

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Ardea Resources Limited

ABN

30 614 289 342

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Performance Rights issued to Employees |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 75,000 Class B Performance Rights
475,000 Class C Performance Rights
991,000 Class D Performance Rights
400,000 Class E Performance Rights |

+ See chapter 19 for defined terms.

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- | | |
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| <p>3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)</p> | <p>Each Performance Right is convertible into one fully paid ordinary share in the Company subject to meeting of certain performance conditions as follows:</p> <p>Class B Performance Rights vest upon the Company's Shares reaching a 30 day VWAP which is equal to or greater than \$2.37 per share and continuous service to 1 February 2019 prior to 30 November 2019</p> <p>Class C Performance Rights vest upon completion of the Definitive Feasibility Study in relation to the KNP Cobalt Zone and continuous service to 1 February 2020 prior to 30 November 2020</p> <p>Class D Performance Rights vest upon the Company's Shares reaching a 30 day VWAP which is equal to or greater than \$0.60 per share and continuous service to 30 November 2021 prior to 31 December 2021</p> <p>Class E Performance Rights vest upon the Company's Shares reaching a 30 day VWAP which is equal to or greater than \$0.77 per share and continuous service to 30 November 2022 prior to 31 December 2022</p> <p>(Full terms attached to this Appendix)</p> |
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+ See chapter 19 for defined terms.

4	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	No – These are unquoted securities. On vesting the performance rights will convert into fully paid ordinary shares which will rank equally with existing quoted fully paid ordinary shares currently on issue.
5	Issue price or consideration	Nil
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Performance Rights issued to the new Chief Executive Officer as part of his Executive Services Agreement and to other Employees as employment incentives under the Ardea Performance Rights Plan as approved at the 2017 AGM held on 23 November 2017
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	No
6b	The date the security holder resolution under rule 7.1A was passed	N/a
6c	Number of +securities issued without security holder approval under rule 7.1	N/a
6d	Number of +securities issued with security holder approval under rule 7.1A	N/a

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6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/a
6f	Number of +securities issued under an exception in rule 7.2	N/a
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/a
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/a
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/a
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	19 July 2019

8	Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in section 2 if applicable)	Number	+Class
		106,145,424	Ordinary Shares

+ See chapter 19 for defined terms.

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	
	11,155,011	IPO Options exercisable at 25 cents each any time prior to 9/2/2020
	1,685,000	Class B Performance Rights (nb 85,000 have lapsed since last Appendix 3B)
	2,085,000	Class C Performance Rights (nb 85,000 have lapsed since last Appendix 3B)
	991,000	Class D Performance Rights
	400,000	Class E Performance Rights
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	
	N/a	

Part 2 - Pro rata issue

11	Is security holder approval required?	N/a
12	Is the issue renounceable or non-renounceable?	N/a
13	Ratio in which the +securities will be offered	N/a
14	+Class of +securities to which the offer relates	N/a
15	+Record date to determine entitlements	N/a
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/a
17	Policy for deciding entitlements in relation to fractions	N/a

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- 18 Names of countries in which the entity has security holders who will not be sent new offer documents

Note: Security holders must be told how their entitlements are to be dealt with.

Cross reference: rule 7.7.

N/a

- 19 Closing date for receipt of acceptances or renunciations

N/a

+ See chapter 19 for defined terms.

20	Names of any underwriters	N/a
21	Amount of any underwriting fee or commission	N/a
22	Names of any brokers to the issue	N/a
23	Fee or commission payable to the broker to the issue	N/a
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/a
25	If the issue is contingent on security holders' approval, the date of the meeting	N/a
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/a
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/a
28	Date rights trading will begin (if applicable)	N/a
29	Date rights trading will end (if applicable)	N/a
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/a
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/a

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- 32 How do security holders dispose of their entitlements (except by sale through a broker)? N/a
- 33 ⁺Issue date N/a

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)
- (a) ☐ ⁺Securities described in Part 1
- (b) ☐ All other ⁺securities
- Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
- 1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought					
39	+Class of +securities for which quotation is sought					
40	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment					
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another +security, clearly identify that other +security)					
42	Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> </thead> <tbody> <tr> <td style="height: 80px;"></td> <td></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



RS Middlemas
Company Secretary

19 July 2019

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+ See chapter 19 for defined terms.

