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Ardea Resources Limited

**ACN 614 289 342**

# Notice of Extraordinary General Meeting

**The Extraordinary General Meeting of the Company will be held at the Quest, 54 Kings Park Road, West Perth, Western Australia on 25 October 2021 at 11am (WST).**

**THE COMPANY IS TAKING PRECAUTIONS TO FACILITATE AN IN PERSON MEETING IN ACCORDANCE WITH COVID-19 RESTRICTIONS. IF THE SITUATION IN RELATION TO COVID-19 CHANGES IN A WAY AFFECTING THE ABILITY TO FACILITATE AN IN PERSON MEETING AS PROPOSED, THE COMPANY WILL PROVIDE AN UPDATE AHEAD OF THE MEETING BY WAY OF AN ASX ANNOUNCEMENT.**

*The Notice of Extraordinary General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from a suitably qualified professional adviser prior to voting.*

***Should you wish to discuss any matter, please do not hesitate to contact the Company Secretary by telephone on +61 8 6244 5136.***

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Ardea Resources Limited
ACN 614 289 342
(**Company**)

# Notice of Extraordinary General Meeting

Notice is hereby given that the extraordinary general meeting of Shareholders of Ardea Resources Limited will be held at the Quest, 54 Kings Park Road, West Perth, Western Australia on 25 October 2021 at 11am (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice. The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 23 October 2021 at 11am (WST).

The purpose of the Meeting is to facilitate the spin-out of certain gold rights and gold exploration tenements of Ardea Resources Limited (**Ardea** or the **Company**) within the Kalgoorlie region into a new company Kalgoorlie Gold Mining Limited (**KalGold**), with Ardea Shareholders to receive an allocation of KalGold shares through an in-specie distribution at nil cost.

Terms and abbreviations used in the Notice are defined in Schedule 1.

## Agenda

## 1 Resolutions

### Resolution 1 – Approval to spin out Kalgoorlie Gold Mining Limited

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

*"That approval is given for the sale of the KalGold Assets to Kalgoorlie Gold Mining Limited, a subsidiary entity of the Company, on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion**

The Company will disregard any votes cast on this Resolution by or on behalf of KalGold and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, this does not apply to a vote cast in favour of this Resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;

(b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the Chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

(ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## Resolution 2 – Approval for a reduction of capital and in-specie distribution of KalGold Shares

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

*"That, for the purposes of Sections 256B and 256C of the Corporations Act and for all other purposes, the issued share capital of the Company be reduced by the Company making a pro rata distribution in specie of Kalgoorlie Gold Mining Limited shares to all holders of ordinary shares in the Company at the In-specie Record Date and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."*

**BY ORDER OF THE BOARD**

Andrew Penkethman
**Managing Director**
**Ardea Resources Limited**
Dated: 17 September 2021





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**Ardea Resources Limited**
**ACN 614 289 342**
**(Company)**

# Explanatory Memorandum

## 1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 11am (WST) on 25 October 2021 at The Quest, 54 Kings Park Road, West Perth, Western Australia.

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes information about the following to assist Shareholders in deciding how to vote on the Resolutions:

| | |
|---|---|
| Section 2 | Action to be taken by Shareholders |
| Section 3 | Resolutions 1 and 2 - Approval for disposal of a major asset and a reduction of capital and in-specie distribution of KalGold Shares |
| Section 4 | Enquiries |
| Schedule 1 | Definitions |
| Schedule 2 | Ardea Pro-forma Consolidated Statement of Financial Position as at 30 June 2021 |
| Schedule 3 | KalGold Pro-forma Consolidated Statement of Financial Position as at 30 June 2021 |
| Schedule 4 | Key risk factors facing KalGold |
| Schedule 5 | Tenement Schedule |

A Proxy Form is located at the end of the Explanatory Memorandum.

### 1.1 Purpose of this document

The main purpose of this document is to:

(a) explain the terms of the Proposed Transaction, and the manner in which the Proposed Transaction (or parts of the Proposed Transaction) will be implemented (if approved); and

(b) to provide such information as is prescribed or otherwise material to the decision of Shareholders whether or not to approve the Resolutions required to give effect to the Proposed Transaction.

