

16 March 2017

Dear Shareholder

Loyalty Options – Bonus Issue

We write to you as the registered holder of Ardea Resources Limited (ASX: ARL) (ARL or the **Company**) shares as at today's date.

As advised in the Company's ASX announcement dated 9 May 2017, and as foreshadowed in the IPO Prospectus, the Company is proposing to issue one free Loyalty Option for every three fully paid shares in the Company to all eligible shareholders on the record date of 22 May 2017 (**Record Date**) at an exercise price of 77 cents exercisable any time within 12 months of the date of issue (**Offer**).

The Offer will be available to all ARL shareholders registered on the Record Date with a registered address in Australia or New Zealand (**Eligible Shareholders**).

A prospectus in relation to the Offer was lodged with ASIC and ASX on 16 May 2017 and is available on the websites of ARL and ASX from that date. The Prospectus will be sent to Eligible Shareholders on 24 May 2017.

Ardea has decided that it is unreasonable to extend the Offer to shareholders with a registered address outside Australia or New Zealand as at the record date (**Ineligible Shareholders**), having regard to the number of such shareholders, their holdings and the compliance costs required to extend Offer to those shareholders.

The purpose of this letter is to inform you that no offer is being made to you and the prospectus will not be sent to you as you are an Ineligible Shareholder. To qualify as an Eligible Shareholder, you would need to have an address in Australia or New Zealand prior to the Record Date, as notified to Ardea's share register Security Transfers Australia.

We are grateful for the continued support of our overseas shareholders.

Yours sincerely



Sam Middlemas
Company Secretary