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**ARDIDEN LIMITED**

**ACN 110 884 252**

**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 11:00am (WST)

**DATE:** 20 November 2018

**PLACE:** Suite 12, 11 Ventnor Avenue, West Perth WA 6005

*The business of the Meeting affects your shareholding and your vote is important.*

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

*The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm (WST) on 18 November 2018.*

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## **IMPORTANT INFORMATION**

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### **TIME AND PLACE OF MEETING**

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Notice is given that the Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 11:00am (WST) on 20 November 2018 at:

Suite 12, 11 Ventnor Avenue, West Perth WA 6005

### **YOUR VOTE IS IMPORTANT**

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The business of the Annual General Meeting affects your shareholding and your vote is important.

### **VOTING ELIGIBILITY**

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The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 4.00pm (WST) on 18 November 2018.

### **VOTING IN PERSON**

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To vote in person, attend the Annual General Meeting at the time, date and place set out above.

### **VOTING BY PROXY**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair of the meeting, who must vote the proxies as directed.

Further details on these changes are set out below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair of the meeting – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the Meeting.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

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#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2018."*

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

**Voting Prohibition Statement:**

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

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

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

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

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#### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MICHELLE LI

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

*"That, for the purpose of clause 13.2 of the Constitution, and for all other purposes, Ms Michelle Li, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

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#### 4. RESOLUTION 3 – ELECTION OF DIRECTOR – PETER SPITALNY

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

*"That, for the purpose of clause 13.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Peter Spitalny, a Director who was appointed as an additional director on 3 July 2018, retires, and being eligible, is elected as a Director."*

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## 5. RESOLUTION 4 – ELECTION OF DIRECTOR – PAULINE GATELY

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

*“That, for the purpose of clause 13.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Ms Pauline Gately, a Director who was appointed as an additional director on 15 August 2018, retires, and being eligible, is elected as a Director.”*

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## 6. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 7. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE – CANACCORD SHARES

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

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 23,500,000 Shares on the terms and conditions set out in the Explanatory Statement.”*

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

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## 8. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE – CANACCORD OPTIONS TRANCHE 1

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

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 12,500,000 Options on the terms and conditions set out in the Explanatory Statement.”*

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

cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**9. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE – CANACCORD OPTIONS TRANCHE 2**

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

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 12,500,000 Options on the terms and conditions set out in the Explanatory Statement.”*

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

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**10. RESOLUTION 9 – RATIFICATION OF PRIOR ISSUE – CANACCORD OPTIONS TRANCHE 3**

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

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 12,500,000 Options on the terms and conditions set out in the Explanatory Statement.”*

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

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**11. RESOLUTION 10 – RATIFICATION OF PRIOR ISSUE – WHM SHARES**

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

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 3,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”*

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

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**12. RESOLUTION 11 – ADOPTION OF INCENTIVE OPTION PLAN**

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

*“That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled “Incentive Option Plan” and for the issue of*

*securities under that Plan, on the terms and conditions set out in the Explanatory Statement."*

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

**Voting Prohibition Statement:**

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

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

However, the above prohibition does not apply if:

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

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**13. RESOLUTION 12 – ISSUE OF OPTIONS TO MR BRAD BOYLE PURSUANT TO INCENTIVE OPTION PLAN**

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

*"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 10,000,000 Options as Director incentive remuneration to Mr Brad Boyle (or a nominee of Mr Brad Boyle) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) any Director who is eligible to participate in the incentive option scheme in respect of which the approval is sought;
- (b) a nominee of Mr Brad Boyle; and
- (c) any associates of those Directors,  
**(Resolution 12 Excluded Party).**

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 12 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

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

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

Provided the Chair is not a Resolution 12 Excluded Party, the above prohibition does not apply if:

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

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**14. RESOLUTION 13 – ISSUE OF OPTIONS TO MR NEIL HACKETT PURSUANT TO INCENTIVE OPTION PLAN**

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

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 5,000,000 Options as Director incentive remuneration to Mr Neil Hackett (or a nominee of Mr Neil Hackett) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought;
- (b) a nominee of Mr Neil Hackett; and
- (c) any associates of those Directors,  
**(Resolution 13 Excluded Party).**

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 13 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

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

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

Provided the Chair is not a Resolution 13 Excluded Party, the above prohibition does not apply if:

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

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**15. RESOLUTION 14 – ISSUE OF OPTIONS TO MS PAULINE GATELY PURSUANT TO INCENTIVE OPTION PLAN**

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

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 5,000,000 Options as Director incentive remuneration to Ms Pauline Gately (or a nominee of Ms Pauline Gately) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought;
- (b) a nominee of Ms Pauline Gately; and
- (c) any associates of those Directors,  
**(Resolution 14 Excluded Party).**

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 14 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

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

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

Provided the Chair is not a Resolution 14 Excluded Party, the above prohibition does not apply if:

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

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**16. RESOLUTION 15 – ISSUE OF OPTIONS TO DR MICHELLE LI PURSUANT TO INCENTIVE OPTION PLAN**

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

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 5,000,000 Options as Director incentive remuneration to Dr Michelle Li (or a nominee of Dr Michelle Li) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought;
- (b) a nominee of Dr Michelle Li; and
- (c) any associates of those Directors,  
**(Resolution 15 Excluded Party).**

