conduct or authorise investigations into any matter within the scope of this Charter. It may request any officer or employee of the Company, its external legal counsel or external auditor to attend a meeting of the Committee or to meet with any member(s) of the Committee.

The Committee shall be accountable to the Board. In the course of fulfilling its specific responsibilities hereunder, the Committee shall maintain an open communication between the Company's outside auditor and the Board.

The responsibilities of a member of the Committee shall be in addition to such member's duties as a member of the Board.

The Committee has the duty to determine whether the Company's financial disclosures are complete, accurate, are in accordance with international financial reporting standards and fairly present the financial position and risks of the organization. The Committee should, where it deems appropriate, resolve disagreements, if any, between management and the external auditor, and review compliance with laws and regulations and the Company's own policies.

The Committee will provide the Board with such recommendations and reports with respect to the financial disclosures of the Company as it deems advisable.

#### **MEMBERSHIP AND COMPOSITION**

The Committee shall consist of at least three Directors who shall serve on behalf of the Board of which all Directors are independent. Currently the Committee will consist of the full board and this will be changed when the Company is of sufficient size to justify the appointment of additional independent directors

A majority of Members will constitute a quorum for a meeting of the Committee.

The Board will appoint one Member to act as the Chair of the Committee. In his or her absence, the Committee may appoint another person provided a quorum is present. The Chair will appoint a secretary of the meeting, who need not be a member of the Committee and who will maintain the minutes of the meeting.

#### **MEETINGS**

At the request of the external auditor, the Managing Director or the Chief Financial Officer of the Company or any member of the Committee, the Chair will convene a meeting of the Committee. In advance of every meeting of the Committee, the Chair, with the assistance of the Chief Financial Officer, will ensure that the agenda and meeting materials are distributed in a timely manner and no less than five (5) business days before the meeting.

The Committee shall meet no less than two (2) times per year or more frequently if circumstances or the obligations require.

## DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee shall be as follows:

### Financial Reporting and Disclosure

- i. Review and discuss with management and the external auditor at the completion of the annual examination:
  - a. the Company's audited financial statements and related notes;
  - b. the external auditor's audit of the financial statements and their report thereon;
  - c. any significant changes required in the external auditor's audit plan;
  - d. any serious difficulties or disputes with management encountered during the course of the audit; and
  - e. other matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards.
- ii. Review and discuss with management and the external auditor at the completion of any review engagement or other examination, the Company's quarterly financial statements.
- iii. Review, discuss with management the annual reports, the quarterly reports, the Management Discussion and Analysis, Annual Information Form, prospectus and other disclosures, if applicable, and, if thought advisable, recommend the acceptance of such documents to the Board for approval.
- iv. Review and discuss with management any guidance being provided to shareholders on the expected future results and financial performance of the Company and provide their recommendations on such documents to the Board.
- v. Inquire of the auditors the quality and acceptability of the Company's accounting principles, including the clarity of financial disclosure and the degree of conservatism or aggressiveness of the accounting policies and estimates.
- vi. Meet independently with the external auditor and management in separate executive sessions, as necessary or appropriate.
- vii. Ensure that management has the proper systems in place so that the Company's financial statements, financial reports and other financial information satisfy legal and regulatory requirements. Based upon discussions with the external auditor and the financial statement review, if it deems appropriate, recommend to the Board the filing of the audited annual and unaudited quarterly financial statements.
- viii. Oversee and enforce Company's public disclosure practices.

### EXTERNAL AUDITOR

- i. Consider, in consultation with the external auditor, the audit scope and plan of the external auditor.
- ii. Recommend to the Board of Directors the external auditor to be nominated and review the performance of the auditor, including the lead partner of the external auditor.
- iii. Confirm with the external auditor and receive written confirmation at least once per year as to disclosure of any investigations or government enquiries, reviews or investigations of the outside auditor.

- iv. Take reasonable steps to confirm the independence of the external auditor, which shall include:
  - a. ensuring receipt from the external auditor of a formal written statement delineating all relationships between the external auditor and the Company, consistent with generally accepting auditing practices,
  - b. considering and discussing with the external auditor any disclosed relationships or services, including non-audit services, that may impact the objectivity and independence of the external auditor, and
  - c. approve in advance any non-audit related services provided by the auditor to the Company with a view to ensuring independence of the auditor, and in accordance with any applicable regulatory requirements.

#### **INTERNAL CONTROLS AND AUDIT**

- i. Review and assess the adequacy and effectiveness of the Company's systems of internal and management information systems through discussion with management and the external auditor to ensure that the Company maintains appropriate systems, is able to assess the pertinent risks of the Company and that the risk of a material misstatement in the financial disclosures can be detected.
- ii. Assess the requirement for the appointment of an internal auditor for the Company.
- iii. Inquire of management and the external auditor about the systems of internal controls that management and the Board of Directors have established and the effectiveness of those systems. In addition, inquire of management and the external auditor about significant financial risks or exposures and the steps management has taken to minimise such risks to the Company.

#### **CHARTER REVIEW**

The Committee will annually review and reassess the adequacy of this policy and submit any recommended changes to the Board for approval.

#### **ADOPTION**

This Policy was adopted by the Board on 9 November 2016.

## **4. CORPORATE GOVERNANCE & NOMINATING COMMITTEE CHARTER**

### **PURPOSE**

The Corporate Governance and Nominating Committee (the "Committee") is a standing committee of the Board of Directors of Ardea Resources Ltd. (the "Company"). The purpose of the Committee is to identify individuals qualified to become members of the Board of Directors consistent with criteria approved by the Board of Directors, to recommend to the Board of Directors nominees for election to the Board of Directors at each annual meeting of shareholders or to fill vacancies on the Board of Directors and to address related matters. The Committee shall also develop and recommend to the Board of Directors corporate governance principles applicable to the Company and be responsible for leading the annual review of the performance of the Board of Directors.

### **COMPOSITION**

1. The Committee shall consist of not less than three and not more than six members.
2. Each Committee member shall be independent according to the independence standards established by the Board of Directors, and all applicable corporate and securities law and stock exchange listing standards, however with the current Board the Committee will be made up of the full Board until such time as the Company grows and appoints additional independent Directors.
3. The Board of Directors shall appoint the Chair of the Committee and the Secretary of the Company shall be the Secretary of the Committee.

### **MEETINGS**

1. A majority of the members of the Committee shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members present at a meeting duly called and held. All Committee members are expected to attend each meeting, in person or via tele- or video-conference. Any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee shall be fully as effective as if it had been made at a meeting duly called and held.
2. The Committee may invite such officers, Directors and employees of the Company as it may see fit from time to time to attend meetings of the Committee and assist in the discussion and consideration of the duties of the Committee.
3. The time at which and place where the meetings of the Committee shall be held and the calling of meetings and the procedure in all things at such meetings shall be determined by the Committee. Following a Committee meeting, the Committee Chair shall report on the Committee's activities to the Board of Directors at the next Board of Directors meeting. The Committee shall keep and approve minutes of its meetings in which shall be recorded all action taken by it, which minutes shall be available as soon as practicable to the Board of Directors and in any event prior to the following Board or Committee meeting.

### **CHAIR**

The Chair of the Committee shall have the duties and responsibilities set forth in Appendix "A"

### **RESPONSIBILITIES**

#### **CORPORATE GOVERNANCE**

1. The Committee is responsible for all matters relating to the governance of the Company and for reporting and making recommendations to the Board of Directors regarding such matters. Without limiting the generality of the foregoing, the Committee shall have the following duties:
  - a) Develop and recommend to the Board of Directors a set of corporate governance principles applicable to the Company;
  - b) Annually review the corporate governance principles and policies of the Company and, as appropriate, recommend changes to such principles and policies to the Board of Directors or management;
  - c) Annually review compliance by the Company with all applicable regulatory requirements relating to corporate governance;
  - d) Review, as appropriate, corporate governance issues, trends and proposed, new or amended regulatory requirements;
  - e) Review, at least annually, the Committee structure of the Board of Directors and the operations (including Committee reporting to the Board of Directors and authority to delegate to subcommittees) of such Committees and, as appropriate, recommend to the Board of Directors changes to such structure and operations;
  - f) Advise the Board of Directors with respect to the charters, structure and operations of the various Committees of the Board of Directors and qualifications for membership thereon, including policies for removal of members. In consultation with the Chair of the Board of Directors and the Managing Director of the Company, the Committee shall also make recommendations to the Board of Directors regarding which Directors should serve on the various Committees of the Board of Directors;
  - g) Review any written shareholder proposal received by the Company and recommend to the Board of Directors the Company's response; and
  - h) Review proposed annual corporate governance disclosure before submission to the Board of Directors for approval.
2. The Committee is responsible for all matters relating to Director recruitment, Director orientation and continuing education, and for the regular evaluation of the Board of Directors. Without limiting the generality of the foregoing, the Committee shall have the following duties:
  - a) Regarding Director recruitment the Committee should, in the discharge of its duties:
    - i. review each year the composition of the Board and general and specific criteria applicable to candidates to be considered for nomination to the Board. The objective of this review will be to maintain the composition of the Board in a way that provides the best mix of diversity, skills and experience to guide the long term strategy and ongoing business operations of the Company. This review will also take into account the desirability of maintaining a reasonable diversity of personal characteristics such as age, gender, geographic origin, etc. among the Directors, while at the same time maintaining common characteristics such as personal integrity, good judgment, high ethics and standards, outstanding ability in their individual fields of expertise and a willingness to devote necessary time to Board matters;