This document includes a statement of all the information known to the Company that is material to Shareholders in deciding how to vote on Resolution 2, as required by Section 256C(4) of the Corporations Act.

## 1.2 ASIC and ASX

A final copy of this Notice of Meeting and Explanatory Memorandum has been lodged with ASIC and ASX. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this document.

## 1.3 Forward looking statements

Some of the statements appearing in this document may be in the nature of forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'consider', 'foresee', 'aim', 'will' and similar expressions are intended to identify forward-looking statements. Indications of guidance on future production, resources, reserves, sales, capital expenditure, earnings and financial position and performance are also forward-looking statements.

You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties, many of which are outside the Company's control. Those risks and uncertainties include factors and risks specific to the Company and KalGold such as (without limitation) the status of exploration and mining applications and licences and the risks associated with the non-grant or expiry of those applications and licences, liquidity risk, risks associated with the exploration or developmental stage of projects, funding risks, operational risks, changes to Government fiscal, monetary and regulatory policies, the impact of actions of Governments, the potential difficulties in enforcing agreements, protecting assets, increases in costs of transportation and shipping of international operations, alterations to resource estimates and the imprecise nature of resource and reserve statements, any circumstances adversely affecting areas in which the Company operates, fluctuations in the production, volume and price of commodities, any imposition of significant obligations under environmental regulations, fluctuations in exchange rates, the fluctuating industry and commodity cycles, the impact of inflation on operating and development costs, taxation, regulatory issues and changes in law and accounting policies, the adverse impact of wars, terrorism, political, economic or natural disasters, the impact of changes to interest rates, loss of key personnel and delays in obtaining or inability to obtain any necessary Government and regulatory approvals, insurance and occupational health and safety. For more information on the risk factors facing KalGold, please refer to Schedule 4.

Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement and such deviations are both normal and to be expected.

None of the Company, KalGold, any of their respective officers or any person named in this document or involved in the preparation of this document make any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, and you are cautioned not to place undue reliance on those statements.

The forward-looking statements in this document reflect views held only as at the date of this document.

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## 1.4 New Zealand Shareholders

This document is not a New Zealand disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013 (or any other relevant New Zealand law). In offering KalGold Shares under the In-specie Distribution in New Zealand, the Company is relying on an exemption contained in the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 and accordingly, this document may not contain all the information that a disclosure document is required to contain under New Zealand law. New Zealand investors should seek their own advice and satisfy themselves as to the Australian and New Zealand tax implications of participating in the In-specie Distribution.

## 1.5 No financial product advice

This document does not constitute financial product, taxation or investment advice nor a recommendation in respect of the KalGold Shares. It has been prepared without taking into account the objectives, financial situation or needs of Shareholders or other persons. Before deciding how to vote or act, Shareholders should consider the appropriateness of the information, having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their circumstances.

Neither the Company nor KalGold is licensed to provide financial product advice. No cooling-off regime applies in respect of the acquisition of KalGold Shares under the In-specie Distribution (whether the regime is provided for by law or otherwise).

## 1.6 No internet site is part of this document

No internet site is part of this Notice of Meeting and Explanatory Memorandum. The Company maintains an internet site (www.ardearesources.com.au). Any reference in this document to this internet site is a textual reference only and does not form part of this document.

## 1.7 Timetable

| Notice of Meeting Timetable | Date |
|---|---|
| Priority Offer Record Date | 17 September 21 |
| Ardea lodges notice of meeting and short form prospectus with ASIC and despatches notice of meeting | 17 September 21 |
| KalGold lodges full form prospectus with ASIC | 17 September 21 |
| Appendix 3A.5 announcing return of capital | 17 September 21 |
| KalGold applies for admission to the Official List | 24 September 21 |
| KalGold opens General Offer and Priority Offer | 25 September 21 |
| KalGold Closes Priority Offer | 8 October 21 |
| Extraordinary General Meeting to approve the In-specie Distribution of KalGold Shares | 25 October 21 |