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 15 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

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

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

Provided the Chair is not a Resolution 15 Excluded Party, the above prohibition does not apply if:

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

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**17. RESOLUTION 16 – ISSUE OF OPTIONS TO MR PETER SPITALNY PURSUANT TO INCENTIVE OPTION PLAN**

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

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 5,000,000 Options as Director incentive remuneration to Mr Peter Spitalny (or a nominee of Mr*

*Peter Spitalny) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought;
- (b) a nominee of Mr Peter Spitalny; and
- (c) any associates of those Directors,  
**(Resolution 16 Excluded Party).**

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 16 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

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

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

Provided the Chair is not a Resolution 16 Excluded Party, the above prohibition does not apply if:

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

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## **18. RESOLUTION 17 – APPOINTMENT OF AUDITOR TO FILL VACANCY**

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

*"That, for the purposes of section 327B of the Corporations Act and for all other purposes, Nexia Perth Audit Services Pty Ltd, having been nominated by a Shareholder and having consented in writing to act in the capacity of auditor, be appointed as auditor of the Company with effect from the close of the Meeting."*

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**Dated: 19 October 2018**

**By order of the Board**

**Jessamyn Lyons**  
**Company Secretary**

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## EXPLANATORY STATEMENT

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

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at **[www.ardiden.com.au](http://www.ardiden.com.au)**.

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

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

The Chair of the Meeting must allow a reasonable opportunity for the Shareholders to ask questions about or make comments on the Remuneration Report at the annual general meeting.

#### 2.1 Voting consequences

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

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

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

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

## **2.2 Previous voting results**

[At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.]

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## **3. RESOLUTION 2 - RE-ELECTION OF DIRECTOR – MICHELLE LI**

### **3.1 General**

[ASX Listing Rule 14.4 provides that, other than a managing director, a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 year, whichever is the longer. However, where there is more than one managing director, only one is entitled not to be subject to re-election.]

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Dr Michelle Li, who has served as a director since 7 July 2016, and was last re-elected on 18 November 2016, retires by rotation and seeks re-election.

### **3.2 Qualifications and other material directorships**

Dr Li's qualifications, experience and her other material directorships are contained in the Director's Report which forms part of the Company's annual report released to Shareholders on 21 September 2018.

### **3.3 Independence**

If elected, the board considers that Dr Li will be an independent director.

### **3.4 Board recommendation**

The Board supports the re-election of Dr Li and recommends that Shareholders vote in favour of Resolution 2.

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## **4. RESOLUTIONS 3 AND 4 – ELECTION OF DIRECTORS – MR PETER SPITALNY AND MS PAULINE GATELY**

### **4.1 General**

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

Pursuant to the Constitution, any Director so appointed holds office only until the next following general meeting and is then eligible for election by shareholders.

Peter Spitalny, having been appointed by the other Directors on 29 June 2018 in accordance with the Constitution, will retire in accordance with the Constitution, and being eligible, seeks election from Shareholders pursuant to Resolution 3.

Pauline Gately, having been appointed by the other Directors on 14 August 2018 in accordance with the Constitution, will retire in accordance with the

Constitution, and being eligible, seeks election from Shareholders pursuant to Resolution 4.

#### **4.2 Qualifications and other material directorships**

##### ***Peter Spitalny – Resolution 3***

Mr Spitalny's qualifications, experience and his other material directorships are contained in the Director's Report which forms part of the Company's annual report released to Shareholders on 21 September 2018.

##### ***Pauline Gately – Resolution 4***

Ms Gately's qualifications, experience and his other material directorships are contained in the Director's Report which forms part of the Company's annual report released to Shareholders on 21 September 2018.

#### **4.3 Independence**

##### ***Peter Spitalny – Resolution 3***

Mr Spitalny has been acting as a geological consultant to the Company, providing advice on projects and strategy since December 2017, in his capacity as Director and Principal Consultant of Hanree Holdings Pty Ltd.

If elected, the Board does not consider Mr Spitalny will be an independent director.

##### ***Pauline Gately – Resolution 4***

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

If elected, the Board considers Ms Gately will be an independent director.

#### **4.4 Board recommendation**

##### ***Peter Spitalny – Resolution 3***

The Board supports the election of Mr Spitalny and recommends that Shareholders vote in favour of Resolution 3.

##### ***Pauline Gately – Resolution 4***

The Board supports the election of Ms Gately and recommends that Shareholders vote in favour of Resolution 4.

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### **5. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY**

#### **5.1 General**

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of quoted Equity Securities equal to 10% of its issued capital (**10% Placement Capacity**) without

using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (d) is not included in the S&P/ASX 300 Index; and
- (e) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$11,738,162 (based on the number of Shares on issue and the closing price of Shares on the ASX on 9 October 2018).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: ADV).

If Shareholders approve Resolution 5, the number of quoted Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 5 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution for it to be passed.

## **5.2 Technical information required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 5:

### **(a) Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 (five) ASX trading days of the date in Section 5.2(a)(i), the date on which the Equity Securities are issued.

