

ASX & Media Release

16 May 2017

ASX Symbol

ARL

Ardea Resources Limited

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ardea@ardearesources.com.au

Website

www.ardearesources.com.au

Directors

Katina Law
Chair

Matt Painter
Managing Director

Ian Buchhorn
Non-Executive Director
Issued Capital

Shares
67,000,747

Unlisted options
12,310,022

ABN 30 614 289 342

Prospectus for Loyalty Options lodged

The Company attaches a copy of the Prospectus for the Loyalty Options and confirms the timetable for the issue of Loyalty Options is as previously advised as follows:

Event	Date
Lodgement of prospectus Notice to option holders Announce appendix 3B, prospectus lodged with ASIC & ASX	16 May 2017
Ex-date	19 May 2017
Record Date	22 May 2017
Prospectus sent to eligible shareholders	24 May 2017
Issue date	31 May 2017
Dispatch of shareholding statements	1 June 2017

All Ardea Shareholders, holding Fully Paid Ordinary Shares on the **Record Date of 22 May 2017**, will receive 1 free Loyalty Option for every 3 Shares held.

Each Loyalty Option will be exercisable at any time on or before one year from the issue date, with the exercise price of 77 cents (being a premium of 25% to the 5 day VWAP, 3 months from the date of Ardea listing on ASX on 9 February 2017).

The Options will be transferrable, but will not be listed on ASX. Shares issued upon exercise of the Loyalty Options will rank equally with all Fully Paid Ordinary Shares on issue.

**For further information regarding Ardea, please visit
www.ardearesources.com.au:**

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Prospectus

Ardea Resources Limited

ABN 30 614 289 342

For a bonus issue of up to approximately 26,436,923 Loyalty Options to Eligible Shareholders on the basis of 1 Loyalty Option for every 3 Shares held on the Record Date.

Loyalty Options are issued for no consideration and Eligible Shareholders receiving this Prospectus are not required to do anything to be issued their Loyalty Options.

ASX Code: ARL

Important Notice

This Prospectus is dated 16 May 2017 and was lodged with ASIC on that date.

Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

A copy of this Prospectus will be lodged with the New Zealand Companies Office under the mutual recognition regime. More information is set out in section 8.7 of this Prospectus.

Nature of this Prospectus

The Loyalty Options issued under this Prospectus are options to acquire Shares, which have been quoted on the official list of the ASX during the 3 months prior to the issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities or options to acquire securities in a class which has been continuously quoted by ASX in the 3 months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the offer on the company and the rights and liabilities attaching to the securities offered. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus contains information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offer.

Prospectus availability

Eligible Shareholders can obtain a copy of this Prospectus at any time prior to the Closing Date on the Company's website at www.ardearesources.com.au or by contacting the Company. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus.

In accordance with ASIC Corporations Instrument (Application Form Requirements) Instrument 2017/241, this prospectus does not include an application form.

Foreign jurisdictions

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any

of these restrictions. Failure to comply with these restrictions may violate securities laws. Shareholders who are residents in countries other than Australia and New Zealand should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Disclaimer of representations

No person is authorised to provide any information or make any representation in connection with the Bonus Issue which is not contained in this Prospectus.

Forward looking statements

This Prospectus contains forward looking statements that, despite being based on the Company's current expectations about future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors. These known and unknown risks, uncertainties and assumptions, could cause actual results, performance or achievements to materially differ from future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus. These risks, uncertainties and assumptions include, but are not limited to, the risks outlined in section 7 of this Prospectus. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'believe', 'should', 'will', 'may' and similar expressions.

Privacy

Eligible Shareholders should read the privacy information located in section 8.14 of this Prospectus.

Definitions

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in section 12.

Enquiries

If you have any questions please call the Company Secretary on (08) 6244 5136 at any time between 9:00am and 5:00pm (AWST) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional adviser.

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1 Corporate Directory

Directors

Katina Law (Non-executive Chair)
Matthew Painter (Managing Director)
Ian Buchhorn (Non-executive Director)

Company Secretary & Chief Financial Officer

Sam Middlemas

Registered Office

Suite 2, 45 Ord Street
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Tel: +61 8 6244 5136
Email: ardea@ardearesources.com.au

Website

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Share Registry*

Security Transfer Australia Pty Ltd
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770 Canning Highway
Applecross WA 6153 Australia
Tel: +61 8 9315 2333
Fax: +61 8 9315 2233

Solicitors to the Issue

Mills Oakley
Level 2, 225 St Georges Terrace
Perth WA 6000

Auditor*

Butler Settineri (Audit) Pty Ltd

*This party is named for informational purposes only and was not involved in the preparation of this Prospectus.

2 Timetable to the issue

Lodgement of the Prospectus with ASIC and ASX	16 May 2017
Ex-date	19 May 2017
Record date	22 May 2017
Issue date	31 May 2017
Dispatch of holding statements	1 June 2017

These dates in the table above are indicative only. Subject to ASX Listing Rules, the Directors reserve the right to vary the dates without prior notice.

3 Key terms and capital structure

Shares currently on issue ¹	67,000,747
Options currently on issue ^{1 and 2}	12,310,022
Loyalty Options issued under this Prospectus (approx.)	26,436,923

1. This assumes no further Shares are issued (including by way of exercise of Options) prior to the Record Date.
2. See section 6.4 for a list of the Company's Options on issue.
3. See section 9.1 for full terms and conditions of the Loyalty Options.

4 Chairman's letter

Dear Shareholder,

This Prospectus has been prepared by Ardea Resources Limited (Ardea or the Company) for the purpose of a bonus issue of Loyalty Options to all Eligible Shareholders holding shares on the Record Date. Each shareholder will receive one free Loyalty Option for every three Shares held on the Record Date of 22 May 2017, as was foreshadowed in the Company's IPO prospectus dated 9 November 2016 (**IPO Prospectus**).