| | |
|---|---|
| ASX informed of Shareholder approval / Ardea announces effective date of the return of capital | 25 October 21 |
| ASX Conditional Admission Letter for KalGold Application to Official List | 25 October 21 |
| KalGold closes General Offer | 26 October 21 |
| Effective Date for return of capital | 26 October 21 |
| Last date for trading in Ardea cum return of capital | 27 October 21 |
| In-Specie Record Date | 29 October 21 |
| Completion of acquisition of the KalGold Assets | 29 October 21 |
| In-specie Distribution of KalGold Shares to Shareholders | 2 November21 |
| Dispatch of holding statements for In-Specie Distribution and General Offer | 3 November 21 |
| Restriction Notice despatched to 12 month escrow holders | 3 November 21 |
| Admission | 10 November 21 |
| KalGold Shares commence trading on ASX | 12 November 21 |

**These dates are indicative only and may change without notice. Refer to Section 3.2 for further details.**

## 1.8 Documents incorporated by reference

This Notice is not for an initial public offering of KalGold Shares. In order for KalGold Shares to commence trading on ASX, KalGold will be required to lodge a separate prospectus in accordance with section 710 of the Corporations Act. This Notice has been prepared in connection with a prospectus dated 17 September 2021 lodged with ASIC by Kalgoorlie Gold Mining Limited (ACN 645 666 164) (**KalGold Prospectus**). The KalGold Prospectus is available at https://www2.asx.com.au/markets/trade-our-cash-market/announcements.arl, otherwise, Ardea Shareholders may request a copy of the KalGold Prospectus by contacting Ardea's company secretary, Mr Sam Middlemas on +61 8 6244 5136 at any time prior to the date of the Meeting. Information from the KalGold Prospectus is incorporated into this document by reference, as set out in the Notice.

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## 2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

### 2.1 Impact of COVID-19 on the Meeting

The health and safety of members and personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances resulting from COVID-19.

Based on the information available to the Board at the time of approving this Notice, the Board considers it will be in a position to hold an 'in-person' meeting to provide Shareholders with a reasonable opportunity to participate in and vote at the Meeting, while complying with the restrictions regarding gatherings and physical distancing. The Company, however, strongly encourages Shareholders to submit proxies prior to the Meeting.

If the situation in relation to COVID-19 were to change in a way that affected the position above, the Company will provide a further update ahead of the Meeting by releasing an announcement on the ASX market announcements platform.

### 2.2 Voting in Person

Given the current COVID-19 circumstances and in the interests of public health and safety of our Shareholders, the Company will implement arrangements to allow Shareholders to physically attend the Meeting in accordance with COVID-19 protocols and government advice.

The Company will strictly comply with applicable limitations on indoor gatherings in force at the time of the Meeting. If you attend the Meeting in person, you will be required to adhere to COVID-19 protocols in place at the time of the Meeting.

### 2.3 Proxies

(a) Voting by proxy

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

(i) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;

(ii) a proxy need not be a member of the Company; and

(iii) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is

appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

**The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.**

(b) Proxy vote if appointment specifies way to vote

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

(i) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed);

(ii) if the proxy has two or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;

(iii) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (ie as directed); and

(iv) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

(c) Transfer of non-chair proxy to chair in certain circumstances

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

(i) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;

(ii) the appointed proxy is not the chair of the meeting;

(iii) at the meeting, a poll is duly demanded on the resolution; and

(iv) either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution,

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

### 2.4 Chair's voting intentions

The Chair intends to exercise all available proxies in favour of all Resolutions, unless the Shareholder has expressly indicated a different voting intention.

## 3. Resolutions 1 and 2 - Approval for disposal of a major asset and a reduction of capital and in-specie distribution of KalGold Shares

### 3.1 Background and Overview of the Proposed Transaction

Ardea was admitted to the official list of ASX on 7 February 2017. Ardea's activities are focused on the exploration and development of the Kalgoorlie Nickel Project (**KNP**), in particular the Goongarrie Hub of the KNP as a long-term ethical and sustainable supplier of nickel-cobalt and critical minerals to the lithium ion battery sector.