### **(b) Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period).**

**(c) Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 5 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2) incorporating the assumptions listed below the table.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

| Number of Shares on Issue<br>(Variable "A" in Listing Rule 7.1A.2) | Dilution                            |                                                  |                                  |                                                   |
|--------------------------------------------------------------------|-------------------------------------|--------------------------------------------------|----------------------------------|---------------------------------------------------|
|                                                                    | Issue Price (per Share)             | \$0.005<br>(50% decrease in current issue price) | \$0.009<br>(Current issue price) | \$0.018<br>(100% increase in current issue price) |
| 1,676,880,218<br>(Current Variable A)                              | Shares issued – 10% voting dilution | 167,688,022                                      | 167,688,022                      | 167,688,022                                       |
|                                                                    | Funds Raised                        | \$838,440                                        | \$1,509,192                      | \$3,018,384                                       |
| 2,515,320,327<br>(50% increase in Variable A)*                     | Shares issued – 10% voting dilution | 251,532,033                                      | 251,532,033                      | 251,532,033                                       |
|                                                                    | Funds Raised                        | \$1,257,660                                      | \$2,263,788                      | \$4,525,4,336                                     |
| 3,353,760,436<br>(100% increase in Variable A)*                    | Shares issued– 10% voting dilution  | 335,376,044                                      | 335,376,044                      | 335,376,044                                       |
|                                                                    | Funds Raised                        | \$1,676,880                                      | \$3,018,384                      | \$6,036,768                                       |

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

1. The Current Variable A set out above is based on the number of Shares on issue on 27 September 2018, being 1,676,880,218.
2. The issue price set out above is the last trading price of Shares on ASX on 27 September 2018, being \$0.009.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. No Options are exercised into Shares before the date of issue of any Shares pursuant to ASX Listing Rule 7.1A.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to by reason of placements under the 10% Placement Capacity. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
2. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

**(d) Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for [the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current projects, being each of the Seymour Lake Lithium Project, Pickle Lake Gold Project, Wisa Lake Lithium Project, Root Lake Lithium Project, Root Bay Lithium Project, or Bold Property Project and general working capital]; or
- (ii) as non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

**(e) Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or

new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 30 November 2017 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12-month period preceding the date of the Meeting, being on and from 20 November 2017, the Company otherwise issued a total of 712,820,449 Shares and 53,125,000 Options which represents approximately 70% of the total diluted number of Equity Securities on issue in the Company on 20 November 2017, which was 1,004,059,769. Further details of the issues of Equity Securities by the Company during the 12-month period preceding the date of the Meeting are set out in Schedule 1.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

### 5.3 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 5.

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## 6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE – CANACCORD SHARES

### 6.1 General

On 22 June 2018, the Company issued 23,000,000 Shares at a deemed issue price of \$0.013 per Share to Canaccord Genuity (Australia) Pty Ltd (**Canaccord**) in consideration for management fees, selling fees and underwriting fees pursuant to the Company's \$6.11 million capital raising, which was originally announced to ASX on 8 May 2018.

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those 23,000,000 Shares (**Ratification**).

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

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

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

### 6.2 Technical information required by ASX Listing Rule 7.4

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

- (a) 23,000,000 Shares were issued;
- (b) the deemed issue price of the Shares was \$0.013 per Share, however the Shares were issued for nil cash consideration in consideration for management fees, selling fees and underwriting fees;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to Canaccord, who is not a related party of the Company; and
- (e) no funds were raised from this issue as the Shares were issued in consideration for management fees, selling fees and underwriting fee provided by Canaccord to the Company.

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## 7. RESOLUTIONS 7 - 9 – RATIFICATIONS OF PRIOR ISSUE – OPTIONS

### 7.1 General

On 22 June 2018, the Company issued a total of 37,500,000 Options to Canaccord in consideration for corporate advisory fees payable to Canaccord in relation to the Company's \$6.11 million capital raising, which was originally announced to ASX on 8 May 2018.

Canaccord received 3 tranches of 12,500,000 Options each (with each tranche being the subject of one Resolution).

Resolutions 7 to 9 seek Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Options (**Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in Section 6.1 above.

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

### 7.2 Technical information required by ASX Listing Rule 7.4

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

- (a) A total of 37,500,000 Options were issued, by way of 3 tranches of 12,500,000 Options each;
- (b) the Options were issued for nil cash consideration in consideration for Corporate Advisory fees payable to Canaccord;
- (c) the Options were issued on the terms and conditions set out in Schedule 2, however each tranche has the following specific terms and conditions:
  - (i) Tranche 1 (the subject of **Resolution 7**): 12,500,000 Options having an exercise price of \$0.02 and exercisable on or before 31 December 2021;
  - (ii) Tranche 2 (the subject of **Resolution 8**): 12,500,000 Options having an exercise price of \$0.0225 and exercisable on or before 31 December 2021; and
  - (iii) Tranche 3 (the subject of **Resolution 9**): 12,500,000 Options having an exercise price of \$0.025 and exercisable on or before 31 December 2021;
- (d) the Options were issued to Canaccord, who is not a related party of the Company; and
- (e) no funds were raised from this issue as the Options were issued in consideration for corporate advisory fees payable by the Company to Canaccord.

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## **8. RESOLUTION 10 – RATIFICATION OF PRIOR ISSUE – WHM SHARES**

### **8.1 General**

On 31 July 2018, the Company issued 3,000,000 Shares to White Metal Resources Corp, a company incorporated in Canada and listed on the TSX-V (TSX-V: WHM) as part consideration for the Company:

- (a) exercising its option to acquire 100% of the Pickle Lake Gold Properties in Ontario (as announced to the ASX on 31 July 2018); and
- (b) acquiring a conditional 100% interest in the Pickle Lake Gold Properties.