The Loyalty Options are free Options that will be issued to all Eligible Shareholders on the Record Date so **there is no need to do anything at this time and there are no amounts payable**. Even though no action is required by you, the Corporations Act requires that we send you this Prospectus.

Each Option may be converted into one Ardea Share at any time prior to 30 May 2018 for the exercise price of 77 cents each (a 25% premium to the 5 day VWAP, 3 months from the date of listing). The Options will not be listed on the ASX.

I would like to take this opportunity to thank you for your support of the Company to date. We have been fortunate to have a dedicated team of professionals, and an excellent portfolio of mining assets which has seen the value of the Company increase significantly since the date of listing.

As described in the Company's IPO Prospectus, we have two projects being the KNP Cobalt Zone and Lewis Ponds currently undergoing pre-feasibility study. With the exceptional results announced to date on these projects, we feel that the funds received from any future option exercise over the next 12 months will be most useful for accelerating the development programs.

In line with results to date, the team is being expanded and will continue to work hard to ensure that the pace of development of Ardea's assets is continued and we look forward to your continued support.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Katina Law', with a stylized flourish at the end.

Katina Law

Chair

5 Investment Overview and Key Risks

This information is a selective overview only. Prospective investors should read the Prospectus in full before deciding whether to sell or exercise any Loyalty Options issued to them pursuant to this Prospectus.

Question	Response	Where to find more information
What is the Bonus Issue?	After the successful completion of Ardea's listing on ASX, the Company wishes to reward Shareholders with a bonus issue of one Loyalty Option rounded down to the nearest whole number for every three Shares held by Eligible Shareholders on the Record Date. Each Loyalty Option will be exercisable at any time on or before one year from the issue date, with an exercise price of 77 cents (being a 25% premium to the 5 day VWAP 3 months from the date of Ardea's listing on ASX).	Section 6.1
Are the Loyalty Options free?	Yes, the Loyalty Options are issued for no consideration. The Loyalty Options will not be listed on ASX, and so they are for the benefit of current shareholders on the Record Date. The Options may be freely transferred. Please contact the Share Registry for the necessary transfer form.	
Am I an Eligible Shareholder?	The Bonus Issue is made to Eligible Shareholders only. Eligible Shareholders are those Shareholders who: (a) are the registered holders of Shares as at 7:00pm (AEST) on the Record Date; and (b) have a registered address in Australia or New Zealand.	Section 8.3
How will the funds raised upon exercising Loyalty Options be spent?	As the Loyalty Options are being issued for no consideration, no funds will be raised as a result of the Bonus Issue. It is currently intended that any funds raised by the exercise of the Loyalty Options will be used for increasing the pace of exploration and development on the Company's projects and working capital.	Section 6.2
What are the key risks of a subscription under the Bonus Issue?	An investment in the Company has risks that you should consider before making a decision to invest. These risks include: • Specific risks related to mineral title, management, exploration outcomes, commodity prices, environment, statutory regulation and funding. • General economic risks and business climate. • Exploration, development, mining and processing risk. • Native title risk. • General investment risk	Section 7

Question	Response	Where to find more information
	Please carefully consider these risks, the additional risks contained in section 7 and the information contained in other sections of this Prospectus before deciding whether to sell or exercise any Loyalty Options issued. You may wish to contact your professional adviser.	
Is the Bonus Issue underwritten?	The Bonus Issue is not underwritten.	Section 8.4
Is the Bonus Issue subject to any conditions?	The Bonus Issue is not subject to any minimum subscription.	Section 8.2
What will be the effect of the Bonus Issue on control of the Company	No shareholder will increase their voting power in the Company to 20% or more under the Bonus Issue.	Section 6.5
Can I sell my Entitlements?	No, the Bonus Issue is non-renounceable meaning Shareholders may not transfer their Entitlement.	Section 8.5
How can I obtain further advice?	Contact the Company Secretary on (08) 6244 5136 at any time during business hours until the Closing Date. Alternatively, consult your broker or other professional adviser.	

6 Purpose and Effect of the Bonus Issue

6.1 Introduction

As disclosed in the November 2016 prospectus issued to list on ASX, Ardea announced it would undertake a bonus issue of Loyalty Options at no cost to all Ardea Shareholders on the register three months from listing.

By this Prospectus the Company is making a pro-rata bonus issue on the basis of one Loyalty Option (rounded down to the nearest whole number) for every three Shares held by Eligible Shareholders on the Record Date.

Each Loyalty Option will be issued for no consideration and entitle the holder to be issued one Share exercisable at any time on or before 12 months from the issue date, with an exercise price of 77 cents (being a 25% premium to the 5 day VWAP 3 months from the date of Ardea's listing on ASX).

The Bonus Issue is non-renounceable meaning Shareholders may not transfer their Entitlement.

The primary purpose of the Bonus Issue is to reward Eligible Shareholders for their loyalty to and support of the Company. If the Bonus Options are exercised, this will provide the Company with a potential source of additional capital.

The terms of the Loyalty Option and underlying Shares are set out in section 9.

6.2 Use of funds of the Bonus Issue

As the Loyalty Options are being issued for no consideration, no funds will be raised as a result of the Bonus Issue.

The Company will receive \$0.77 for each Loyalty Option exercised. There is no certainty that any Loyalty Options will be exercised and the proportion exercised will depend on the Share price relative to the exercise price during the exercise period.

It is currently intended that any funds raised by the exercise of the Loyalty Options will be used for accelerating exploration and development on the Company's projects and for working capital.

The application of funds will depend on when Loyalty Options are exercised and the status of the Company's projects and requirements at the relevant time.