- ii. in consultation with the Board of Directors and the Managing Director and, on an ongoing basis, maintain a database of potential candidates. All Directors are actively encouraged to identify potential candidates and provide their names and such supporting material as appropriate to the Board Chair or Chair of the Corporate Governance and Nominating Committee;
    - iii. implement a procedure to identify, with as much advance notice as practicable, impending vacancies on the Board of Directors, so as to allow sufficient time for recruitment and for introduction of proposed nominees to the existing Board of Directors;
    - iv. develop a list of qualified candidates and arrange for each candidate to meet with the Committee, the Chair of the Board of Directors and the Managing Director;
    - v. recommend to the Board of Directors as a whole proposed nominee(s) for the next annual meeting of the shareholders and arrange for their introduction to as many members of the Board of Directors as practicable;
    - vi. ensure that prospective candidates are informed of the degree of energy and commitment the Company expects of its Directors; and
    - vii. encourage diversity in the composition of the Board of Directors.
  - b) Exercise oversight of the policies and processes adopted by it or the Board of Directors relating to Director orientation and continuing education.
  - c) Exercise oversight of the processes adopted by the Board of Directors for evaluating (i) the overall performance and workings of the Board of Directors as a whole; (ii) and the performances of individual Directors.
3. The Committee shall also carry out such other duties that may be delegated to it by the Board of Directors from time to time.
  4. The Committee may delegate from time to time any of its responsibilities to a subcommittee comprised of one or more members of the Committee.
  5. In the discharge of its duties the Committee has sole authority to retain and terminate any outside advisors. Without limiting the generality of the foregoing, the Committee has sole authority to retain and terminate any search firm used to identify Director candidates, including sole authority to approve the search firm's fees and other retention terms.

#### **OTHER**

The Committee shall conduct an evaluation of the Committee's performance and this Corporate Governance and Nominating Committee Charter, including Appendix "A" attached hereto, at least annually, and recommend to the Board of Directors such Committee Charter changes as the Committee deems appropriate.

Authority to make minor technical amendments to this Committee Charter is hereby delegated to the Secretary of the Company, who will report any amendments to the Board of Directors at its next meeting.

APPENDIX "A"

ARDEA RESOURCES LTD

Corporate Governance and Nominating Committee Chair Position Description

In addition to the duties and responsibilities set out in the Board of Directors Charter and any other applicable charter, mandate or position description, the chair (the "Chair") of the Corporate Governance and Nominating Committee (the "Committee") of Ardea Resources Ltd (the "Company") has the duties and responsibilities described below

1. Provide overall leadership to enhance the effectiveness of the Committee, including:
  - a) overseeing the structure, composition, membership and activities delegated to the Committee;
  - b) chairing every meeting of the Committee and encouraging free and open discussion at meetings of the Committee;
  - c) scheduling and setting the agenda for Committee meetings with input from other Committee members, the Chair of the Board of Directors and management as appropriate;
  - d) facilitating the timely, accurate and proper flow of information to and from the Committee;
  - e) arranging for management, internal personnel, external advisors and others to attend and present at Committee meetings as appropriate;
  - f) arranging sufficient time during Committee meetings to fully discuss agenda items;
  - g) encouraging Committee members to ask questions and express viewpoints during meetings; and
  - h) taking all other reasonable steps to ensure that the responsibilities and duties of the Committee, as outlined in its Charter, are well understood by the Committee members and executed as effectively as possible.
2. Foster ethical and responsible decision making by the Committee and its individual members.
3. Encourage the Committee to meet in separate, regularly scheduled, non-management, closed sessions with internal personnel or external advisors, as needed or appropriate.
4. Following each meeting of the Committee, report to the Board of Directors on the activities, findings and any recommendations of the Committee.
5. Carry out such other duties as may reasonably be requested by the Board of Directors.

## 5. REMUNERATION COMMITTEE CHARTER

### REMUNERATION COMMITTEE

The Remuneration Committee (hereinafter referred to as the "Committee") of Ardea Resources Ltd ("the Company") shall assist the Company's Board of Directors (the "Board of Directors" or "Board") in its oversight role with respect to (i) the Company's global human resource strategy, policies and programs, and (ii) all matters relating to the proper utilization of human resources within the Company, with special focus on management succession, development and compensation.

### STRUCTURE AND OPERATIONS

The Committee shall be composed of not less than three Directors, all of whom shall satisfy the applicable independence and experience requirements of the laws governing the Company, the applicable stock exchanges on which the Company's securities are listed and applicable securities regulatory authorities. The current Committee will be made up of the full Board until such time as the Company reaches sufficient size and complexity that it appoints additional independent Directors.

Each member shall continue to be a member of the Committee until a successor is appointed, unless the member resigns, is removed or ceases to be a Director. The Board of Directors may fill a vacancy that occurs in the Committee at any time.

The Board of Directors or, in the event of its failure to do so, the members of the Committee, shall appoint or reappoint, at the annual meeting of the Company a Chair among their number. The Chair shall not be a former officer of the Company. Such Chair shall serve as a liaison between members and senior management.

The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members therefore provided that:

- a) a quorum for meetings shall be at least **two** members;
- b) the Committee shall meet at least once a year;
- c) notice of the time and place of every meeting shall be given in writing or by telephone, facsimile, email or other electronic communication to each member of the Committee at least 5 days in advance of such meeting;
- d) a resolution in writing signed by all Directors entitled to vote on that resolution at a meeting of the Committee is as valid as if it had been passed at a meeting of the Committee.

### SPECIFIC DUTIES

The Committee responsibilities shall include reviewing succession and leadership plans and making appropriate recommendations to the Board of Directors at least annually regarding the appointment, succession and remuneration of the Company's senior officers and non-executive Directors. The Committee shall review as necessary any recommendations of officer appointments or terminations. The Committee shall also review at least annually the assessment of the performance of the senior executives.

The Committee shall:

- a) review and make recommendations to the Board of Directors at least annually regarding the Company's remuneration and compensation policies, including short and long-term

incentive compensation plans and equity-based plans, bonus plans, superannuation/pension plans (if any), executive stock option plans and grants and benefit plans;

- b) have sole authority to retain and terminate any compensation consultant to assist in the evaluation of Director compensation, including sole authority to approve fees and other terms of the retention;
- c) review and approve at least annually all compensation arrangements with the senior executives of the Company;
- d) review and approve at least annually all compensation arrangements with the Directors of the Company; and
- e) review the executive compensation sections disclosed in the management information circular distributed to the shareholders, including the Report on Executive Compensation, the Statement of Officers Compensation, Employment Agreements, Stock Option Plans, and Options granted during the most recently completed financial year.

#### **INDEPENDENT ADVISORS**

The Committee shall have the authority to retain such independent advisors as it may deem necessary or advisable for its purposes. To eliminate any conflict of interest, review of the remuneration of non-executive Board members should be performed by independent advisors. The expenses related to such engagement shall be funded by the Company.

#### **CHARTER REVIEW**

The Committee will annually review and reassess the adequacy of this policy and submit any recommended changes to the Board for approval.

#### **ADOPTION**

This Policy was adopted by the Board on 9 November 2016.

## 6. EXTERNAL COMMUNICATION POLICY

### 6.1 DEFINITIONS

For the purposes of this Policy:

- **ASX** means the Australian Securities Exchange.
- **Board** means Ardea's Board of Directors.
- **Corporations Act** means the *Corporations Act 2001* (Cth).
- **Designated Spokesperson** has the meaning given under cl 6.2.

### 6.2 DESIGNATED SPOKESPERSON

Ardea designates a limited number of spokespersons to be responsible for communication with the investment community, regulators or the media (**Designated Spokesperson**). The matrix below specifies which authorised spokespersons may discuss material information with the institutional and individual investment community:

**MATRIX OF DELEGATED AUTHORITIES**

|                    | Communicate on behalf of Ardea to: |          |              |
|--------------------|------------------------------------|----------|--------------|
|                    | Media                              | Analysts | Shareholders |
| Directors          | No                                 | Yes (2)  | Yes (1)      |
| Chairman           | No                                 | Yes (2)  | Yes (1)      |
| Managing Director  | Yes (1)                            | Yes (2)  | Yes (1)      |
| Executive Staff:   |                                    |          |              |
| CFO & Co Secretary | No                                 | Yes (2)  | Yes (2)      |
| General Manager    | No                                 | No       | No           |
| Executive PA       | No                                 | No       | No           |

#### Notes:

1. ASX announcements to be reviewed by Chairman and Managing Director and the Board, before being released to ASX.
2. Comments or feedback on analyst reports to be reviewed by the Chairman and the Managing Director before being provided

#### 6.2.1 DELEGATED AUTHORITY

Individuals holding offices with delegated authority may, from time to time, designate others within Ardea to speak on behalf of Ardea as back-ups or to respond to specific inquiries, including but not limited to an investor conference, a group meeting or a one-on-one meeting. Following the occurrence of the limited, specific communication, the employee's authorisation shall expire.