Resolution 10 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in Section 6.1 above.

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

### **8.2 Technical information required by ASX Listing Rule 7.4**

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

- (a) 3,000,000 Shares were issued;
- (b) the Shares were issued for nil cash consideration as part consideration for the Company exercising its option to acquire (and acquiring) 100% of the Pickle Lake Gold Properties in Ontario;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to White Metal Resources Corp (TSX-V: WHM), who is not a related party of the Company; and
- (e) no funds were raised from this issue as the Shares were issued as part consideration for the Company exercising its option to acquire (and acquiring) 100% of the Pickle Lake Gold Properties in Ontario.

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## **9. RESOLUTION 11 – APPROVAL OF INCENTIVE OPTION PLAN**

Resolution 11 seeks Shareholders approval for the adoption of the employee incentive scheme titled "Incentive Option Plan" (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

A summary of ASX Listing Rule 7.1 is set out in Section 6.1 above.

ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues of securities under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 11 is passed, the Company will be able to issue Options under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12-month period.

Shareholders should note that no Options have previously been issued under the Plan.

The objective of the Plan is to attract, motivate and retain key directors and employees and it is considered by the Company that the adoption of the Plan and the future issue of Options under the Plan (and any Shares issued on exercise of the Options) will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Options under the Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolutions 12 to 16 for the issue of Options to the Company's Directors and Company Secretaries pursuant to the Plan.

A summary of the key terms and conditions of the Plan is set out in Schedule 3. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary.

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

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## **10. RESOLUTIONS 12 TO 16 – ISSUE OF OPTIONS TO RELATED PARTIES PURSUANT TO INCENTIVE OPTION PLAN**

### **10.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 30,000,000 Options (**Related Party Options**) amongst the Company's Directors (being Mr Brad Boyle, Mr Neil Hackett, Ms Pauline Gately, Dr Michelle Li and Mr Peter Spitalny) (**Related Parties**) on the terms and conditions set out below.

The Related Party Options are to be issued (subject to the passing of Resolution 11) under the Company's proposed Incentive Option Plan (**Plan**) which is the subject of Resolution 11 to this Notice.

In the event that Resolution 11 is not passed, then the Chair will withdraw Resolutions 12 – 16 (inclusive).

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

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Related Party Options constitutes giving a financial benefit and the Related Parties are related parties of the Company by virtue of being Directors.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Options because the Board has resolved that the financial benefit to be provided to the Directors pursuant to the Related Party Options comes within the reasonable remuneration exemption to Chapter 2E of the Corporations Act 2001 (Cth). Further details of the Related Party Options are contained within Schedule 5 of this Notice.

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

As the issue of the Related Party Options involves the issue of securities under an employee incentive scheme to Directors and related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.14 is required unless an exception applies.

## 10.2 Terms and Conditions of Related Party Options

The Company intends to issue the Related Party Options pursuant to the Plan, which is summarised in Schedule 3. The Related Party Options will be issued on the terms and conditions set out in Schedule 4. The Company will issue the Related Party Options in two tranches, each tranche having the following specific terms and conditions:

- (a) Tranche 1 (**Tranche 1 Related Party Options**):
  - (i) **Exercise price:** \$0.023;
  - (ii) **Vesting Conditions:**
    - (A) the Company achieving a 10-day volume weighted average price for its Shares of \$0.03; and
    - (B) subject to defining at least one of the following:
      - 1) five (5) million tonnes of Li<sub>2</sub>O, or
      - 2) five (5) million tonnes of Graphite at 4% graphitic carbon, or
      - 3) 500,000 ounces of goldacross all current and potential future sourced projects; and
  - (iii) **Expiry Date:** 30 November 2021.
- (b) Tranche 2 (**Tranche 2 Related Party Options**):
  - (i) **Exercise price:** \$0.03;
  - (ii) **Vesting Conditions:**
    - (A) the Company achieving a 10-day volume weighted average price for its Shares of \$0.05; and

- (B) subject to defining at least one of the following;
  - 4) five (5) million tonnes of Li<sub>2</sub>O, or
  - 5) five (5) million tonnes of Graphite at 4% graphitic carbon, or
  - 6) 500,000 ounces of gold
 across all current and potential future sourced projects; and

(iii) **Expiry Date:** 30 November 2021.

### 10.3 Shareholder Approval (ASX Listing Rule 10.14)

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

- (a) the related parties are Mr Brad Boyle, Mr Neil Hackett, Ms Pauline Gately, Dr Michelle Li, and Mr Peter Spitalny and they are related parties by virtue of being Directors of the Company;
- (b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
  - (i) 10,000,000 Related Party Options to Mr Boyle (or a nominee of Mr Boyle) as follows:
    - (A) 5,000,000 Tranche 1 Related Party Options; and
    - (B) 5,000,000 Tranche 2 Related Party Options;
  - (ii) 5,000,000 Related Party Options to Mr Hackett (or a nominee of Mr Hackett) as follows:
    - (A) 2,500,000 Tranche 1 Related Party Options; and
    - (B) 2,500,000 Tranche 2 Related Party Options;
  - (iii) 5,000,000 Related Party Options to Ms Gately (or a nominee of Ms Gately) as follows:
    - (A) 2,500,000 Tranche 1 Related Party Options; and
    - (B) 2,500,000 Tranche 2 Related Party Options;
  - (iv) 5,000,000 Related Party Options to Dr Li (or a nominee of Dr Li) as follows:
    - (A) 2,500,000 Tranche 1 Related Party Options; and
    - (B) 2,500,000 Tranche 2 Related Party Options;
  - (v) 5,000,000 Related Party Options to Mr Spitalny (or a nominee of Mr Spitalny) as follows:
    - (A) 2,500,000 Tranche 1 Related Party Options; and
    - (B) 2,500,000 Tranche 2 Related Party Options;