6.3 Statement of financial position

Set out in section 13 is the un-audited Consolidated Statement of Financial Position of the Company as at 31 March 2017 and prepared on the basis of the following assumptions:

- (a) the Bonus Issue was effective on 31 March 2017;
- (b) no funds would be received from the Bonus Issue;
- (c) no further Shares are issued (including by way of exercise of Options) other than all Loyalty Options issued under this Prospectus;
- (d) costs of the Bonus Issue are approximately \$22,350.

6.4 Effect of the Bonus Issue on the Company's securities

Assuming that no further Shares are issued (including by way of exercise of Options) prior to the Record Date, at the close of the Bonus Issue, the capital structure of the Company will be:

Security	Number
Existing Shares	67,000,747
Shares issued pursuant to this Prospectus	Nil
Total Shares on issue after completion of Bonus Issue	67,000,747

Security	Number
Existing Options	12,310,022
Maximum Loyalty Options issued pursuant to this Prospectus (exercisable at 77 cents on or before 12 months from the issue date)	26,436,923 ¹
Maximum total Options on issue upon completion of Bonus Issue	38,746,945

¹ Based on the Existing Shares on issue and exercise of Existing Options on issue prior to the Record Date.

If no existing options are exercised prior to the Record Date, the number of Loyalty Options to be issued at completion of the Loyalty Issue is approximately 22,333,582. If all Existing Options are exercised prior to the Record Date, the maximum number of Loyalty Options to be issued at completion of the Loyalty Issue is approximately 26,436,923. The actual number of Loyalty Options to be issued will be determined by the number of Existing Options that are exercised between the date of the Prospectus and the Record Date.

Under the terms of the Options held by Heron, Heron is entitled to be issued one additional Option on the same terms as the Loyalty Options for every three Options Heron holds on the Record Date for the Loyalty Issue (**Heron Options**).

The Company has applied to ASX for a waiver of Listing Rule 10.11 to issue the Heron Options without shareholder approval. As at the date of this Prospectus, the waiver is yet to be determined. If a waiver is not granted the Company will seek any necessary shareholder approval for the issue of the Heron Options as required.

6.5 Potential effect on control

Based on the publically available information as at 12 May 2017, the relevant interests and voting power of the substantial shareholders of the Company are as follows:

Shareholder	Shares	% voting power
Ian Buchhorn and associates	8,379,098	12.51%
Greenstone Delaware	5,413,166	8.08%
B O'Shannassy and associates	5,340,806	7.97%

The Bonus Issue will have no effect on the quantity of Shares held by these substantial shareholders (and their associates) as only Options are being issued.

The exercise of the Loyalty Options will not have a material effect on the control of the Company as:

- (a) The issue is pro rata to Eligible Shareholders; and
- (b) No person acquiring Loyalty Options may exercise their options if that person or someone else's voting power in the Company increases:
 - (i) from 20% or below to more than 20%; or
 - (ii) from a starting point that is above 20% and below 90%.

6.6 Prohibition on exceeding 20% voting power

You must have regard to and comply with the takeovers prohibition in section 606 of the Corporations Act (that is, the 20% voting power threshold), when exercising Loyalty options granted pursuant to this Prospectus.

The Company expressly disclaims any responsibility for ensuring that you do not breach section 606 as a result of the exercise of the Loyalty Options.

If you may be at risk of breaching section 606 as a result of the exercise of Loyalty Options, you have the following choices available to you:

- (a) Sell your Loyalty Options off market;
- (b) Sell some or all of your Shares prior to exercising any Loyalty Options held by you; or
- (c) Rely on an exemption from the takeovers prohibition in section 611 (such as the 3% creep exemption).

If you may be at risk of exceeding the 20% voting power threshold in section 606 or increasing your voting power from a position above 20% as a result of the acquisition of Shares following exercise of Loyalty Options, you should seek professional advice before exercising Loyalty Options.

7 Risk Factors

The Loyalty Options issued under this Prospectus are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors consider the risk factors described below and together with information contained elsewhere in this Prospectus and to consult with their professional advisers before deciding whether to sell or exercise any Loyalty Options issued to them pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business and circumstances. In addition, there are general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.1 Risks specific to the Bonus Issue

(a) Dilution

If Shareholders do not exercise their Loyalty Options, because they either sell those Loyalty Options off market or allow those Loyalty Options to expire without being exercised, and other Shareholders exercise their Loyalty Options, their shareholding will be diluted as a result.

(b) Exercise Price

There can be no guarantee that the Share price will be greater than the exercise price of the Loyalty Options during the period up to the expiry of the Loyalty Options. Accordingly, there is a risk that the Loyalty Options will be out of the money during the exercise period, which would affect the value of the Loyalty Options.

7.2 Specific Risks

Ardea's exploration projects represent the main business activity and focus of Ardea. Risks specific to these projects and Ardea's circumstances include the following:

(a) Non-grant or non-renewal of title

A number of Ardea's Tenements are subject to application or renewal. In particular, the Mt Zephyr project consists of 8 tenements, of which 6 are subject to grant. Of these, 3 are subject to objection, and require an access agreement with the holders of prior infrastructure tenements.

There is a risk that Ardea may not acquire or retain title to these Tenements.

Under both New South Wales and Western Australian law, exploration tenements are valid for set periods of time and renewal is subject to the approval of the respective State Minister. There is no guarantee that Ardea will in future be successful in the renewal of exploration tenements as they reach their expiry date, though statutory mechanisms exist to extend title.

If in future Tenements are not extended, Ardea may suffer damage through loss of the opportunity to discover and/or develop any mineral resources on these Tenements.

(b) Management

The loss of one or more Directors or senior executives may have an adverse effect on the Company's operations. Furthermore, if the Company is unable to attract, train and retain key individuals and other highly skilled employees and consultants, its business may be adversely affected.