## **6.2.2 WHAT IF I AM NOT AUTHORISED?**

Employees who are not authorised spokespersons must not respond under any circumstances to enquiries from the investment community, the media or others, unless specifically asked to do so by an authorised spokesperson. Employees and company representatives (other than the above authorised spokespersons) receiving any enquiries from the investment community shall not respond to such inquiries other than to refer the enquirer to the Managing Director.

## **6.3 NEWS RELEASES**

Annual and interim financial results will be publicly released following Board approval of the financial statements. The default method of receiving Ardea's annual report is electronically (on the ASX's website or by email). A printed copy of the annual report is sent to shareholders who elect to receive one by contacting Ardea's share registry.

News releases may be disseminated through an approved news service that provides simultaneous national and/or international distribution. News releases will also be posted on Ardea's website and are to be made subject to the general legal disclaimer provisions posted on the website.

## **6.4 ASX ANNOUNCEMENTS**

Ardea makes announcements to the ASX in accordance with the Listing Rules and the Corporations Act. Announcements made by Ardea to the ASX are, subject to applicable securities laws, available to shareholders:

- (a) on the 'Investor' section of Ardea's website;
- (b) under the 'Company Announcements' section of the ASX website; and
- (c) by email notification (when shareholders provide Ardea with their email address and elect to be notified of all Ardea's announcements by email).

## **6.5 ANNUAL GENERAL MEETINGS**

- (a) The notice of meeting will be distributed to all shareholders prior to Ardea's annual general meetings within the timeframe set by the Corporations Act and the Ardea's constitution;
- (b) Shareholders at the annual general meeting are encouraged to ask both Ardea and its auditor questions regarding the Ardea's governance and business. Shareholders may attend the meeting in person (including by any relevant technological means made available by Ardea) or by proxy, representative or attorney;
- (c) In addition, the chairman's address to the annual general meeting and presentations used will be made available on Ardea website and with ASX immediately after the annual general meeting.

## **6.6 ANNUAL REPORT**

Ardea's annual report contains key financial information about Ardea, as well as important operating and corporate information. The default method of receiving Ardea's annual report is electronically (on Ardea's website or by email). A printed copy of the annual report is sent to shareholders who elect to receive one by contacting Ardea's share registry.

## **6.7 CORPORATE GOVERNANCE**

- (a) In accordance with Recommendation 6.1 of the ASX Corporate Governance Council Principles and Recommendations, Ardea has a 'Corporate Governance' section on its website;
- (b) Ardea's annual corporate governance statement is prepared in accordance with the Listing Rules. It is contained in or accompanies the annual report each year and also is or will be available under the 'Corporate Governance' section of Ardea's website.

## 6.8 ELECTRONIC COMMUNICATION

Shareholders may opt to receive communications from, and send communications to Ardea and its security registry electronically, by contacting the Company Secretary or Ardea's share registry as applicable.

## 6.9 CONTACT WITH ANALYSTS, INVESTORS AND THE MEDIA

### 6.9.1 DISCLOSURE TO ANALYSTS, INVESTORS AND THE MEDIA

Disclosure in individual or group meetings does not constitute adequate disclosure of information that is considered material non-public information. If Ardea intends to announce material information at an analyst or shareholder meeting or a press conference or conference call, the announcement must be preceded by a news release.

Ardea recognises that meetings with analysts and significant investors are an important element of investor relations. Ardea will meet with analysts and investors on an individual or small group basis as needed from time to time to discuss matters concerning Ardea that have been released to the market. Ardea will initiate contact or respond to analyst and investor calls in a timely, consistent and accurate fashion in accordance with this disclosure policy. Ardea's policy at these meetings is that:

- (a) any material information being presented to analysts or investors must first be provided to the relevant Designated Spokesperson for approval;
- (b) all investors are to be treated in a balanced and fair fashion and one-on-one and group briefings between Ardea and analysts or investors must be restricted to discussions of previously disclosed information;
- (c) in responding to an analyst or investor query, only previously disclosed information may be discussed and all responses must be factual and balanced;
- (d) any questions raised in relation to price sensitive issues not already disclosed to the market will not be answered or will be taken on notice; and
- (e) if a question is taken on notice and the answer would involve the release of price sensitive information, the information must be released through the ASX before responding.

Ardea will provide only non-material information through individual and group meetings, in addition to regular publicly disclosed information, recognizing that an analyst or investor may construct this information into a mosaic that could result in material information. Ardea cannot alter the materiality of information by breaking down the information into smaller, non-material components.

The relevant Designated Spokesperson will keep a record of meetings with analysts and investors. At or after meetings, the relevant Designated Spokesperson must consider the matters discussed at the meetings to ascertain whether any price sensitive information was inadvertently disclosed and notify the Company Secretary accordingly.

### 6.9.2 REVIEWING ANALYSTS REPORTS AND MODELS

It is Ardea's policy to review, upon request, analysts' draft research reports or models. Draft analyst reports and financial models may be reviewed and commented upon only by the authorised spokespersons for disclosures to the investment community. Ardea comments on these drafts will be limited to the following:

- Corrections of inaccurate historical public information;
- Deviations from information and projections Ardea has publicly issued, specifying, without reaffirming, the date and/or occasion of such issuance;
- Non-material information, whether in the public domain or not; and
- Industry-related information

It is Ardea's policy, when an analyst enquires with respect to his/her estimates, to question an analyst's assumptions if the estimate is a significant outlier among the range of estimates and/or Ardea's published financial guidance.

Ardea will limit its comments in responding to such inquiries to non-material information. Ardea will not confirm, or attempt to influence, an analyst's opinions or conclusions. It should specifically be noted that Ardea has not undertaken the obligation to update any forward-looking statement that it makes or has made, and that Ardea, as a matter of policy, does not "embrace," "endorse" or state that it "is comfortable with" any analyst's report and/or financial model as a result of Ardea's review process. In order to avoid appearing to endorse an analyst's report or model, Ardea will provide its comments orally or will attach a disclaimer to written comments to indicate the report was reviewed only for factual accuracy.

### **6.9.3 DISTRIBUTING ANALYSTS REPORTS**

Analyst reports are proprietary products of the analyst's firm. Ardea may post on its website a complete list, regardless of the recommendation, of all the investment firms and analysts who provide research coverage on Ardea. If provided, such list will not include links to the analysts' or any other third party web sites or publications. Re-circulating a report by an analyst may be viewed as an endorsement of the report by Ardea. For these reasons, Ardea will not provide analyst reports through any means to persons outside Ardea, including posting such information on its website.

Notwithstanding the foregoing, Ardea will distribute analyst's reports to its Directors and senior officers to monitor communications regarding Ardea, and to assist them in determining how the marketplace values Ardea.

### **6.10 FORWARD-LOOKING INFORMATION**

All public disclosures of forward-looking information, including projections of future earnings or operational performance, shall be accompanied by appropriate cautionary language.

Subsequent disclosures of forward-looking information may only be based upon information Ardea has publicly disclosed, non-material information, whether in the public domain or not, and/or industry-related information, and each case in compliance with the following sentence.

Except to the extent imposed by law, Ardea shall not undertake any obligation to update any forward looking information, and Ardea will not respond, except by means of an appropriate public disclosure (as provided for in this Policy), to any inquiries or rumours seeking reaffirmation of such information at any date subsequent to the date that such information was originally provided.

Should Ardea elect to disclose forward-looking information in continuous disclosure documents, speeches, conference calls, etc.; the following guidelines will be observed:

- The information, if deemed material, will be broadly disseminated in accordance with this disclosure Policy.
- The information will be clearly identified as forward looking.
- Ardea will identify all material assumptions used in the preparation of the forward-looking information.
- The information will be accompanied by a statement that identifies, in very specific terms, the risks and uncertainties that may cause the actual results to differ materially from those projected in the statement, including a sensitivity analysis to indicate the extent to which different business conditions from the underlying assumptions may affect the actual outcome.
- The information will be accompanied by a statement that disclaims Ardea's intention or obligation to update or revise the forward-looking information, whether as a result of new information, future events or otherwise. Notwithstanding this disclaimer, should subsequent events prove past statements about current trends to be materially off target, Ardea may choose to issue a news release explaining the reasons for the difference. In this case, Ardea will update its guidance on the anticipated impact on revenue and earnings (or other key metrics).