- (c) the Related Party Options will be granted to the Related Parties no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Options will be issued on one date;
- (d) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) no Directors, related parties or associates of Directors have previously received securities under the Plan;
- (f) all Directors are entitled to participate in the Plan;
- (g) a summary of the terms and conditions of the Related Party Options are set out in Schedule 4;
- (h) there are no loans associated with this Related Party issue

In addition, the value of the Related Party Options and the pricing methodology is set out in Schedule 5.

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

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## **11. RESOLUTION 17 – APPOINTMENT OF AUDITOR AT AGM TO FILL VACANCY**

On 8 June 2018, PKF Mack, which was the Company's auditor at that time, gave notice to the Company of its intention to resign as auditor of the Company to ASIC (under section 329(5) of the Corporations Act).

Upon receipt of ASIC's consent to their resignation, PKF Mack advised the Company that it will submit a notice of resignation to the Company in accordance with section 329(5) of the Corporations Act, such resignation to take effect from the date of the resignation (being 8 June 2018).

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

Nexia Perth Audit Services Pty Ltd has given its written consent to act as the Company's auditor.

If Resolution 17 is passed, the appointment of Nexia Perth Audit Services Pty Ltd as the Company's auditors will take effect from the close of the Annual General Meeting.

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## GLOSSARY

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**\$** means Australian dollars.

**10% Placement Capacity** has the meaning given in Section 5.1.

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

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

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

**Chair** means the chair of the Meeting.

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

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

**Company** means Ardiden Limited (ACN 110 884 252).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Eligible Entity** is an entity that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

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

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

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Option** means an option to acquire a Share.

**Plan** means the Company's proposed Incentive Option Plan, the terms and conditions of which are summarised at Schedule 3.

**Proxy Form** means the proxy form accompanying the Notice.

**Related Party Option** means an Option granted pursuant to Resolutions 12 to 16 (inclusive) with the terms and conditions set out in Schedule 4.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2018.

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

**Section** means a section of the Explanatory Statement.

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

**Shareholder** means a registered holder of a Share.

**Tranche 1 Related Party Options** has the meaning given in Section 10.2(a).

**Tranche 2 Related Party Options** has the meaning given in Section 10.2(b).

**Variable A** means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

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

## SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 20 NOVEMBER 2017

| Date                                                           | Quantity                     | Class                                                    | Recipients                                                                                                                     | Issue price and discount to Market Price (if applicable) <sup>1</sup> | Form of consideration                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------|------------------------------|----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Issue – 28 November 2017<br><br>Appendix 3B – 30 November 2017 | 76,187,500<br><br>15,237,500 | Shares <sup>2</sup><br><br>Unquoted Options <sup>3</sup> | Non-related party sophisticated and professional investors<br><br>Non-related party sophisticated and professional investors   | \$0.016 per Share<br><br>No issue price (non-cash consideration)      | Cash<br><br>Amount raised = \$1,250,000<br>Amount spent = \$1,250,000<br><br>Use of funds<br>Seymour Lake Lithium Project development and general working capital<br><br>Consideration: free attaching options on a one for five basis<br>Current value <sup>5</sup> = \$Nil                                                                                                                                             |
| Issue – 17 January 2018<br><br>Appendix 3B – 30 November 2017  | 6,250,000                    | Shares <sup>2</sup>                                      | Non-related party sophisticated and professional investors                                                                     | \$0.016 per Share                                                     | Conversion of unlisted Options.<br><br>Amount raised = \$100,000<br>Amount spent = \$100,000<br><br>Cash raised to fund ongoing resource drilling and exploration programs at Seymour Lake Lithium Project and working capital requirements                                                                                                                                                                              |
| Issue – 25 January 2018<br><br>Appendix 3B – 29 January 2018   | 100,000                      | Shares <sup>2</sup>                                      | Unrelated Vendor of the Bold Property Project – Benton Resources                                                               | \$0.024 per Share                                                     | Issued as final consideration to the Vendors of the Bold Property Project as originally announced to ASX on 27 March 2017<br><br>Share Based Payment – no funds raised                                                                                                                                                                                                                                                   |
| Issue – 9 February 2018<br><br>Appendix 3B – 9 February 2018   | 125,000,000<br><br>927,500   | Shares <sup>2</sup><br><br>Shares <sup>2</sup>           | Non-related party sophisticated and institutional investors<br><br>Non-related party sophisticated and institutional investors | \$0.018 per Share<br><br>\$0.016 per Share                            | Cash<br><br>Amount raised & spent = \$2,250,000<br><br>Cash raised to fund ongoing resource drilling and exploration programs at Seymour Lake Lithium Project and working capital requirements<br><br>Conversion of unlisted Options.<br>Amount raised & spent = \$14,480<br><br>Cash raised to fund ongoing resource drilling and exploration programs at Seymour Lake Lithium Project and working capital requirements |