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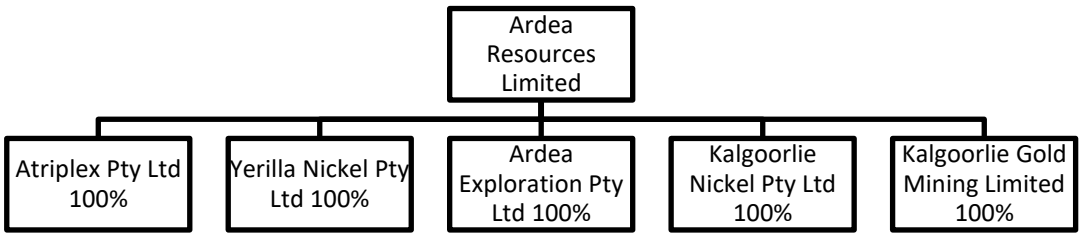
Ardea's sole development focus is to bring the KNP into production. Ardea's gold exploration assets (**KalGold Assets**) located in the Kalgoorlie region of the Eastern Goldfields, WA, are stranded gold assets within the KNP tenure. As a result of Ardea's strategic nickel-cobalt and critical minerals focus, the KalGold Assets have not benefitted from the level of gold exploration programs which the assets warrant. Ardea considers that the best opportunity to generate shareholder value is through the spin out of the KalGold Assets to an entity focussed on target generation and systematic drill exploration of these assets.

The current structure of the Ardea Entities is shown below in Figure 1.

**Figure 1. Current structure**




KalGold was incorporated on 5 November 2020 in preparation for the potential spin out of the KalGold Assets and is currently a wholly-owned subsidiary of Ardea.

As announced to the ASX on 24 August 2021, Ardea is proposing, subject to Shareholder approval, to transfer the KalGold Assets to its subsidiary company KalGold, who will in-turn seek a listing on ASX (**Spin-out**).

The KalGold Assets are all currently held by the following wholly-owned subsidiaries of Ardea:

(a) Yerilla Nickel Pty Ltd (**Yerilla**);

(b) Kalgoorlie Nickel Pty Ltd (**Kalgoorlie Nickel**);

(c) Ardea Exploration Pty Ltd (**Ardea Exploration**); and

(d) Ardea.

In connection with the Spin-out, Ardea will complete an Internal Restructure whereby:

(a) Ardea will transfer its shares in Yerilla to KalGold, such that KalGold is interposed between Ardea and Yerilla; and

(b) Kalgoorlie Nickel, Ardea Exploration and Ardea will transfer their gold tenements, or gold rights in certain tenements, to Yerilla and KalGold.

The Proposed Transaction also contemplates Ardea and KalGold completing sale agreements from unrelated third party vendors in consideration for the Bulong Taurus and Ninga Mia Consideration Shares. KalGold will ultimately acquire gold rights (under the Gold Rights Deed) in respect of the Bulong Taurus tenements and all minerals rights in respect of the Ninga Mia tenements (which form part of the Kalgoorlie Project).

To give effect to the Spin-out, KalGold and Ardea (and their various subsidiaries) have entered into a demerger implementation deed, pursuant to which KalGold will issue Ardea 44,000,000 fully paid ordinary shares in KalGold in consideration for the KalGold Assets. Ardea intends to distribute and transfer 35,000,100 KalGold Shares (**In-specie Shares**) to Ardea Shareholders

which hold Shares on the In-specie Record Date on a pro rata basis as an in-specie distribution (**In-specie Distribution**). KalGold will apply for admission to the official list of ASX to complete the Spin-out.

The In-specie Distribution will only proceed if the conditions precedent to the DID (**Conditions Precedent**) are satisfied or waived. The key Conditions Precedent are summarised in Section 3.12 below.

Should the Conditions Precedent be satisfied, the In-specie Distribution will be effected by an equal reduction of Ardea's capital on a pro rata basis. Ardea Shareholders will receive an in specie return of capital by way of the distribution of KalGold Shares at nil cost in proportion to the number of Ardea Shares held by them at the In-specie Record Date. Ardea Shareholders will thereby retain direct ownership of Ardea and will also receive direct ownership of KalGold.

From a tax perspective, Ardea Shareholders will be required to treat the value of the KalGold shares received from the in-specie distribution as a return of capital which will be used to reduce the cost base of your shareholding in Ardea. Ardea will advise details of this process and values following the in-specie return being completed (see Section 3.31 for further details).