If Ardea has issued a forecast or projection in connection with an offering document covered by applicable securities laws, Ardea will update that forecast or projection periodically, as required by applicable securities laws.

## **6.11 MANAGING EXPECTATIONS**

Ardea will try to ensure, through its regular public dissemination of quantitative and qualitative information that analysts' estimates are in line with its own expectations. Ardea will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with analysts' models and earnings estimates. If Ardea has determined that it will be reporting results materially below or above publicly held expectations, it will disclose this information in accordance with this disclosure Policy in order to enable discussion without risk of selective disclosure.

### **POLICY REVIEW**

The Board will annually review and reassess the adequacy of this policy and submit any recommended changes to the Board for approval.

### **ADOPTION**

This Policy was adopted by the Board on 9 November 2016.

## 7. DIVERSITY POLICY

### PURPOSE

Ardea Resources Limited (“Ardea” or “Company”) is committed to equal opportunity and diversity at all levels of its workforce. The Company is also committed to promoting a culture that embraces diversity.

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. There will be a focus on gender diversity throughout the various levels of employment and management in the Company.

We believe that diversity will broaden the pool for recruitment of employees and directors, enhance employee retention, encourage innovation, and ensure that the Company benefits from all available talent. Furthermore, we believe that the promotion of diversity is a socially and economically responsible governance practice.

### OBJECTIVES

The Board will establish measurable objectives for achieving greater diversity and, in particular, gender, age and cultural diversity. The Board shall make an annual assessment of these measurable objectives and the progress made towards achieving them. The objectives and our progress in achieving them will be published in the annual report.

The objectives may include, but are not limited to:

1. promoting the concept of equal opportunity within the Company and that employment, development and promotion are based on merit;
2. ensuring that recruitment of employees and directors is made from a diverse pool of qualified candidates;
3. setting target proportions of women or other groups of individuals within areas of the Company;
4. identifying programmes that assist in the development of a broader pool of skilled and experienced Board candidates including:
  - a. initiatives focused on skills development, such as executive mentoring programmes; and
  - b. career advancement programs to develop skills and experience that prepare employees for senior management and Board positions; and
5. identifying and addressing any workplace behaviour that is inconsistent with the diversity objectives of the Company.

### DISCLOSURE

The Company shall, in its annual report, disclose the proportion of female employees in the organisation, women in senior executive positions and women on the Board.

### POLICY REVIEW

The Board will annually review and reassess the adequacy of this policy and submit any recommended changes to the Board for approval.

**ADOPTION**

This Policy was adopted by the Board on 9 November 2016.

## **8. HEALTH SAFETY, ENVIRONMENT AND COMMUNITY POLICY**

### **8.1 POLICY**

#### **8.1.1 OVERVIEW**

Ardea aspires to zero harm to its employees, the community and the environment through promoting and maintaining a safe and healthy working environment and striving to achieve leading industry practice. Health, Safety, Environment and Community (HSEC) performance of all employees will be assessed and considered in all appointment, promotion and disciplinary decisions. This Policy has been developed to ensure compliance with relevant legislation and will be reviewed to continually improve Ardea's performance. Ardea management will ensure resources are made available to implement the Policy.

#### **8.1.2 WHAT ARE THE OBJECTIVES OF THIS POLICY?**

The objectives of this Policy are:

- Demonstrate the commitment of the Board of Directors and senior management to striving for zero harm in all Ardea activities;
- Prevent workplace accidents, disease and damage to the environment or communities in which we operate;
- Ensure appropriate management systems are implemented and maintained at all sites;
- Encourage a culture of positive responsibility in all employees, contractors and visitors to Ardea sites or premises towards their own safety, the safety of others, protection of the environment and continual improvement through open reporting and thorough investigation of root causes of incidents and accidents to prevent recurrences; and
- Establish and maintain suitable programmes to meet the Policy objectives.

#### **8.1.3 HOW DOES ARDEA ACHIEVE THE OBJECTIVES OF THE POLICY?**

- Implement and maintain work practices which are safe and reduce the risk to health of our employees, the environment and the community;
- Provide training, re-training, information, instruction and supervision for all employees to enable them to perform their work safely and in accordance with all safety and environmental statutory requirements, responsibilities and obligations;
- Ensure contractors adopt and implement HSEC standards at least equal to those of Ardea Resources at our sites;
- Identify, assess and manage risks and hazards to employees, contractors, the environment and our host communities;
- Set and achieve safety and environmental performance targets with continual assessment and improvement of performance year on year;
- Apply a transparent and constructive approach in our daily interactions with stakeholders;

- Minimise the use of consumptive resources and promote the reuse, reduction and recycling of waste products where possible;
- Ensure business activities uphold ethical standards and fundamental human rights including respect for indigenous culture and heritage;
- Encourage diversity in our workforce and provide an environment of mutual trust and respect where employees can realise their potential; and
- Ensure all employees are aligned with our zero harm aspirations and take their HSEC performance into account when considering promotion.

Ardea will strive for excellence in safety and environmental management and firmly believes a safe and healthy work environment that has a minimal and manageable impact on the natural environment will deliver value to all stakeholders.

## **8.2 APPLICATION**

### **8.2.1 WHO DOES THIS POLICY APPLY TO?**

This Policy applies to the following persons who shall be referred to as Personnel for the purposes of this Policy.

#### **(a) Managers**

Managers must ensure that this Policy is effectively communicated, implemented and complied with in their areas, including by training and re-training of employees in health, safety, environmental and community responsibilities.

#### **(b) Employees**

Employees must comply with this Policy to ensure their own health and safety and the health and safety of others in the workplace, as well as exercising prudence with critical environmental resources in order to reduce adverse environmental impacts.

Employees must comply with all lawful directions made by Ardea relating to health, safety and environmental protection, including those relating to methods of work, use of equipment and restricted areas.

#### **(c) Contractors**

Contractors engaged by Ardea working on Ardea's tenements, premises or elsewhere must comply with this Policy and any of Ardea's other health, safety, environment and community policies, procedures and programmes.

#### **(d) Other Persons on Ardea's premises**

All other persons, including short-term site visitors and joint venture partners, on Ardea's tenements, premises or other land controlled or managed by Ardea must comply with this Policy and any of Ardea's other health, safety, environment and community policies, procedures and programmes.

### **8.2.2 WHAT ABOUT WHEN I AM ON-SITE?**

When present on one of Ardea or Ardea's project partners, project sites or camps, the site or camp rules with respect to health and safety will apply to you in precedence to this policy where the two policies are inconsistent.

### 8.3 OCCUPATIONAL HEALTH AND SAFETY REQUIREMENTS

#### 8.3.1 WHO MUST COMPLETE THE GENERAL LEASE INDUCTION?

All Personnel must successfully complete the general lease induction (including components of safety and environment) before commencing work for Ardea.

#### 8.3.2 WHAT PERSONAL PROTECTIVE EQUIPMENT MUST BE USED?

All Personnel must use safety equipment (including personal protective equipment - PPE) as required by Ardea. Individuals working on active exploration and/or mining project sites shall ensure they are issued with and wear the following mandatory clothing:

- Collared, long-sleeved shirt;
- Long pants / trousers; and
- Steel toecap lace-up boots (no elastic sided boots).

Job-specific risks will dictate what specialist PPE is required. Individuals issued with PPE are to ensure it is in good working order, and fitted and worn correctly before commencing work on site. Additional PPE provided by Ardea, as required, includes:

- safety glasses (clear or tinted), goggles and face shields;
- hard hat/ safety helmet;
- ear plugs / ear muffs;
- gloves (rubber/ leather);
- high visibility clothing
- respiratory protection / masks; and
- sunscreen, wide brimmed hats and hard hat brims.

#### 8.3.3 HOW DO YOU ENSURE YOU ARE FIT FOR WORK?

Ardea is committed to ensuring the safety and health of all individuals associated with its operations through various processes of education, awareness, assistance, counselling and, if required, disciplinary procedures. An obligation of all individuals in complying with this commitment is to ensure you are fit for work whilst performing your duties.

An individual's fitness for work may be affected by a variety of reasons including the adverse effects of:

- fatigue;
- emotional distress (such as depression and anxiety);
- injury/illness;
- physical incapacity; and

- alcohol or drugs (over the counter, prescription, illicit or synthetic agent compounds).

These factors can lead to major deficiencies in an individual's work performance and can be a contributing factor in workplace accidents.