|                                                                                   |           |                                  |                                                                                              |                                               |                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------|-----------|----------------------------------|----------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Issue – 14<br/>February 2018</p> <p>Appendix 3B –<br/>15 February<br/>2018</p> | 1,937,500 | Shares <sup>2</sup>              | Related Parties<br>– Directors                                                               | \$0.016 per Share                             | <p>Amount raised = \$31,000</p> <p>Amount spent = \$31,000</p> <p>Cash raised via placement to related parties to fund ongoing resource drilling and exploration programs at its Seymour Lake Lithium Project in Ontario Canada and working capital requirements as approved by shareholders at the General Meeting held on 13 February 2018.</p>                                            |
|                                                                                   | 387,500   | Unquoted<br>Options <sup>3</sup> | Related Parties<br>– Directors                                                               | No issue price<br>(non-cash<br>consideration) | <p>Placement Shares issued to Directors on the same terms and conditions as those issued to sophisticated and professional investors on 28 November 2017</p>                                                                                                                                                                                                                                 |
|                                                                                   | 325,000   | Shares <sup>2</sup>              | Related Parties<br>– Directors                                                               | \$0.016 per Share                             | <p>Issue of unlisted options free-attached to the placement shares above on a one for five basis.</p> <p>Current value<sup>5</sup> = \$3,267</p> <p>Cash raised via conversion of unlisted options previously issued to Company Directors to fund ongoing resource drilling and exploration programs at Seymour Lake Lithium Project in Ontario Canada and working capital requirements.</p> |
| <p>Issue – 26<br/>February 2018</p> <p>Appendix 3B –<br/>27 February<br/>2018</p> | 4,000,000 | Shares <sup>2</sup>              | Non-related<br>party<br>sophisticated<br>and institutional<br>investors                      | \$0.019 per Share                             | <p>Cash raised to satisfy the Implementation Fee for the Long State Investments (LSI) Funding Agreement executed on 18<sup>th</sup> February 2018 to fund ongoing exploration programs at the Company's Seymour Lake Lithium Project in Ontario Canada and working capital requirements.</p> <p>Share based payment – no cash raised</p>                                                     |
| <p>Issue – 26<br/>February<br/>2018Appendix<br/>3B – 1 March<br/>2018</p>         | 1,000,000 | Shares <sup>2</sup>              | Unrelated<br>Vendor of the<br>Pickle Lake<br>Gold Project –<br>White Metal<br>Resources Corp | \$0.017 per Share                             | <p>Shares issued as part consideration to acquire 100% of the Pickle Lake Gold Project under the option agreement announced on 2 August 2017.</p> <p>Share based payment – no cash raised</p>                                                                                                                                                                                                |

|                                                                   |             |                                  |                                                                                                            |                                               |                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------------------------------------|-------------|----------------------------------|------------------------------------------------------------------------------------------------------------|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Issue – 11<br>April 2018<br><br>Appendix<br>3B – 19 April<br>2018 | 592,949     | Shares <sup>2</sup>              | Unrelated<br>Vendor of the<br>Pickle Lake<br>Gold Project –<br>Ken Kukkee –<br>Dorothy-Dobie<br>Properties | \$0.014 per Share                             | Shares issued per the terms of<br>the Option to Acquire 100% of<br>the Pickle Lake Gold Project as<br>detailed in the announcement<br>dated 2 August 2017.<br><br>Share based payment – no cash<br>raised                                                                                                                                                                      |
| Issue – 14<br>May 2018<br><br>Appendix<br>3B – 14<br>May 2018     | 292,307,692 | Shares <sup>2</sup>              | Non-related<br>party<br>sophisticated<br>and institutional<br>investors                                    | \$0.013 per Share                             | Cash<br><br>Amount raised = \$3,800,000<br><br>Amount spent = \$100,000<br><br>Shares issued as Tranche 1 of<br>\$6.11m capital raising to<br>continue exploration &<br>development of the Seymour<br>Lake Lithium Project and to<br>begin the due-diligence drill<br>program at the Pickle Lake Gold<br>Project, both located in Ontario,<br>Canada.                          |
| Issue – 22<br>June 2018<br><br>Appendix<br>3B – 22<br>June 2018   | 177,692,308 | Shares <sup>2</sup>              | Non-related<br>party<br>sophisticated<br>and institutional<br>investors                                    | \$0.013 per share                             | Cash<br><br>Amount raised = \$2,310,000<br><br>Amount spent = nil<br><br>Shares issued as Tranche 2 of<br>\$6.11m capital raising to<br>continue exploration &<br>development of the Seymour<br>Lake Lithium Project and to<br>continue the due-diligence drill<br>program at the Pickle Lake Gold<br>Project, both located in Ontario,<br>Canada.                             |
|                                                                   | 23,500,000  | Shares <sup>2</sup>              | Canaccord<br>Genuity<br>(Australia) Pty<br>Ltd                                                             | \$0.013 per share                             | Payment of Management fees,<br>selling fees and underwriting<br>fees to Canaccord for capital<br>raising.                                                                                                                                                                                                                                                                      |
|                                                                   | 12,500,000  | Unquoted<br>Options <sup>6</sup> | Canaccord<br>Genuity<br>(Australia) Pty<br>Ltd                                                             | No issue price<br>(non-cash<br>consideration) | Payment of Corporate Advisory<br>Fees to Canaccord.<br><br>Current value <sup>5</sup> = \$122,625                                                                                                                                                                                                                                                                              |
|                                                                   | 12,500,000  | Unquoted<br>Options <sup>7</sup> | Canaccord<br>Genuity<br>(Australia) Pty<br>Ltd                                                             | No issue price<br>(non-cash<br>consideration) | Payment of Corporate Advisory<br>Fees to Canaccord.<br><br>Current value <sup>5</sup> = \$119,000                                                                                                                                                                                                                                                                              |
|                                                                   | 12,500,000  | Unquoted<br>Options <sup>8</sup> | Canaccord<br>Genuity<br>(Australia) Pty<br>Ltd                                                             | No issue price<br>(non-cash<br>consideration) | Payment of Corporate Advisory<br>Fees to Canaccord.<br><br>Current value <sup>5</sup> = \$115,625                                                                                                                                                                                                                                                                              |
| Issue – 31<br>July 2018<br><br>Appendix<br>3B – 31 July<br>2018   | 3,000,000   | Shares <sup>2</sup>              | Unrelated<br>Vendor of the<br>Pickle Lake<br>Gold Project –<br>White Metal<br>Resources Corp               | \$0.012 per share                             | A share-based payment to the<br>vendor of the Pickle Lake Gold<br>Project, being White Metal<br>Resources Corp as the final<br>consideration required to<br>exercise the option, as per the<br>conditions of the agreement<br>announced by the Company on<br>2 August 2017, to acquire 100%<br>of the Pickle Lake Gold Project.<br><br>Share based payment – no cash<br>raised |