Ardea's primary purpose in undertaking the Spin-out and In-specie Distribution (together, the **Proposed Transaction**) is to facilitate a greater focus on Ardea's large and high-quality portfolio of Western Australian nickel-cobalt and critical minerals development assets in line with the Board's commitment to deliver value for Shareholders. Specifically, the Proposed Transaction is being undertaken to achieve the following objectives:

(a) the Proposed Transaction will allow Ardea to dedicate its efforts to its nickel-cobalt and critical minerals projects, in doing so remove the internal competition for valuable capital;

(b) provide Shareholders with the opportunity to participate in the development of the KalGold Assets (and other assets to be vended into KalGold), whilst maintaining their investment exposure to the nickel-cobalt and critical minerals assets;

(c) provide Shareholders with a priority opportunity to apply for additional KalGold shares should they so wish pursuant to the Priority Offer;

(d) drive superior value for shareholders in both entities; and

(e) enable both KalGold and Ardea to undertake more targeted marketing to investors as both companies have a clear and more easily understood investment proposition.

In the event:

(a) Resolutions 1 and 2 are passed;

(b) Ardea proceeds with the Spin-out; and

(c) the Conditions Precedent are satisfied,

Ardea and KalGold have the following structure:

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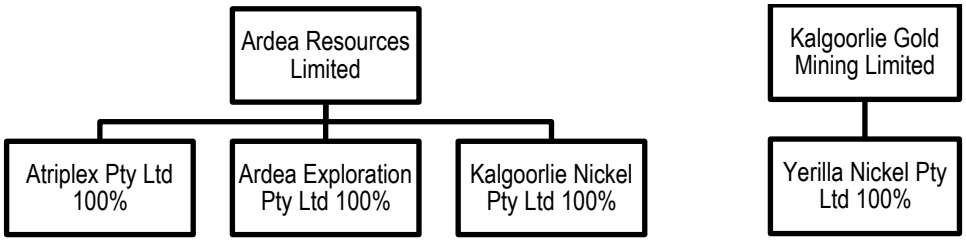
**Figure 2. Structure post Proposed Transaction**




If the In-specie Distribution does not proceed, Ardea will continue to focus its resources on developing all of its projects, but Ardea will remain focused on the KNP and gold assets that have synergies with the nickel-cobalt and critical minerals assets will be prioritised over the remainder of the gold portfolio.

The dominant business activity of Ardea following the completion of the Proposed Transaction will be the development of the KNP, a globally significant series of nickel-cobalt deposits which host the largest nickel-cobalt resource in the developed world.

(d) **KNP Goongarrie Hub**

The KNP Goongarrie Hub is Ardea's most advanced development project and is planned to be a high quality, long-life operation, with multi-commodity optionality. Ardea holds a 100% interest in Goongarrie which is located within the broader Kalgoorlie Nickel Project. Located 70km northwest of the City of Kalgoorlie-Boulder, the Goongarrie Hub is situated within one of the world's most infrastructure-rich and stable mining jurisdictions. Resources at Goongarrie extend over 25km of strike and are located on granted mining leases within a single consolidated operation with Native Title Agreement in place and tenure controlled 100% by Ardea.

Ardea remains debt free, with a tight capital structure and strong cash position of approximately $10.1M as at 31 July 2021. Ardea intends to secure a strategic partner to assist fast tracking the KNP towards production through a feasibility study and independently advancing its WA nickel sulphide exploration.

(e) **Board changes**

Ardea's current Directors are Mathew Longworth as non-executive chair, Andrew Penkethman as managing director and CEO and Ian Buchhorn as an executive director. There are no proposed changes to the Board and senior executive team as part of the Proposed Transaction apart from Matt Painter transferring from general manager exploration of Ardea to managing director and CEO of KalGold.

## 3.2 Capital Reduction - General

Ardea seeks Shareholder approval under Resolution 2 to enable Ardea to reduce its capital by the distribution of specific assets to Shareholders, being 35,000,100 In-specie Shares.