TERMS AND CONDITIONS OF PERFORMANCE RIGHTS ISSUED TO DIRECTORS AND STAFF AND APPROVED BY SHAREHOLDERS AT 2017 AGM ON 23 NOVEMBER 2017, AND ADDITIONAL ISSUE TO STAFF AS APPROVED BY THE BOARD ON 2 JULY 2019

A summary of the terms and conditions of the Performance Rights issued to Directors and Staff as approved at the 2017 AGM, and subsequently by the board on 2 July 2019 is set out below:

(a) **(Vesting Conditions):** The Performance Rights shall vest as follows:

(i) **Class 'B' Performance Rights:** upon:

- (A) the Company's Shares reaching a 30 day VWAP which is equal to or greater than \$2.37 per Share; and
- (B) continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 1 February 2019,

prior to 30 November 2019.

(ii) **Class 'C' Performance Rights:** upon:

- (A) completion of the Definitive Feasibility Study in relation to the KNP Cobalt Zone; and
- (B) continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 1 February 2020,

prior to 30 November 2020.

(iii) **Class 'D' Performance Rights:** upon:

- (A) the Company's Shares reaching a 30 day VWAP which is equal to or greater than \$0.60 per Share; and
- (B) continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 30 November 2021,

prior to 31 December 2021

(iv) **Class 'E' Performance Rights:** upon:

- (A) the Company's Shares reaching a 30 day VWAP which is equal to or greater than \$0.77 per Share; and
- (B) continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 30 November 2022,

prior to 31 December 2022.

- (b) **(Conversion):** Once vested, each Performance Right will, at the election of the holder, convert into one Share. The holder will be entitled to give notice to the Company Secretary in writing that the relevant Performance Rights have vested and, provided that the holder remains employed by the Company at the time of giving such notice, the Company shall, unless otherwise directed by the holder, issue the associated number of Shares within 10 Business Days of receipt of such notice.
- (c) **(Consideration):** The Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the conversion of the Performance Rights.
- (d) **(Share ranking):** All Shares issued upon the conversion of the Performance Rights will upon issue rank pari passu in all respects with other Shares.
- (e) **(Listing of Shares on ASX):** The Performance Rights will not be quoted on ASX. Upon conversion of the Performance Rights into Shares, the Company will apply for quotation of all Shares issued upon conversion of the Performance Rights within the period required by ASX.
- (f) **(Dividend and Voting Rights):** A Performance Right does not confer upon the holder an entitlement to notice of, or to vote or attend at, a meeting of the Shareholders of the Company or receive dividends declared by the Company.
- (g) **(Share Buy-back/ Capital Return):** In the event that there is a share buy-back or capital return to Shareholders undertaken by the Company which has a material impact on the Company's market capitalisation and upon the achievability of the performance criteria in respect of the Performance Rights, set out in paragraph (a) above, the parties will agree on a pro rata adjustment of the market capitalisation targets required to be met as part of the performance criteria. Any such changes to the performance criteria of the Performance Rights will be subject to Shareholder approval and any other restrictions imposed by ASX.
- (h) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Performance Rights and holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.
- (i) **(Reorganisation of capital):** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of the holder of the Performance Rights are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (j) **(Change of control):** In the event that there is a Change of Control Event which occurs as a direct consequence of a decision of the Board to procure or seek a change of control of the Company, the holder will be entitled within 60 days of the happening of such Change of Control Event to call on the Company (which call the Company will be obliged to meet) either, at the holder's election:
 - (i) Issue the holder with Shares in respect of those Performance Rights that have not already vested or expired as at the date of the Change of Control Event in the same number as the holder would have been entitled to had the holder met the performance criteria applicable to those Performance Rights; or
 - (ii) pay to the holder a sum equal to the market value of the Shares that the holder would have received had the holder met the performance criteria applicable to the Performance Rights, referred to in (i) above, which market value shall be assessed by reference to the higher of the 30 day daily closing price trading average of the Company's Shares immediately preceding the

occurrence of the Change of Control Event and the consideration payable per Share under the Change of Control Event.

Change of Control Event means a change in ownership of the Company occurs when:

- (a) any one person or more than one person acting as a group acquires ownership of stock of the Company that constitutes more than 50% of the total fair market value or total voting power of the stock of the Company; or
- (b) a merger of two companies.