(c) Limited exploration

Aside from Lewis Ponds and the KNP, Ardea's projects have been subjected to only limited drill testing. Whilst cobalt, nickel, gold, zinc and/or other styles of mineralisation as the case may be has been located in multiple previous drill intersections, there is a risk that the mineralisation in adjacent drill holes is not continuous between drill holes. There is also a risk that the presently completed drill holes may not be representative of the overall mineralisation present. Further drill tests are required to determine if mineralisation extends further beyond the geometry as defined in current drill patterns. There is no guarantee that if exploration extends the current resources that it will be capable of sustaining commercial development.

(d) Resource estimates

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when made, may change significantly when new information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should Ardea encounter mineralisation different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could have either a positive or negative effect on Ardea's operations.

(e) Exploration and Operating Risks

The current and future operations of Ardea, including exploration, appraisal, development and possible production activities may be affected by a range of exploration and operating factors, including:

- (i) geological conditions;
- (ii) limitations on activities due to seasonal or adverse weather patterns;
- (iii) alterations to program and budgets;
- (iv) unanticipated operational and technical difficulties encountered in geophysical surveys, drilling, metallurgical laboratory work and production activities;
- (v) mechanical failure of operating plant and equipment, industrial and environmental accidents, acts of terrorism or political or civil unrest and other force majeure events;
- (vi) industrial action, disputation or disruptions;
- (vii) unavailability of transport or drilling equipment to allow access and geological and geophysical investigations;
- (viii) unavailability of suitable laboratory facilities to complete metallurgical test-work investigations;
- (ix) failure of metallurgical testing to determine a commercially viable product;
- (x) shortages or unavailability of manpower or appropriately skilled manpower;
- (xi) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment;
- (xii) prevention or restriction of access by reason of inability to obtain consents or approvals; and
- (xiii) certain of Ardea's tenements are subject to agreements with third parties which limit the commodities that Ardea may exploit on these

tenements; with third parties having certain rights. Whilst Ardea does not consider these limitations to be unduly onerous, there is a risk that these restrictions may not be in Ardea's best interests or that the third parties may, in asserting their rights over Ardea's tenements, not act in Ardea's best interests.

(f) Commodity Prices and Foreign Exchange

Ardea may derive some of its future revenue from the sale of commodity products, or from the sale of either intermediate or fully-separated products. Consequently, any earnings will be closely related to the price of these commodities and exchange rate together with the terms of any off-take agreement(s) under which Ardea's products may be sold.

Commodity prices fluctuate and are affected by numerous factors beyond the control of Ardea. These factors include worldwide and regional supply and demand for the specific commodity, prevailing commodity trading terms, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis and exchange rates. These factors may have a positive or negative effect on Ardea's exploration, project development and production plans and activities, together with the ability to fund those plans and activities. Furthermore, some products are not traded upon terminal, liquid, commodity exchanges. There is a risk therefore that Ardea may not be able to secure an attractive price for its commodity products.

(g) Environment

The projects are subject to Western Australian, New South Wales and Federal laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, the projects would be expected to have a variety of environmental impacts should development proceed. In particular, the Donnelly River project application covers areas of private land and state forests. There is a risk that owners' rights and environmental requirements may restrict or prevent Ardea from carrying out its exploration activities.

Ardea intends to and has conducted its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by Ardea's activities have been and are rehabilitated as required by applicable laws.

(h) Mining Tax and Royalties

There is a risk that the Commonwealth, New South Wales or Western Australian Governments may seek to introduce further, or increase existing, taxes and royalties.

(i) Encumbrances on Title

Ardea may at a future date be required to encumber part or all of its tenure to expedite future commercial transactions.

(j) Funding

At the date of this Prospectus, Ardea has no income-producing assets and will generate losses for the foreseeable future. Until it is able to develop a project and generate appropriate cashflow, Ardea is dependent upon being able to obtain future equity or debt funding to support long term exploration, after the expenditure of the net proceeds raised under the February 2017 listing of Ardea on ASX. Neither Ardea nor any of the Directors nor any other party can provide any guarantee or assurance that if further funding is required, such funding can be raised on terms acceptable to Ardea.

Any additional equity funding will dilute existing Shareholders. Also, no guarantee or assurance can be given as to when a project can be developed to the stage where it will generate positive cashflow. As such, a project would be dependent on many factors, for

example exploration success, subsequent mine development, commissioning and operational performance.

Should it choose in future to enter joint ventures, Ardea may not be able to earn or maintain proposed equity interests in its tenements if it fails to meet the ongoing expenditure commitments. Accordingly, Ardea may potentially lose entitlement or rights to interests in tenements and projects where ongoing expenditure commitments are not met.

(k) Unforeseen Risks

There may be other risks which the Directors are unaware of at the time of issuing this Prospectus which may impact on Ardea and its operations, and on the valuation and performance of Ardea's Shares.

(l) Contract Risk

The Company has contractual rights with third parties, such as its rights to non-gold commodities in relation to the Siberia and Black Range tenure with Eastern Goldfields Limited. The Directors are unable to predict the risk of:

- (i) financial failure or default of a party to a contract to which the Company is a related party;
- (ii) insolvency or managerial failure of a party to a contract to which the Company is a party;
- (iii) activities, operations or lack thereof that jeopardise the good standing or underlying tenure to which the contract rights of the Company relate;
- (iv) mechanical, commercial or operating failures of a party to a contract to which the Company is a party which lead to a reduction in value of the Company's rights.
- (v) The occurrence of such an event may result in litigation, loss or variation of the contractual rights or alterations to the plans of the Company, which may, in turn, adversely affect the Company's operations.