The Corporations Act set out the procedure and timing for a capital reduction. Refer to Section 1.7 for an indicative timetable in respect of the Proposed Transaction. The alteration to Ardea's capital and the In-specie Distribution will become effective from the Record Date, provided that after the In-specie Record Date has been set, the Directors have not provided a notice to ASX stating that Ardea does not intend to proceed with the reduction of capital contemplated by Resolution 2.



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Generally, the standard record date for a reorganisation of capital of an ASX-listed company is not less than four business days following a general meeting of that company. However, in relation to the In-specie Distribution, Ardea has provided for flexibility in the setting of the In-specie Record Date, such that the Directors may elect to defer the implementation of the In-specie Distribution depending on the timing of the satisfaction of all the Conditions Precedent.

As a result, the In-specie Record Date is to be set by the Directors after the date Resolution 2 is passed, such that the In-specie Record Date will be not less than four Business Days after the date on which Resolution 2 is passed and not later than 20 Business Days after the date on which Resolution 2 is passed.

If the capital reduction proceeds, Shareholders will receive a pro rata entitlement to In-specie Shares and each Shareholder's name will be entered on the register of members of KalGold with each Shareholder having deemed to have consented to becoming a KalGold Shareholder and being bound by its constitution.

A Shareholder's entitlement to In-specie Shares to be distributed is to be based on the number of Ardea Shares held at the In-Specie Record Date.

Due to the outstanding Performance Rights on issue in Ardea and also because of the potential future issue of Shares by Ardea before the In-specie Record Date, it is not clear at the date of this Notice how many Ardea Shares will be on issue at the In-specie Record Date nor therefore what the exact ratio for the In-specie Distribution will be.

If no Performance Rights vest prior to the In-specie Record Date, the ratio will be 1 In-specie Share for every 3.944 Ardea Shares. If all Performance Rights are exercised, the ratio will be 1 In-specie Share for every 4.06 Ardea Shares.

Other than as shareholders of Ardea or as otherwise set out in this Explanatory Memorandum, none of the Directors have any interest in Resolution 2.

### 3.3 ASX escrow

Ardea anticipates that no escrow will apply to the In-Specie Shares (including In-specie Shares issued to related parties of Ardea).

Ardea expects that ASX will apply escrow to the following KalGold Securities:

(a) Ardea Retained Shares;

(b) Bulong Taurus and Ninga Mia Consideration Shares;

(c) Consideration Options;

(d) JLM Options; and

(e) Director Options.

### 3.4 Advantages and disadvantages of the Proposed Transaction (assuming completion of the Spin-out and In-specie Distribution):

(a) **Advantages**

(i) Ardea will have a clearer focus and corporate strategy.

(ii) The Spin-out provides Shareholders with scrip in two companies – Ardea and KalGold. The Board believes a separate entity focused on the KalGold Assets presents a better prospect of delivering greater value to Shareholders.

(iii) Shareholders may elect to retain exposure to either one or both companies as dictated by their investment preferences and objectives.

(A) All Shareholders will have an interest in KalGold following the pro rata In-specie Distribution and thereby have the opportunity to retain this interest to benefit from the development of the KalGold Assets.

(B) All Shareholders will retain approximately their current percentage ownership interest in the capital of Ardea.

(iv) The Spin-out will deliver a structure that allows for KalGold to focus specifically on advancing the KalGold Assets and for Ardea to focus its efforts on its nickel-cobalt and critical minerals projects, with neither KalGold nor Ardea affected by events or occurrences relating to the other's projects.

(v) The Ardea Board sees considerable underlying value in the KalGold Assets that is not currently being valued by the market, a dedicated fully funded vehicle will assist the market in valuing these assets.

(vi) Future capital raisings are expected to be more readily achieved by each individual entity as the focus of the funding will be on either specifically, Ardea's nickel-cobalt and critical minerals projects or KalGold's KalGold Assets. In addition, the Spin-out is expected to provide greater flexibility to both Ardea and KalGold to attract strategic investors.

(vii) After a full and proper assessment of all available information, the Directors believe that the Proposed Transaction is in the best interests of Shareholders.

(b) **Disadvantages**

(i) Ardea will incur costs associated with the Spin-out, including, but not limited to legal, accounting and advisory fees incurred in the preparation of documentation required to give effect to the Proposed Transaction and tax advice obtained in relation to any taxation consequences of the Proposed Transaction.

