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16 May 2017

Dear Optionholder

Notice to Optionholders of Loyalty Options Offer to all Shareholders

We write to you as the registered holder of Ardea Resources Limited (ASX: ARL) (ARL or the **Company**) options 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**).

Pursuant to the Offer, the Company will issue up to 26,436,923 free Loyalty Options.

The Offer will be available to all ARL shareholders registered on the Record Date whose registered address is 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 will be sent to Eligible Shareholders on 24 May 2017.

Under the terms of the options you currently hold, there is no entitlement to participate in the Offer (in respect of your options) unless you exercise your options, and are entered onto the register as a shareholder of the Company by the Record Date. If you exercise your options any time before the expiry date of the Loyalty Options on 31 May 2018, you will be entitled to the same number of Loyalty Options which would have been issued under the Offer if your options had been exercised before the record date for the Offer.

If you do not wish to participate in the Offer (in respect of your options), no action is required. Before deciding whether to exercise all or any of your options, you should consider the prospectus carefully and if in any doubt, consult with your professional advisor.

If you require clarification on any of the above matters, please contact the share registry on (08) 9315 2333 or the undersigned on (08) 6244 5136.

Yours faithfully

Sam Middlemas

Sam Middlemas
Company Secretary