**Notes:**

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: ADV (terms are set out in the Constitution).
3. Unquoted Options, exercisable at \$0.016 each, on or before 29 November 2018. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 13 February 2018.
4. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.
5. In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.008) as the context requires on the ASX on 2 October 2018. In respect of unquoted Equity Securities, the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk-free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market-based performance conditions (i.e. conditions linked to the price of Shares).
6. Unquoted Options, exercisable at \$0.02 each, on or before 31 December 2021.
7. Unquoted Options, exercisable at \$0.0225 each, on or before 31 December 2021.
8. Unquoted Options, exercisable at \$0.025 each, on or before 31 December 2021.

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## SCHEDULE 2 – TERMS AND CONDITIONS OF CANNACORD OPTIONS

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(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of an Option will be as follows:

- (i) Tranche 1: \$0.02;
- (ii) Tranche 2: \$0.0225;
- (iii) Tranche 3: \$0.025,

each, an **Exercise Price**.

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 31 December 2021 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

- (e) The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(f) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the relevant Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(g) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(h) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section

708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (h)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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## SCHEDULE 3 – SUMMARY OF INCENTIVE OPTION PLAN

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The key terms of the Incentive Option Plan are as follows:

- (a) **Eligibility:** Participants in the Scheme may be:
- (i) a Director (whether executive or non-executive) of the Company, its subsidiaries and any other related body corporate of the Company (**Group Company**);
  - (ii) a full or part time employee of any Group Company;
  - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 (or any amendment to or replacement of that Class Order) (**Class Order**); or
  - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a Participant under clauses (a), (b) or (c) above,
- who is declared by the Board to be eligible to receive grants of Options under the Plan (**Participants**).
- (b) **Administration of Plan:** The Board is responsible for the operation of the Plan and has a broad discretion to determine which Participants will be offered Options under the Scheme.
- (c) **Offer:** The Board may issue an offer to a Participant to participate in the Plan. The offer will include the following minimum information regarding the Options:
- (i) the maximum number of Options that the Eligible Participant may apply for, or the formula for determining the number of Options that may be applied for;
  - (ii) the maximum number of Shares that the Participant is entitled to be issued on the exercise of each Options or the formula for determining the maximum number of Shares;
  - (iii) any applicable Vesting Conditions;
  - (iv) any Restriction Period the Board has resolved to apply to Shares issued on exercise of the Options;
  - (v) when unvested Options will expire (**Expiry Date**);
  - (vi) the date by which an Offer must be accepted (**Closing Date**); and
  - (vii) any other information required by law or the ASX Listing Rules or considered by the Board to be relevant to the Options or the Shares to be issued on the exercise of the Options.
- (d) **Issue price:** unless the Options are quoted on the ASX, Options issued under the Plan will be issued for no more than nominal cash consideration.
- (e) **Vesting Conditions:** An Option may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Option.