### **Fatigue, Stress and other Non Drug and Alcohol-Related Issues**

The following directives are to be followed to ensure you remain fit for work and do not allow fatigue, stress and other non-drug and alcohol-related issues to affect your work performance:

- Fatigue, associated with or caused by physical exertion, mental exertion, or inadequate or disturbed sleep, the use of prescription or non-prescription medications and medical conditions must be avoided wherever possible.
- Individuals should not work more than 14 hours continuously unless assessed and authorised by your manager;
- Unless extenuating circumstances exist, you should have a break of at least 10 hours between rostered shifts;
- You should not work more than 14 consecutive shifts without a 24-hour break unless assessed and authorised by your manager.
- Individuals who feel seriously fatigued, stressed (as manifested in high levels of anxiety, tension, depression, anger etc.), ill or are suffering from physical incapacity while at work must inform their supervisor and not remain at work if they present a hazard to themselves or others.
- If you have reason to believe a colleague or peer is suffering from fatigue, you should inform that person in an objective manner;
- Individuals may be requested to seek medical and/or psychological assessment where a manager, supervisor or other person in the workplace has reasonable grounds to believe that their fitness for work may be affected by physical or mental illness, injury, stress, fatigue or any other non drug and alcohol related condition. This assessment may also require referral to other professionals for specialist assessment.
- Where an individual has been assessed for a physical or mental illness, injury, stress, fatigue or any other non drug and alcohol related condition, that individual will not be permitted to return to work until they have been appropriately cleared for a return to work under procedures acceptable to Ardea management and/or an Ardea-approved medical physician.

Where you advise your manager prior to commencing a shift that you are not fit for work because of fatigue, stress and other non drug and alcohol-related issues and will not be attending work, you shall take paid sick leave, rostered leave or annual leave (if accrued) or otherwise authorised unpaid leave depending on your entitlements.

### **Illicit, Prescription and Over-the-Counter Drugs**

The use of illicit drugs and the use and/or misuse of prescription and over the counter drugs may have side effects that can adversely affect a person's fitness for work. To minimise any safety risk to that person and other employees, all individuals must:

- Not be at work while adversely affected by any drugs;

- Inform a supervisor if the employee is in any doubt that he/she may not be fit to work due to the use of any drugs;
- Agree to participate in any drug screening process that Ardea management conduct from time to time;
- Follow the direction of a supervisor to leave work if in that person's opinion the employee is adversely affected;
- If using prescription drugs, obtain advice from their medical practitioner as to any side effects, which could impair their ability to work safely; and must advise their manager/supervisor before commencing work. Where necessary, the person's job tasks or working arrangements may be adjusted; and
- If needing to consume a non-prescription or over-the-counter medication, ask their medical practitioner or pharmacist for a medication that will not impair the ability to work safely. If it is necessary for the employee to take a medication, which could impair their ability to work safely, they must do so strictly in accordance with the manufacturer's recommended dosage and must advise their manager/supervisor before commencing work. Where necessary, the employee's job tasks or working arrangements may be adjusted.

If an employee is unable to work due to adverse effects of a drug, he/she will be required to use leave entitlements to cover that period.

Personnel will not be in breach of this Policy for appropriate use of prescription and over the counter drugs.

### Alcohol-Related Issues

Alcohol is the most commonly used drug in Australia and is a depressant drug that slows the brain activity responses and impair coordination. The recent consumption of alcohol may impair a person's ability to safety conduct their duties and therefore makes them unfit for work. To minimise any safety risk to that person and other employees, all individuals must:

- Not be at work while affected by alcohol;
- Inform a supervisor prior to commencing work if there is in any doubt that he/she may not be fit to work due to the recent consumption of alcohol;
- Agree to participate in any breath alcohol concentration (BAC) testing process that Ardea management conduct from time to time; and
- Follow the direction of a supervisor to leave work if in that person's opinion the employee is adversely affected.

"Hangovers" resulting from recent excessive consumption of alcohol may also decrease work performance and increase risk of safety hazards. That is, a person may be impaired and unfit for work, even with a zero BAC.

#### **8.3.4 WHAT PROCESSES DOES ARDEA USE TO ASSESS FITNESS FOR WORK?**

Processes that Ardea use to assess fitness for work include:

- Pre-employment medical examinations;
- Random drug and alcohol testing;
- Informed opinions of Ardea management based on observation of work practices and other behaviours, and following due consultation with the employee; and

- Independent opinions of appropriate medical practitioners (in extreme cases).

Ardea may request a prospective employee to submit themselves for medical fitness examination prior to and as a condition of employment being offered which confirms that an individual is physically able to properly carry out the required duties.

Once employed or engaged, a suitably qualified and trained Ardea representative will conduct drug and alcohol testing and screening on random Personnel at random frequencies. Incident-specific testing and screening will also be undertaken.

BAC will be tested using portable, hand-held, Australian Standards compliant BAC testing equipment in accordance with the manufacturer's instructions. Personnel may also be screened for positive drug exposure. Screening is conducted to detect the presence of the following substances in urine:

- Amphetamines (AMP);
- Methamphetamines (mAMP);
- Cocaine (COC);
- Marijuana (THC);
- Benzodiazepines (BZO);
- Morphine (MOP);

Ardea will be responsible for payment of the initial screening and confirmatory tests. All Personnel consent to Ardea receiving all relevant information about them regarding any BAC or drug test performed in accordance with this Policy.

#### **8.3.5 WHAT CRITERIA ARE USED TO ASSESS FITNESS FOR WORK?**

"Fitness for work" means that an individual is in a state (physically, mentally and behaviourally), which enables them to perform assigned tasks competently and in a manner which does not compromise or threaten the safety or health of themselves or others. The following criteria will be applied by Ardea to assist Ardea managers, employees and contractors to ensure they and their co-workers are fit for work at all times:

1. For fatigue, stress and other non drug and alcohol-related issues

Initial determination of fitness for work is based on the opinion of Ardea management following due consultation with the employee. If you are initially deemed unfit for work by Ardea management, you will be stood down for the remainder of your shift in accordance with section 1.3.6 of this Policy, pending a final determination. Final determination of fitness for work for fatigue, stress and other non drug and alcohol-related issues, if required, is made by an appropriate medical practitioner. This determination will be made in consultation with Ardea management and, where appropriate, in conjunction with other assessment procedures, and following due consultation with the employee, contractor or other person to whom this Policy applies. If you are deemed unfit for work, actions relevant in section 1.3.6 of this Policy will apply.

2. For alcohol-related issues

An individual who records a BAC of more than 0.000% will be deemed unfit for work for that shift. Once appropriate breach proceedings have been enacted, the individual must return a BAC test result of 0.000% prior to recommencing work and as a minimum at the next rostered shift.

3. For drug-related issues

For the purpose of this Policy, results of an individual's initial drug screen equal to or greater than the cut-off levels listed below shall be subject to confirmatory testing for any illegal or prescribed substance (unless the level is a result of appropriate use of prescription or over the counter medications and is deemed safe by a relevant health professional such as a physician; supported by authentic written confirmation from the physician):

| Substance        | Cut-off level (ng/mL) |
|------------------|-----------------------|
| Amphetamines     | 300                   |
| Methamphetamines | 300                   |
| Cocaine          | 300                   |
| Marijuana        | 50                    |
| Benzodiazepines  | 200                   |
| Morphine         | 300                   |

For the purpose of this Policy, the cut off level for synthetic agent compounds is nil. That is, any test that detects the presence of synthetic agent compounds will be considered a positive test.

Confirmatory testing refers to an analytical procedure, undertaken at a testing laboratory accredited against AS/NZS 4308:2008, which uses mass spectrometry to unequivocally identify the presence of a specific drug and/or metabolite. Where urine samples return a confirmatory test result equal to or greater than the criteria levels listed below, the respective individual will be deemed unfit for work until such time as appropriate breach proceeding have been enacted and the individual returns a negative initial screen result.

| Compound   | Confirmatory Test (µg/L) |
|--|--------------------------|
| Benzoylcegonine  | 150                      |
| Ecgonine methyl ester                                      | 150                      |
| Amphetamine  | 150                      |
| Methylamphetamine  | 150                      |
| Methylenedioxymethylamphetamine                            | 150                      |
| Methylenedioxymphetamine                                   | 150                      |
| Benzylpiperazine   | 500                      |
| Phentermine  | 500                      |
| Ephedrine  | 500                      |
| Pseudoephedrine  | 500                      |
| Codeine  | 300                      |
| Morphine   | 300                      |
| 6-Acetylmorphine   | 10                       |
| 11-nor- $\Delta^9$ -Tetrahydrocannabinol-9-carboxylic acid | 15                       |
| Diazepam   | 200                      |
| Nordiazepam  | 200                      |
| Oxazepam   | 200                      |
| Temazepam  | 200                      |
| $\alpha$ -hydroxy-alprazolam                               | 100                      |
| 7-amino-clonazepam   | 100                      |
| 7-amino-flunitrazepam                                      | 100                      |
| 7-amino-nitrazepam   | 100                      |
| Non-prescription synthetic agent compounds                 | Nil                      |

Approved laboratory testing may also test for synthetic drug compounds regardless of the initial screening result, even where synthetic drug compounds were not identified on the original drug test.

4. Refusal of a drug and/or alcohol test will be recorded as a positive result and the individual will be deemed unfit for work, and will face disciplinary procedures, which may result in termination of the individual's employment or engagement.
5. Any attempt to avoid or falsify any alcohol and /or drug test will involve disciplinary procedures, which may result in termination of the individual's employment or engagement.