7.3 General Economic Risks and Business Climate Risks

Share market conditions may affect the listed securities regardless of operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) movements in or outlook on interest rates and inflation rates;
- (c) currency fluctuations;
- (d) commodity prices;
- (e) exchange rates
- (f) changes in investor sentiment towards particular market sectors; and
- (g) the demand and supply for capital.

Commodity prices are influenced by physical and investment demand for those commodities. Fluctuations in commodity prices may influence individual projects in which Ardea may have an interest.

7.4 Exploration, Development, Mining and Processing Risks

The business of mineral exploration, project development and mining by its nature contains elements of significant risk. Ultimate and continuing success of these activities is dependent on many factors such as:

- (a) the discovery and/or acquisition of economically recoverable ore reserves;
- (b) successful conclusions to feasibility studies;
- (c) access to adequate capital for project development;
- (d) design and construction of efficient mining and processing facilities within capital expenditure budgets;
- (e) securing and maintaining title to tenements and compliance with the terms of those tenements;
- (f) obtaining consents and approvals necessary for the conduct of exploration and mining; and
- (g) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Adverse weather conditions over a prolonged period can adversely affect exploration and mining operations and the timing of revenues.

Whether or not income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, integrity of mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

Mining is an industry which has become subject to increasing legislative regulation including but not limited to environmental responsibility and liability. The potential for unforeseen liability is an ever present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. The introduction of new laws and regulations or changes to underlying policy may adversely impact on the operations of Ardea.

7.5 Native Title Risks

The Native Title Act 1993 (Cth) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with Native Title in Australia and this may impact on Ardea's operations and future plans.

Native Title can be extinguished by valid grants of land or waters to people other than the Native Title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost their connection with the relevant land or waters.

Native Title is not extinguished by the grant of mining leases, as they are not considered to be grants of exclusive possession. A valid mining lease prevails over Native Title to the extent of any inconsistency for the duration of the title.

For tenements to be validly granted (or renewed) after 23 December 1996 the special 'right to negotiate' regime established by the Native Title Act must be followed.

It is important to note that the existence of a Native Title claim is not an indication that Native Title in fact exists to the land covered by the claim, as this is a matter ultimately determined by the Federal Court.

Ardea must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of exploration and mining operations.

7.6 General investment risks

The risks outlined below are some of the general risks that may affect an investment in the Company.

(a) Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

(b) Liquidity risk

The market for the Company's Shares may be illiquid. As a consequence investors may be unable to readily exit or realise their investment.

(c) Economic risk

Changes in both Australia and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings. The Company's possible revenues and price of its securities can be affected by these factors which are beyond the control of the Company and its Directors.

8 Details of the Bonus Issue

8.1 The Bonus Issue

By this Prospectus the Company is making a pro-rata bonus issue on the basis of one Loyalty Option for every three Shares held by Eligible Shareholders on the Record Date.

Each Loyalty Option will be issued for no consideration and entitle the holder to be issued one Share exercisable at any time on or before one year from the issue date, with an exercise price of 77 cents (being a 25% premium to the 5 day VWAP 3 months from the date of Ardea's listing on ASX).

Fractional entitlements will be rounded down to the nearest whole number.

The Bonus Issue is only open to Eligible Shareholders. Eligible Shareholders are not required to do anything to be issued Loyalty Options, and holding statements for Loyalty Options will be despatched to Eligible Shareholders as soon as possible.

All of the Shares issued upon the exercise of the Loyalty Options issued under this Prospectus will rank equally with Existing Shares. The rights and liabilities of the Loyalty Options and underlying Shares are summarised in section 9.

8.2 Minimum subscription

The Bonus Issue is not subject to a minimum subscription.

8.3 Entitlement to Bonus Issue

The Bonus Issue is made to Eligible Shareholders, who are those Shareholders that:

- (a) are the registered holder of Shares as at 7:00pm (AEST) on the Record Date; and
- (b) have a registered address in Australia or New Zealand.

8.4 No Underwriting

The Bonus Issue is not underwritten.

8.5 Rights trading

An Eligible Shareholder's Entitlement is non-renounceable. Accordingly, there will be no trading of rights on ASX and Eligible Shareholders will not be able to sell or otherwise transfer their Entitlement.

8.6 Bonus Issue outside Australia and New Zealand

Recipients may not send or otherwise distribute this Prospectus to any person outside Australia and New Zealand.

8.7 Treatment of Ineligible Shareholders

Given the small number of Ineligible Shareholders and the cost of complying with applicable regulations in those jurisdictions, the Company has decided that it would be unreasonable to extend the Bonus Issue to Ineligible Shareholders. The Prospectus will not be sent to those Shareholders.

(a) New Zealand

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

A copy of this Prospectus will be lodged with the New Zealand Companies Office under the mutual recognition regime.

(b) Elsewhere

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Bonus Issue. No action has been taken to register or qualify the Bonus Issue or otherwise to permit an offering any jurisdiction other than as set out in this section.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein

have not been and will not be registered under the US Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Recipients may not send or otherwise distribute this Prospectus to any person outside Australia or New Zealand (other than to Eligible Shareholders).

8.8 Beneficial holders, nominees, trustees and custodians

Nominees and custodians that hold Shares should note that the Bonus Issue is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Bonus Issue is compatible with applicable foreign laws.

8.9 Issue

The Loyalty Options will be issued in accordance with the ASX Listing Rules and the timetable set out in section 2. Holding statements for the Loyalty Options issued will be mailed in accordance with the ASX Listing Rules and the timetable set out in section 2.

No Loyalty Options will be allotted and issued on the basis of this Prospectus later than thirteen months after the date of this Prospectus.

8.10 Quotation

The Loyalty Options will not be quoted on the ASX.