- (f) **Restriction Periods:** a Share issued on exercise of an Option may be made subject to a restriction period as determined by the Board and as specified in the Offer for the Option.
- (g) **Lapse of Options:** An Option will lapse upon the earlier to occur of:
- (i) an unauthorised dealing in, or hedging of, the Option occurring;
  - (ii) a Vesting Condition in relation to the Option is not satisfied by the due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the Vesting Condition;
  - (iii) in respect of unvested Options only, a Participant ceases to be a Participant, unless the Board:
    - (A) exercises its discretion to vest the Option; or
    - (B) in its absolute discretion, resolves to allow the unvested Options to remain unvested;
  - (iv) in respect of vested Options only, a Participant ceases to be a Participant and the Option granted in respect of that Participant are not exercised within one (1) month (or such later date as the Board determines) of the date the Participant ceases to be a Participant;
  - (v) the Board deems that an Option lapses due to fraud, dishonesty or other improper behaviour of the Participant;
  - (vi) the Company undergoes a Change of Control or a winding up resolution or order is made, and the Option does not vest in accordance with any exception to the Vesting Conditions; and
  - (vii) the Expiry Date of the Option.
- (h) **Change of Control:** If a company (Acquiring Company) obtains control of the Company as a result of a change of control event, and both the Company and the Acquiring Company agree, a Participant may, in respect of any vested Options that are exercised, be provided with shares of the Acquiring Company, or its parent, in lieu of Shares, on substantially the same terms and subject to substantially the same conditions as the Shares, but with appropriate adjustments to the number and kind of shares subject to the Options.
- (i) **Participation Rights:** There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders without exercising the Options.
- (j) **Overriding Restrictions:** No Option may be offered, granted or exercised and no Share may be issued under the Plan if to do so:
- (i) would contravene the Corporations Act, the ASX Listing Rules or any other applicable law; or
  - (ii) would contravene the local laws or customs of a Participant's country of residence or in the opinion of the Board would require actions to comply with those local laws or customs which are impractical.

- (k) **Restriction on transfer:** Options will not be transferable except to the extent provided for by the Scheme or unless the Offer provides otherwise.
- (l) **Quotation on ASX:** Options will not be quoted on the ASX, except to the extent provided for by the Scheme or unless the Offer provides otherwise.
- (m) **Rights attaching to Shares:** Each Share issued on exercise of an Option will have the same terms and conditions as the Company's issued Shares (other than in respect of transfer restrictions imposed by the Scheme) and it will rank equally with all other issued Shares from the issue date except for entitlements which have a record date before the issue date.
- (n) **Reconstruction of Capital:** If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

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## SCHEDULE 4 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

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(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of an Option will be as follows:

(i) Tranche 1 Related Party Option: \$0.023;

(ii) Tranche 2 Related Party Option: \$0.03,

each, an **Exercise Price**.

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 30 November 2021 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**) subject to the following vesting conditions being met:

(i) Tranche 1 Related Party Option:

(A) the Company achieving a 10-day volume weighted average price for its Shares of \$0.03; and

(B) subject to defining at least one of the following;

1) five (5) million tonnes of Li<sub>2</sub>O, or

2) five (5) million tonnes of Graphite at 4% graphitic carbon, or

3) 500,000 ounces of gold

across all current and potential future sourced projects.

(ii) Tranche 2 Related Party Option:

(A) the Company achieving a 10-day volume weighted average price for its Shares of \$0.05; and

(B) subject to defining at least one of the following;

1) five (5) million tonnes of Li<sub>2</sub>O, or

2) five (5) million tonnes of Graphite at 4% graphitic carbon, or

3) 500,000 ounces of gold

across all current and potential future sourced projects.

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the relevant Exercise Price for each Option being exercised in Australian

currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (h)(h)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## SCHEDULE 5 – VALUATION OF RELATED PARTY OPTIONS

The Related Party Options to be issued to the Related Parties pursuant to Resolutions 12, 13, 14, 15 and 16 have been independently valued using the Black & Scholes option valuation methodology and based on the assumptions set out below, the Related Party Options were ascribed the following value:

|                                                  |                                                                         |
|--------------------------------------------------|-------------------------------------------------------------------------|
| <b>Assumptions:</b>                              |                                                                         |
|                                                  |                                                                         |
| Valuation date                                   | 26 September 2018                                                       |
| Market price of Shares                           | 0.09 cents                                                              |
| Exercise price                                   | Tranche A = 2.3 cents<br>Tranche B = 3.0 cents                          |
| Expiry date (length of time from issue)          | 3 years                                                                 |
| Risk free interest rate                          | 2.125%                                                                  |
| Volatility (discount)                            | 115%                                                                    |
|                                                  |                                                                         |
| <b>Indicative value per Related Party Option</b> | Tranche A = 0.1431 cents<br>Tranche B = 0.0217 cents                    |
|                                                  |                                                                         |
| <b>Total Value of Related Party Options</b>      | Tranche A = \$1,180,575<br>Tranche B = \$179,025<br>Total = \$1,359,600 |
|                                                  |                                                                         |
| - Brad Boyle                                     | Tranche A = \$715,500<br>Tranche B = \$108,500                          |
| - Neil Hackett                                   | Tranche A = \$357,750<br>Tranche B = \$54,250                           |
| - Pauline Gately                                 | Tranche A = \$357,750<br>Tranche B = \$54,250                           |
| - Michelle Li                                    | Tranche A = \$357,750<br>Tranche B = \$54,250                           |
| - Peter Spitalny                                 | Tranche A = \$357,750<br>Tranche B = \$54,250                           |

Note: The valuation noted above is not necessarily the market price that the Related Party Options could be traded at and is not automatically the market price for taxation purposes.