#### 8.3.6 WHAT HAPPENS IF YOU ARE UNFIT FOR WORK?

If a test shows that you are unfit for work, you will be subject to the following procedure:

- You will be removed from the work site for the remainder of the shift;
- Where necessary, a supervisor or manager will make arrangements for you to be transported back to your accommodation (or to appropriate medical facilities);
- You will not be permitted to return to work until you demonstrate that you are fit for work;
- If you were deemed unfit for work as a result of the effects of alcohol or drugs, you must return a BAC result of 0.000% and/or a negative screen result for drugs (you will be required to meet the payment for any drug testing) and be cleared fit for work by the Area Manager prior to you returning to work; and
- If you were deemed unfit for work as a result of fatigue, stress or other non drug and alcohol-related issue, you can only return to work if, in the opinion of Ardea management and/or appropriate medical practitioner (for extreme cases), you can demonstrate appropriate mitigation of the causative agent.

### **8.3.7 WHAT ARE THE FITNESS FOR WORK DISCIPLINARY ACTIONS?**

In the event of a first positive result for alcohol or drugs, the following action will be taken:

- Prior to recommencing work, you will be counselled by your manager or supervisor regarding:
  - this Policy and your obligations and responsibilities under it;
  - the reasons why you were deemed unfit for work;
  - the serious and unacceptable nature of your behaviour;
  - the risk posed to your safety and the safety of others;
  - your responsibility to demonstrate that the problem has been effectively addressed; and
  - the consequences for future breaches of this Policy;
- You will be advised that you may be monitored for a period of time to ensure that the threat to work performance and/or safety has been addressed;
- You will be offered assistance to address any health issues;
- You will receive a first written warning which will reflect the key points covered in this process. A copy of the first written warning will be placed on your personnel file; and
- You will not be paid for the period that you are unfit for work.

In the event of a second positive result for alcohol or drugs, the following action will be taken:

- You will be counselled by your manager or supervisor as set out above;
- You will be formally offered the opportunity to contact a professional counsellor;
- You will be advised that you will be monitored and may be subject to periodic alcohol and drug screening;
- You will be required to demonstrate that the threat to work performance and/or safety has been effectively addressed before you are permitted to return to work;
- You will receive a final written warning to the effect that the second positive test is treated very seriously and any recurrence will result in termination of employment or engagement. A copy of that final written warning will be placed on your personnel file; and
- You will not be paid for the period that you are unfit for work.

In the event of a third positive result for alcohol or drugs, the following action will be taken:

- You will be suspended from duty pending investigation into the circumstances of the result;
- As soon as practicable, you will be interviewed by your manager or supervisor and be given the opportunity to explain your behaviour; and
- Unless Ardea considers that there has been a sufficient explanation for your conduct, your employment or engagement will be terminated.

When a misuse period of not less than 12 months has been achieved following a first breach for alcohol and/or drugs, the individual will be regarded as successfully rehabilitated and any future incidents or concerns will be treated as a first breach.

The actions set out in this sub-clause 2.3.7 will not necessarily apply in exceptional circumstances or where Ardea is required to take steps to maintain compliance with its obligations under workplace health and safety legislation.

#### **8.3.8 WILL I BE PAID IF BREACH OF FITNESS FOR WORK?**

Whether, and how, payment is received for time off work as a result of a breach of this fitness for work Policy will be determined in accordance with the following guidelines:

- Payment will not be paid for time off due to a drug or alcohol breach;
- Payment for other fitness for work issues will be as per the existing leave provisions; and
- If an employee or contractor is stood down from duties awaiting the results of a confirmatory drug test and the results come back negative, that employee will be paid normal provisions.

#### **8.3.9 SPECIAL CONDITIONS**

In the event that Personnel are called out to site outside of working hours, whether rostered on-call or emergency call-outs, Personnel must not attend the workplace for the purposes of work if unfit for work.

Whilst Personnel are in control of an Ardea vehicle, they must remain with a BAC of 0.000%. It is not permitted for employees to drink alcohol while travelling in Ardea-provided transport and Personnel are reminded that drinking alcohol when in control of a vehicle is illegal.

In any case involving a positive drug test or in which a Personnel member is absent due to the consumption of drugs, Ardea reserves the right to search and inspect the Personnel member's on-site accommodation.

#### **8.3.10 OF WHAT ELSE SHOULD I BE AWARE?**

The unauthorised sale or supply of alcohol, prescription, illicit or over the counter drugs by any individual in the work place may result in the termination of the individual's employment.

The unauthorised consumption or possession of any alcohol or the consumption or possession of any illicit drugs or implement designed for the purpose of drug consumption while on the work site may result in termination of employment.

In addition to issues of safety and internal disciplinary actions that may be taken, appropriate authorities, such as the police, may be notified if illegal activities have occurred.

## 8.4 ENVIRONMENTAL REQUIREMENTS

### 8.4.1 WHAT IF YOU WISH TO BRING HAZARDOUS SUBSTANCES TO SITE?

Employees must comply with the Regulations and approved Code of Practice for dealing with hazardous substances in force in the State or Territory in which they are engaged. For example:

- In Western Australia, the *Occupational Safety and Health Regulations 1996 (WA)* and “Control of Workplace Hazardous Substances” Code of Practice (NOHSC: 2007(1994)); and
- In New South Wales, the *Work Health and Safety Regulations 2011 (NSW)* and “Managing Risks of Hazardous Chemicals in the Workplace” Code of Practice.

Hazardous substances have chemical and physical characteristics, or are of substantial quantity or concentration, that transport, storage and handling of the substances is a threat to the environment or human health.

All employees and contractors must notify Ardea of their intention to bring hazardous substances on a tenement prior to their use or delivery to that particular site. No hazardous substances are permitted on a tenement unless and until approval by the relevant Ardea Operations Manager has been received in writing.

### 8.4.2 WHAT ARE MY OTHER ENVIRONMENTAL MANAGEMENT OBLIGATIONS?

All Personnel will make themselves and any sub-contractors fully aware of the requirements of any applicable environmental permits, approvals and licenses and shall ensure that at all times their activities and facilities on site are compliant.

All Personnel agree to provide data to enable Ardea to fulfil its environmental reporting requirements (*e.g.*, National Pollutant Inventory, Greenhouse Challenge Plus Programme, Energy Efficiency Opportunities, Global Reporting Initiative, Annual Environmental Report, Annual DEC report, *etc.*).

Personnel shall not cause or permit damage or injury to any vegetation or fauna except that which is essential for performance of work duties and then only if and to the extent expressly set out in this Policy and has all necessary statutory approvals in place prior to the activity commencing.

Whilst on Ardea’s tenements, Personnel are not permitted to:

- drive vehicles off designated roads;
- possess firearms, traps or other items constituting offensive weapons;
- hold or bring onto the tenements dogs, cats, or any other animals; and
- take/remove any flora, fauna or fire wood.

## 8.5 COMMUNITY REQUIREMENTS

### 8.5.1 OVERVIEW

Ardea aims to achieve broad based support for its activities during all project phases (exploration, development, operation and eventual closure) by working co-operatively with key stakeholders, including traditional owners, pastoralist, regulators and the wider community to achieve sustainable community benefits.

Ardea recognises and respects indigenous people’s affiliation to the land and their traditional values and ways.

### 8.5.2 WHAT ARE MY OBLIGATIONS TO MEET THESE REQUIREMENTS?

All Personnel must acknowledge that mining is often a shared land use with other stakeholders such as businesses (*e.g.*, pastoral lease holders), individuals (*e.g.*, traditional owners and Native Title claimants), government bodies and non-government interest groups. When conducting mining-related activities on Ardea

tenements, due care must be practised to ensure our individual community obligations are met. These include, but are not limited to:

- Closing gates and not damaging stock fences;
- Not interfering with stock, dams or other watering points;
- Being aware of and obtaining all necessary permissions for ground disturbing activities such as permission from landowners and obtaining heritage site clearance prior to conducting mining-related activities;
- Avoiding any potential heritage sites not previously identified;
- Reporting all community relations incidents or public complaints to Ardea;
- Actively participating in indigenous culture awareness training opportunities and building healthy relationships with members of key native title claimant groups who speak for the country on which Ardea conducts its activities; and
- Recording and reporting any community complaints or issues on the Incident Report Form (obtained from an Ardea Supervisor), submitting this form to the Supervisor or the Approvals and HSEC Manager, and taking appropriate action to investigate, validate and mitigate the concerns.

### **8.5.3 WHAT IS UNACCEPTABLE?**

Ardea will not tolerate:

- Racial or ethnic discrimination at any time;
- Wilful damage to sites of indigenous and non-indigenous cultural heritage; and
- Any other behaviour or activities that are contrary to Ardea policies.

#### **POLICY REVIEW**

The Board will annually review and reassess the adequacy of this policy and submit any recommended changes to the Board for approval.

#### **ADOPTION**

This Policy was adopted by the Board on 9 November 2016.