8.11 Market prices of Existing Shares on ASX

The highest and lowest market sale price of the Existing Shares during the 3 months immediately preceding the lodgement of this Prospectus with the ASIC, and the last market sale price on the date before the lodgement date of this Prospectus, are set out below.

	3 month high	3 month low	Last market sale price
Price (cents)	92.5c	27.5c	57.0c
Date	27 Feb 2017	16 Feb 2017	15 May 2017

8.12 CHESS

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). CHESS is operated by ASX Settlement Pty Ltd (**ASPL**), a wholly owned subsidiary of ASX.

Under CHESS, the Company does not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company, including Loyalty Options issued under this Prospectus. If an investor is broker sponsored, ASPL will send a CHESS statement.

The CHESS statement will set out the number of Loyalty Options issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of Loyalty Options issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

8.13 Taxation and duty implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Bonus Issue under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in the Bonus Issue. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Bonus Issue.

No brokerage or stamp duty is payable on the issue of the Loyalty Options under this Prospectus.

8.14 Privacy

The Company collects information about each Shareholder to administer their security holding in the Company.

By holding Shares, each Shareholder agrees that the Company may use the information provided by a Shareholder for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporates, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

The Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

A Loyalty Option holder has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

8.15 Enquiries

Any queries regarding the Bonus Issue should be directed to Sam Middlemas, Company Secretary on (08) 6244 5136.

You can also contact your stockbroker or professional adviser with any queries in relation to the Bonus Issue.

9 Rights and Liabilities attaching to securities

9.1 Rights and liabilities attaching to Loyalty Options

The Loyalty Options are issued on the following terms and conditions:

- (a) Each Loyalty Option entitles the holder to be issued one Share when exercised.
- (b) The Loyalty Options are exercisable at any time on or before 12 months from issue.
- (c) The exercise price of each Loyalty Option is \$0.77 each.
- (d) The Loyalty Options will not be quoted so are not transferrable on ASX (but may be bought or sold off market).
- (e) The Company will provide to each Loyalty Option holder a notice that is to be completed when exercising the Loyalty Options (**Notice of Exercise**). Loyalty

Options may be exercised by the Loyalty Option holder in whole or in part by completing the Notice of Exercise and forwarding to the Company Secretary to be received prior to the expiry date. The Notice of Exercise must state the number of Loyalty Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by a Loyalty Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.

- (f) All Shares issued upon the exercise of the Loyalty Options will rank equally in all respects with the Company's then issued Shares. The Company will apply to the ASX for quotation of all Shares issued upon exercise of Loyalty Options.
- (g) There are no participating rights or entitlements inherent in the Loyalty Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Loyalty Options. Thereby, the Loyalty Option holder has no rights to a change in the exercise price of the Loyalty Option or a change to the number of underlying securities over which the Loyalty Option can be exercised except in the event of a bonus issue. The Company will ensure, for the purposes of determining entitlements to any issue, that Loyalty Option holders will be notified of a proposed issue after the issue is announced. This will give Loyalty Option holders the opportunity to exercise their Loyalty Options prior to the date for determining entitlements to participate in such issues.
- (h) If from time to time on or prior to the Expiry Date the Company makes a bonus issue of securities to holders of Shares in the Company (Loyalty Issue), then upon exercise of Loyalty Options a holder will be entitled to have issued (in addition to the Shares which are otherwise entitled to have issued upon such exercise) the number of securities which would have been issued under that Loyalty Issue if the Loyalty Options had been exercised before the record date for the Loyalty Issue.
- (i) In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Loyalty Option holder shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules.

9.2 Rights and liability attaching to Shares

Full details of the rights and liabilities attaching to the Shares issued upon exercise of Loyalty Options are:

- detailed in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

The following is a summary of the principal rights which are proposed to attach to Shares:

(a) Voting

Every holder of Shares present in person or by proxy, attorney or representative at a meeting of Ardea Shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of Shares who is present in person or by proxy, attorney or

representative has one vote for every Share held. At any general meeting a resolution put to the vote of the meeting must be decided on a show of hands unless a poll is effectively demanded and the demand is not withdrawn.

(b) Dividends

Dividends are payable out of Ardea's profits or out of a reserve set aside by the Directors and are declared by the Ardea Directors.

Ardea Shareholders are entitled to dividends as a result of ownership of their Shares in accordance with the Constitution.

(c) Transfer of Shares

An Ardea Shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by the Listing Rules or the Corporations Act for the purpose of facilitating dealings in Shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Ardea Directors.

The Ardea Directors may refuse to register any transfer of Shares, where Ardea is permitted or required to do so by the Listing Rules or the ASX Settlement Operating Rules.

(d) Meetings and notice

Each Ardea Shareholder is entitled to receive notice of and to attend general meetings for Ardea and to receive all notices, accounts and other documents required to be sent to Ardea Shareholders under the Constitution, the Corporations Act or the Listing Rules.

(e) Liquidation rights

Ardea has only issued one class of Shares, which all rank equally in the event of liquidation. Once all the liabilities of Ardea are satisfied, a liquidator may, with the authority of a special resolution of Ardea Shareholders divide among the Ardea Shareholders the whole or any part of the remaining assets of Ardea. The liquidator can with the sanction of a special resolution of Ardea Shareholders vest the whole or any part of the assets in trust for the benefit of Shareholders as the liquidator thinks fit, but no Shareholder of Ardea can be compelled to accept any Shares or other securities in respect of which there is any liability.

(f) Ardea Shareholder liability

Ardea Shares are fully paid shares and are not subject to any calls for money by the Ardea Directors and will therefore not become liable for forfeiture.

(g) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. At least 28 days' written notice, specifying the intention to propose the resolution as a special resolution must be given.

(h) Listing Rules

As Ardea has been admitted to the Official List of ASX, then despite anything in Ardea's Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

10 Additional Information

10.1 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The Shares underlying the Loyalty Options to be issued under this Prospectus are in a class which has been continuously quoted by ASX in the 3 months prior to the date of the prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of Loyalty Options on the Company and the rights attaching to the Loyalty Options. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the period from lodgement of the Company's IPO Prospectus to the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of any of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the half-year financial report lodged with ASIC by the Company after the lodgement of IPO Prospectus and before the lodgement of this Prospectus; and
 - (ii) any continuous disclosure notices given by the Company after the lodgement of the financial report referred to in paragraph (i) and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours.

The Company has lodged the following announcements with ASX since its listing on 9 February 2017:

Date	Description of Announcement
9/05/2017	Timetable for Issue of Loyalty Options
5/05/2017	Feasibility commences on Lewis Ponds mineralised system
4/05/2017	First cobalt drillhole completed KNP Cobalt Zone
28/04/2017	March 2017 Quarterly Activities and Cashflow Report
26/04/2017	Large mineralised system confirmed by Lewis Ponds drilling
21/04/2017	Change of Company Address
21/04/2017	Trading halt
11/04/2017	Response to ASX Price and Volume Query
3/04/2017	Company Presentation - April 2017
22/03/2017	Cobalt drilling commences at Kalpini
16/03/2017	Broad sulphide intercepts from Lewis Ponds
14/03/2017	Interim Financial Report - 31 December 2016
9/03/2017	Preliminary Results from Lewis Ponds
8/03/2017	HRR: Ardea Demerger - ATO Class Ruling
28/02/2017	Cobalt and zinc-gold drilling update
24/02/2017	KNP Cobalt Zone pre-feasibility study underway
21/02/2017	Becoming a substantial holder
16/02/2017	Becoming a substantial holder
10/02/2017	Becoming a substantial holder - IB
10/02/2017	Change of Director's Interest Notice - IB
10/02/2017	Second Supplementary Prospectus
10/02/2017	Supplementary Prospectus
10/02/2017	Ardea Resources lists on ASX
9/02/2017	Initial Director's Interest Notices
7/02/2017	Completion of Sale Facility Offer
7/02/2017	Restricted Securities
7/02/2017	Terms of the Employee Share and Option Plan
7/02/2017	Securities Trading Policy
7/02/2017	Corporate Governance Statement
7/02/2017	Updated Disclosures and Confirmation Statements

7/02/2017	Constitution
7/02/2017	Prospectus
7/02/2017	Appendix 1A, Information Form and Checklist and Annexure 1
7/02/2017	Distribution Schedule and Top 20 Shareholders
7/02/2017	Pre-quotation Disclosure
7/02/2017	ASX Notice - Admission and Official Quotation
7/02/2017	Admission to Official List (9/02/2017)

Publicly available information about the Company's is available at www.asx.com.au

10.2 Directors' interests

As at the date of this Prospectus the Directors have a relevant interest in securities of the Company and remuneration as set out below.

Director	Current holding		Entitlement
	Shares	Options	Loyalty Options
Katina Law	500,000	Nil	166,666
Matthew Painter	130,000	Nil	43,333
Ian Buchhorn	8,379,098	Nil	2,793,032

Remuneration paid to Directors since incorporation on 17 August 2016 to 31 March 2017 ⁽¹⁾

Director

Katina Law	\$20,247
Matthew Painter ⁽²⁾	\$41,680
Ian Buchhorn	\$Nil

1 Includes superannuation

2 Matthew Painter was paid by Heron Resources Limited prior to the completion of the ASX Listing of Ardea, as required under the Demerger Implementation Agreement – total payments from his appointment on 21 November 2016 to 31 January 2017 were \$55,451..

The Chair is entitled to annual Director's fees of \$60,000 and non-executive Directors are entitled to \$40,000 each of Directors fees per annum.

The Company has entered into an Executive Services Agreement with Matthew Painter as Managing Director of the Company on a salary of \$250,080 per annum plus statutory superannuation. He will also be eligible to participate in the Employee Option/Performance Rights scheme subject to shareholder approval. The Agreement includes normal terms and conditions with 3 month written notice required by either party on termination.

The Company has entered into indemnity, insurance and access deeds with each of the Directors (**Deeds**). Under the Deeds, the Company agrees to indemnify each of the Directors to the extent permitted by the Corporations Act against certain liabilities incurred by the Directors whilst acting as an officer of the Company, and to insure each Director against certain risks to which the Company is exposed as an officer of the Company. The

Deeds also grant each Director a right of access to certain records of the Company for a period of up to 7 years after the Director ceases to be an officer of the Company.

The Deeds were entered into as part consideration for the Directors agreeing to hold office as directors of the Company.

The Constitution of the Company provides that the Directors may be paid for their services as Directors. Non-executive directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the non-executive directors as they from time to time agree and in default of agreement then in equal shares.

The Company also pays premiums to insure all of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting in the capacity as a Director of the Company.

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Bonus Issue; or
- (c) the Bonus Issue,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (d) to a Director or proposed Director or to any firm which any such Director is a partner, to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director or to any firm which any such Director is a partner, in connection with the formation or promotion of the Company or the Bonus Issue.

10.3 Interests of promoters and named persons

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Bonus Issue; or
- (c) the Bonus Issue.

Mills Oakley has acted as solicitors to the Bonus Issue. In respect of this work, the Company will pay approximately \$8,000 exclusive of GST. Subsequently fees will be paid in accordance with normal hourly rates. Mills Oakley has provided services to the Company in respect of the IPO Prospectus in the 2 years prior to the date of this Prospectus for fees of approximately \$120,000.