## 9. RISK MANAGEMENT POLICY

The Board is responsible for risk management and control and they examine and consider areas of significant business risk on an ongoing basis and implement policy to minimise exposure to these risks.

Arrangements put in place by the Board to monitor risk management include:

- detailed monthly reporting in respect of operations by the Managing Director and management; and completion of monthly statements of financial performance, financial position and cash flows compared to budget.
- The Company's Managing Director and CFO are required to report in writing to the Board that to the best of their knowledge:
- The financial statements of the Company for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- 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
- The Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material aspects.

The risk management policy of the Company will continue to be developed as its operations and risks evolve. As the Company progressively moves from exploration to development to production, the Risk Management Policy will continue to evolve.

### **POLICY REVIEW**

The Board will annually review and reassess the adequacy of this policy and submit any recommended changes to the Board for approval.

### **ADOPTION**

This Policy was adopted by the Board in 9 November 2016.

## 10. SHARE TRADING AND CONFLICTS OF INTEREST POLICY

### 10.1 DEFINITIONS

For the purposes of this Policy:

- **ASX** means the Australian Stock Exchange.
- **Blackout Period** has the meaning given under clause 10.10.
- **Board** means Ardea's Board of Directors.
- **Corporations Act** means the *Corporations Act 2001* (Cth).
- **Individuals** means individuals who have dealings with Ardea, including:
  - (a) employees, executive and non-executive Directors (including the Chairman of the Board) consultants and contractors of Ardea and its subsidiaries;
  - (b) any person that possesses or is deemed to possess Inside Information under the Corporations Act;
  - (c) any other person retained by or engaged in professional activity on behalf of the Company or any of its subsidiaries (such as a consultant, independent contractor or adviser); and
  - (d) any family member, spouse or other person living in the household or a dependent child of any of the individuals referred to in (a), (b) or (c) above.
- **Inside Information** has the meaning given under clause 10.4.
- **Insider Trading** has the meaning given under clause 10.5.
- **Insider Trading Policy Administrator** means an individual designated by the Board of Directors from time to time to administer this policy and in the absence of a specific appointment shall be the Company Secretary.
- **Key Management Personnel** has the same meaning as in the accounting standards (as defined in the Corporations Act) and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of Ardea, directly or indirectly, including any director (whether executive or otherwise) of Ardea.
- **Policy** means this Share Trading Policy.
- **Securities** mean any Division 3 financial product of Ardea (as defined by section 1042A of the *Corporations Act 2001* or any such provision which may replace it) including shares, options and other securities.
- **Trade in Securities** means apply for, acquire or dispose of any Securities or enter into an agreement to apply for, acquire or dispose of any Securities.

### 10.2 OVERVIEW

This Policy sets out when Securities may be traded. It is designed to:

- protect Individuals from insider trading allegations and the serious civil and criminal penalties applicable to insider trading; and
- protect Ardea's interests, to ensure that lawful non-disclosure of information to the ASX continues to remain lawful.

In certain circumstances, where certain information is no longer confidential, perhaps as a result of breach of this Policy, Ardea would be forced to disclose certain information to the ASX, the premature disclosure of which could seriously compromise Ardea's interests. The Policy therefore promotes the best interests of Ardea and Individuals.

This Policy also sets out the circumstances in which a person may contravene the Corporations Act by being involved in a conflict of interest.

### 10.3 APPLICATION

The share trading provisions of this Policy apply to all Individuals.

The conflict of interest provisions of this Policy apply to Ardea directors, secretary, officers and employees.

### 10.4 WHAT IS INSIDE INFORMATION?

Inside Information is information that is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of Securities. Inside Information can include matters relating to the intentions or likely intentions of a person. It does not matter how Inside Information is obtained. It can still be Inside Information whether obtained at work, in a social setting or in any other way.

For the purposes of this definition, information is "generally available" if:

- a) it consists of readily observable matter; or
- b) both of the following apply:
  1. it has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in Securities of a kind whose price might be affected by the information; and
  2. since it was made known, a reasonable period for it to be disseminated among such persons has elapsed; or
- c) it consists of deductions, conclusions or inferences made or drawn from either or both of the following:
  1. information referred to in paragraph (a);
  2. information made known as mentioned in paragraph (b)(1).

### 10.5 WHAT IS INSIDER TRADING?

Insider Trading occurs where an Individual possesses Inside Information and:

- Trades in Securities;
- advises, encourages or procures another party to Trade in Securities; or
- directly or indirectly communicates to any party any Inside Information, where the Individual knows, or ought reasonably to know, that the other party is likely to:
  - Trade in Securities; or
  - procure another party to Trade in Securities.

### 10.6 PROHIBITION ON INSIDER TRADING

An Individual must not engage in Insider Trading. It is the responsibility of any Individual contemplating a Trade in Securities to determine prior to such Trade whether he or she is aware of any information that constitutes Inside Information. If in doubt, the Individual should consult with an Insider Trading Policy Administrator.

### 10.7 DEALING THROUGH THIRD PARTIES

An Individual can still be guilty of insider trading even if he or she is not the person who Trades in Securities. The prohibition extends to:

- any Trade in Securities by Individuals where they use nominees, agents or other persons such as family members, family trusts and family companies; and
- Individuals procuring third parties to Trade in Securities.

## 10.8 OBTAINING A CLEARANCE

An Individual must not Trade in Securities unless the Individual receives prior written clearance from Ardea's Chairman.

Any prior written clearance provided in accordance with this Policy will be valid for a period of one week from the date of the grant.

The prior written clearance may be provided by way of electronic mail.

It is anticipated that, as a general rule, prior written clearance will not be given if the proposed Trade in Securities is to occur:

- during the period commencing two (2) weeks prior to the public release to the ASX of Ardea's annual, half yearly or quarterly reports or accounts and ending 2 days thereafter; or
- within the two (2) week period prior to Ardea's annual general meeting; or
- for the period during which Ardea is conducting drilling programs until such time as the drilling results are released to the ASX.

It is also anticipated that, as a general rule, prior written clearance will not be given where in the opinion of the Board the Individual is involved in short term trading or "Day Trading" of Securities. Individuals are encouraged to invest in Ardea, however short term speculative trading in Securities is discouraged.

## 10.9 CLEARANCE AND INSIDER TRADING

Even if an Individual has received clearance to Trade in Securities under clause 10, the Individual will still be engaging in Insider Trading if he or she acts contrary to the prohibition in clause 10.6 above.

Clearance does not provide any guarantee that the proposed Trade in Securities does not constitute Insider Trading. Individuals must be aware at all times of their obligations not to Trade in Securities while they possess Inside Information.

Even Trade in Securities in the period immediately following:

- the public release to the ASX of Ardea's annual, half yearly or quarterly reports or accounts; or
- Ardea's annual general meeting,

will amount to Insider Trading if the Individual who is partaking in the Trade in Securities possesses Inside Information.

## 10.10 RESTRICTIONS ON TRADING BY KEY MANAGEMENT PERSONNEL

Individuals who are Key Management Personnel are to be subject to additional restrictions on Trade in Securities during certain times of the year. This includes any employee who may be exposed to Inside Information in the course of their duties.

In addition to the overriding prohibition on Trade in Securities when a person is in possession of Inside Information, Key Management Personnel must not Trade in Securities during a "Blackout Period" unless the approval practices below are followed. A "Blackout Period" means:

- (a) the period between the end of quarter and two days after the announcement of Ardea's quarterly report;
- (b) two weeks prior and two days after the announcement of Ardea's half year and annual accounts; and
- (c) any period when there is reason to believe that the proposed dealing is in breach of applicable law or Ardea's policy and standards.

Blackout Periods will be imposed by direction of Ardea's Chairman and notice of the commencement and closure of Blackout Periods will be provided to Key Management Personnel by the Insider Trading Policy Administrator by email.

A Blackout Period may be extended or shortened or another Blackout Period introduced at any time by direction of Ardea's Chairman. Notice of such changes will be specified to Individuals by email. Changes to Blackout Periods are effective immediately.

If Key Management Personnel are unsure as to the precise start and finish dates of these periods, they should consult their supervisor or manager or the Insider Trading Policy Administrator. For the avoidance of doubt, it is stressed that the existence of these Blackout Periods does not permit Key Management Personnel to Trade in Securities whilst in the possession of Inside Information - this restriction applies at all times.

#### **10.11 EXEMPTIONS TO RESTRICTIONS ON TRADING IN BLACKOUT PERIOD**

Key Management Personnel may Trade in Securities during a Blackout Period if prior written clearance is obtained in accordance with this Policy. Prior written clearance to trade during a Blackout Period may be granted only in exceptional circumstances. For example, the Board may approve Key Management Personnel exercising options in employee share ownership plans, redemption of securities or certain other option exercises, or if the person is facing extreme financial hardship. However, an exemption will not be granted if it is established by the relevant person authorising the exemption that there is Inside Information.