10.4 Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgement of this Prospectus with ASIC withdrawn their written consent:

- (i) to be named in the Prospectus in the form and context which it is named; and
- (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) has not caused or authorised the issue of this Prospectus;
- (c) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than specified below; and
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name and the statement(s) and/or report(s) (if any) made in connection with their role as specified below and included in this Prospectus with the consent of that person.

Name	Role
Mills Oakley	Lawyers

10.5 Expenses of the Bonus Issue

Assuming Full Subscription, the total estimated expenses of the Bonus Issue are as set out below:

Cost ¹	(approximately) (\$)
Legal fees	8,000
ASIC fees	2,350
Printing, postage and other registry expenses	12,000
Total	22,350

1. These costs have or will be paid by the Company.

10.6 Litigation

Other than as disclosed elsewhere in this Prospectus, as at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

11 Directors' responsibility and consent

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 16 May 2017

Signed for and on behalf of
Ardea Resources Limited by
Matthew Painter
Managing Director

12 Glossary

Where the following terms are used in this Prospectus they have the following meanings:

\$, A\$ or Dollars	Australian dollars unless otherwise stated.
AEST	Australian Eastern Standard Time
ASIC	the Australian Securities & Investments Commission.
ASX	the ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Ltd.
AWST	Australian Western Standard Time
Board	the board of Directors.
Bonus Issue	the issue of Loyalty Options to Eligible Shareholders pursuant to this Prospectus on the basis of 1 Loyalty Option for every 3 Shares held on the Record Date.
Business Day	Monday to Friday inclusive, except any day that ASX declares is not a business day.
Closing Date	the date set out in section 2.
Company or Ardea	Ardea Resources Limited (ACN 614 289 342).
Constitution	the constitution of the Company.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Deeds	the indemnity, insurance and access deeds between the Company and each of the Directors.
Director	a director of the Company.
Eligible Shareholders	a Shareholder as at the Record Date with a registered address in Australia or New Zealand.
Entitlement	the number of Loyalty Options to which an Eligible Shareholder is entitled under the Bonus Issue on the basis of 1 Loyalty Option for every 3 Shares held by the Eligible Shareholder on the Record Date.
Existing Share	a Share held as at 7:00pm (AEST) on the Record Date.
Existing Option	an Option held as at 7:00pm (AEST) on the Record Date.
Heron	Heron Resources Limited (ACN 068 263 098).
Ineligible Shareholder	a Shareholder who is not an Eligible Shareholder.
IPO Prospectus	means the Prospectus dated 9 November 2016.
Listing Rules	the listing rules of the ASX.
Loyalty Options	means an Option to be issued pursuant to this Prospectus.
Official List	the official list of the ASX.
Option	an option to purchase a Share.
Prospectus	this Prospectus and includes the electronic prospectus.
Record Date	the date set out in section 2.
Share	a fully paid ordinary share in the Company.

Share Registry	Security Transfer Australia Pty Ltd.
Shareholder	the registered holder of Shares in the Company.
US Person	has the meaning given to that term in Regulation S under the US Securities Act.
US Securities Act	the <i>United States Securities Act of 1933</i> , as amended.

13 Unaudited Consolidated Statement of Financial Position

		Audit Reviewed 31 December 2016 A\$'000	Unaudited Pro-forma Financial Information 31 March 2017 A\$'000
	Note		
CURRENT ASSETS			
Cash and cash equivalents		-	4,273
TOTAL CURRENT ASSETS		-	4,273
NON-CURRENT ASSETS			
Investments		-	10
Property, plant and equipment	1	-	379
Exploration and evaluation costs carried forward	2	-	8,645
TOTAL NON-CURRENT ASSETS		-	9,034
TOTAL ASSETS		-	13,307
CURRENT LIABILITIES			
Accounts Payable	3	-	-
Provisions – employee entitlements		-	18
TOTAL CURRENT LIABILITIES		-	18
NON CURRENT LIABILITIES			
Provisions – employee entitlements		-	5
TOTAL LIABILITIES		-	23
NET ASSETS		-	13,284
EQUITY			
Contributed equity	4	-	13,400
Option reserve	5	-	689
Accumulated losses		-	(805)
TOTAL EQUITY		-	13,284

Note 1 – Property Plant and equipment

	Pro-forma Financial Information 31 March 2017 A\$'000
Freehold Land – Lewis Ponds	\$325
Plant and Equipment - WDV	\$54
Total	\$379

Note 2 – Exploration and Evaluation Costs carried forward

	A\$'000
Kalgoorlie Nickel Project	\$3,397
Lewis Ponds	\$4,903

Exploration since ASX Listing	345
Total	<u>\$8,645</u>

Note 3 – Accounts Payable

	A\$'000
Equity Raising Fee – Azure/Euroz	<u>-</u>

Note 4 – Contributed Equity

	Pro-forma Financial Information 31 March 2017	
	Number of Shares	A\$'000
Issued Capital on date of incorporation	100	-
Share split following de-merger	41,501,511	8,300
Issue of Shares via Public Offering	25,499,126	5,100
	<u>67,000,737</u>	<u>13,400</u>

Note 5 – Option Reserve

Option reconciliation	Number of options	Option Reserve A\$'000's
Opening balance at 17 August 2016	-	-
Options issued to Heron to reimburse IPO costs	10,000,000	560
Options issued to Azure/Euroz for successful completion of IPO	2,310,022	129
Closing balance	<u>12,310,022</u>	<u>689</u>

The Black Scholes valuation methodology has been used to value the options issued during the reporting period. The following table lists the inputs used to value the options issued.

Number of options	12,310,022
Method adopted	Black Scholes
Average volatility (%)	50
Average risk free interest rate (%)	2%
Average expected life of option (years)	3
Exercise price	\$0.25
Share price at grant date	\$0.20
Average value per option	\$0.056