An exemption will not however be granted by the Board if it considers there is information that is not generally available, but if it were, would be likely to "materially affect" the price of Securities.

#### **10.12 PERMITTED TRANSACTIONS**

The grant of options by the Board under any employee incentive scheme established by Ardea and the grant of Securities by the Board under any employee securities acquisition scheme may be permitted during a Blackout Period if such grant could not reasonably be made at another time, the grant of the options would not otherwise be prohibited under this policy and failure to make the grant would indicate that Ardea was in a Blackout Period. Such issues will always be subject to ASX Listing Rules, section 708A of the Corporations Act and any other applicable securities laws and regulations.

Subject to such exercise or conversion not otherwise being prohibited under this Policy or other applicable securities laws and regulations, the Chairman or other designated director may at any time allow the exercise of an option or right under an option scheme or the conversion of a convertible security, to occur.

Any subsequent sale of such Securities will be subject to the terms of this Policy and other applicable securities laws and regulations.

#### **10.13 NOTIFICATION OF TRADING**

After receiving a written clearance in accordance with this Policy, an Individual who is a Key Management Personnel member must notify Ardea's Company Secretary within two (2) business days of any Trade in Securities .

Ardea's Company Secretary will inform the Managing Director and the Chairman of Ardea's Board. In addition, Ardea's Company Secretary will ensure compliance with ASX disclosure requirements that apply to Directors' interests in Ardea.

#### **10.14 OTHER COMPANIES' FINANCIAL PRODUCTS**

Although the Policy is principally concerned with Insider Trading in relation to Securities (Ardea's securities), Individuals should also be aware that the Corporations Act prohibits any person who possesses Inside Information in relation to any company from applying for, acquiring or disposing of any financial product of that company or entering into an agreement or procuring another person to do so (see section 1043 A of the Corporations Act or any such provision which replaces it).

Serious civil and criminal penalties apply to any person who engages in Insider Trading.

Individuals who wish to trade in a financial product of any company should ensure that they do not possess any relevant Inside Information at the time of the proposed trade.

In particular, Individuals should consider whether they possess any relevant Inside Information of any related body corporate of Ardea or any company with which Ardea has a relationship, whether by way of a joint venture or some other arrangement, before trading in a financial product of Ardea or that other company.

#### **10.15 CONFLICTS OF INTEREST**

The Corporations Act also provides that a director, secretary or other officer or employee of a corporation must not improperly use their position to gain an advantage for themselves.

If you are concerned that a situation may give rise to a conflict between your personal interests and Ardea's interests, you should disclose the circumstances immediately to your manager. You should not proceed any further with your proposed course of action until written permission has been granted by the Managing Director.

#### **10.16 CONTRAVENTION OF THIS POLICY**

A contravention of this Policy would be unlawful and could lead to significant penalties being imposed against you under the Corporations Act.

Contravention may also lead to disciplinary action including termination or your employment or engagement with Ardea.

#### **POLICY REVIEW**

The Board will annually review and reassess the adequacy of this policy and submit any recommended changes to the Board for approval.

#### **ADOPTION**

This Policy was adopted by the Board on 9 November 2016.

## 11. WHISTLE BLOWER POLICY

### 11.1 INTRODUCTION

Ardea is committed to maintaining full compliance with all applicable laws, rules and regulations, corporate reporting and disclosure, accounting practices, accounting controls, auditing practices and other matters relating to fraud against shareholders (collectively Accounting Concerns) and preventing conduct that falls below the highest standards of business conduct and ethics (Unacceptable Conduct).

#### 11.1.1 DEFINITION

Accounting Concerns and Unacceptable Conduct are intended to have broad and comprehensive meanings and include any matter, which in the view of a complainant, is illegal, unethical, contrary to Ardea's policies, or in some other manner, not proper or right.

#### 11.1.2 EXAMPLES OF ACCOUNTING CONCERNS

Accounting Concerns can include:

- Violation of any applicable law, rule or regulation that relates to corporate reporting or disclosure;
- Violation of any of Ardea's policies;
- Fraud or deliberate error in the preparation, evaluation, review or audit of any of Ardea's financial statements, or those of any of its subsidiaries;
- Fraud or deliberate error in the recording and maintaining of Ardea's financial records, or those of any of its subsidiaries;
- Deficiencies or non-compliance with Ardea's, or any of its subsidiaries', internal policies and controls;
- Misrepresentations or false statements made by or to a director, officer, consultant or employee of Ardea, or any of its subsidiaries, concerning a matter contained in its financial records, reports or audit reports; or
- Deviation from full and fair reporting of Ardea's consolidated financial condition.

#### 11.1.3 EXAMPLES OF UNACCEPTABLE CONDUCT

Unacceptable Conduct includes any conduct that:

- is dishonest, fraudulent or corrupt;
- is illegal such as theft, drug sale or use, violence, harassment or intimidation, criminal damage to property or other breaches of state or federal law;
- is potentially damaging to Ardea, an Ardea employee or a third party such as unsafe work practices, environmental damage, health risks or substantial wasting of company resources;
- amounts to an abuse of authority;

- may cause financial loss to Ardea or damage its reputation or be otherwise detrimental to Ardea's interests;
- involves bribery or a conflict of interest;
- involves any other kind of serious impropriety; or
- involves harassment, discrimination, victimisation or bullying.

## **11.2 COMMUNICATION**

To ensure that all managers, employees and contractors (Staff) of Ardea are aware of the Policy, a copy of the Policy will be available on Ardea's website for their review or upon request to the Ardea's Company Secretary. All Staff will be informed whenever significant changes are made. New Staff will be provided with a copy of this Policy and will be educated about its importance.

## **11.3 REPORTING OF ALLEGED VIOLATIONS AND COMPLAINTS**

### **11.3.1 REPORTING PROCEDURE**

Any Staff member who has an Accounting Concern regarding Ardea, or any of its subsidiaries, may submit his/her concern to the Chair of the Audit Committee.

Any Staff member who becomes aware of Unacceptable Conduct regarding Ardea, or any of its subsidiaries, may submit his/her concern to the Company Secretary.

### **11.3.2 CONFIDENTIALITY**

All submissions to the Chair of the Audit Committee or the Company Secretary shall be treated on a confidential and anonymous basis.

### **11.3.3 NO ADVERSE CONSEQUENCES**

There will not be any adverse consequences for a Staff member making a submission regarding an Accounting Concern as set out in this Policy.

A submission regarding an Accounting Concern or Unacceptable Conduct may be made by a Staff member without fear of dismissal, disciplinary action or retaliation of any kind. Ardea will not discharge, discipline, demote, suspend, threaten or in any manner discriminate against any person who submits in good faith an Accounting Concern, a report of Unacceptable Conduct or provides assistance to the Audit Committee, the Company Secretary, management or any other person or group, including any governmental, regulatory or law enforcement body, investigating an Accounting Concern or Unacceptable Conduct.

### **11.3.4 TREATMENT OF ACCOUNTING CONCERNS SUBMISSIONS**

Accounting Concerns will be reviewed as soon as possible by the Audit Committee with the assistance and direction of whomever the Audit Committee thinks appropriate including, but not limited to, external legal counsel. The Audit Committee shall implement such corrective measures and do such things in an expeditious manner as it deems necessary or desirable to address the Accounting Concern.

Where possible and when determined to be appropriate by the Audit Committee, notice of any such corrective measures will be given to the person who submitted the Accounting Concern.

### **11.3.5 TREATMENT OF UNACCEPTABLE CONDUCT SUBMISSIONS**

Unacceptable Conduct will be reviewed as soon as possible by the Company Secretary with the assistance and direction of whomever the Company Secretary thinks appropriate including, but not limited to, external legal

counsel. The Company Secretary shall implement such corrective measures and do such things in an expeditious manner as it deems necessary or desirable to address the Unacceptable Conduct. Where possible and when determined to be appropriate by the Company Secretary, notice of any such corrective measures will be given to the person who submitted the report of Unacceptable Conduct.

#### **11.3.6 RETENTION OF RECORDS**

The Audit Committee shall retain all records relating to any Accounting Concern or report of a retaliatory act, including the investigation of any such report, for a period judged to be appropriate based upon the merits of the submission.

The Company Secretary shall retain all records relating to any Unacceptable Conduct or report of a retaliatory act, including the investigation of any such report, for a period judged to be appropriate based upon the merits of the submission.

#### **11.4 POLICY REVIEW**

The Audit Committee and the Company Secretary will review and evaluate this Policy on an annual basis to determine whether the Policy is effective in providing a confidential and anonymous procedure to report violations or complaints regarding Accounting Concerns and Unacceptable Conduct.

#### **11.5 QUERIES**

If you have any questions about how this Policy should be followed in a particular case, please contact the Chair of the Audit Committee or the Company Secretary.

#### **POLICY REVIEW**

The Board will annually review and reassess the adequacy of this policy and submit any recommended changes to the Board for approval.

#### **ADOPTION**

This Policy was adopted by the Board on 9 November 2016.