(ii) Shareholders may incur additional transaction costs if they wish to dispose of their KalGold Shares (e.g. brokerage costs).

(iii) There are a number of potential disadvantages arising from KalGold seeking further funding. These include, but are not limited to:

(A) dilution of KalGold Shareholders' shareholdings via an initial public offer; and

(B) uncertainty regarding KalGold's ability to raise required funding,

(iv) Assuming completion of the Spin-out, there will be two separate companies that will require funding and will incur ongoing administrative costs which in some instances may lead to duplication.





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(v) A significant amount of time will be spent during coming months by the Board and by Company management in giving effect to the Proposed Transaction.

## 3.5 Failure to achieve completion of the Proposed Transaction

Failure to achieve completion of the Proposed Transaction may result in a reduced level of expenditure on the KalGold Assets by Ardea, or development may occur on a delayed timetable, through joint venturing.

In the event that the Proposed Transaction is not successful the Internal Restructure will still proceed, resulting in a more effective internal ownership structure of the KalGold Assets (see Section 3.1 and in particular Figure 2 for further details). If this occurs, Ardea may explore alternative methods of funding development of the KalGold Assets although a successful outcome cannot be guaranteed.

Alternatively, Ardea may seek to fund the development of the KalGold Assets by joint venture or other mechanisms.

If the Proposed Transaction is not successful, the Board believes the Internal Restructure should proceed because it will provide Ardea with a less complicated structure, allowing KalGold to, among other things, seek a stock exchange listing in the future.

The Board has considered all the alternatives currently available and believes that the Proposed Transaction is expected to result in the most advantageous result for existing Shareholders.

## 3.6 Capital Raising

In conjunction with the Proposed Transaction, KalGold intends to seek admission to the Official List and undertake the General Offer by way of the KalGold Prospectus to raise at least $7,000,000 and up to $12,000,000 (before costs) through the issue of at least 35,000,000 and up to 60,000,000 KalGold Shares (**IPO Shares**). The General Offer will include a priority offer made available to Ardea Shareholders.

Ardea Shareholders who hold Shares on the Priority Offer Record Date and Select Investors, will be able to subscribe for allocations under the Priority Offer, which will raise up to $4,000,000 through the issue of up to 20,000,000 IPO Shares.

Any shortfall in the Priority Offer will be made available to subscribers in the General Offer.

KalGold will consider any oversubscriptions in the Priority Offer with other applications in the General Offer.

## 3.7 Background of the KalGold Assets

KalGold is intended to hold Ardea's portfolio of gold assets which comprise prospects within the Kalgoorlie Nickel Project.

The KalGold Assets will be comprised of:

(a) gold rights at the:

(i) Perrinvale Project;

(ii) Bulong Taurus Project;





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(iii) Lake Rebecca Prospect;

(iv) Jump Up Dam Prospect;

(v) Boyce Creek Prospect; and

(vi) Aubils Prospect; and

(b) all minerals rights at the:

(i) Kalgoorlie Project;

(ii) Davies Dam Project;

(iii) Pianto South Project;

(iv) Pinjin West Prospect; and

(v) Zelica South Prospect.

The KalGold Assets are stranded gold assets located within and adjacent to the Kalgoorlie Nickel Project tenure in the Eastern Goldfields, WA, but with Ardea's nickel focus, have not benefitted from sufficiently active gold exploration programs. The KalGold Assets are in all cases large contiguous tenement groups which are located on and/or adjacent to domain boundary Tectonic Zone structures, being the prime location for large scale gold deposits within the Eastern Goldfields province in the Kalgoorlie region. Additional prospectivity guides are Layered Mafic Complex host rocks, alkaline diorite intrusives and late stage epiclastic basins, indications of which are manifest within Ardea's comprehensive historic drilling multi-element data bases.

In connection with the Spin-out, KalGold will also acquire (through its proposed wholly-owned subsidiary, Yerilla) additional tenement gold rights to expand the Bulong Taurus Project and the Boorara/Ninga Mia Prospect pursuant to the Bulong Taurus and Ninga Mia Agreements.

Details of the tenements which comprise the above projects, together with any encumbrances are set out in Schedule 5.

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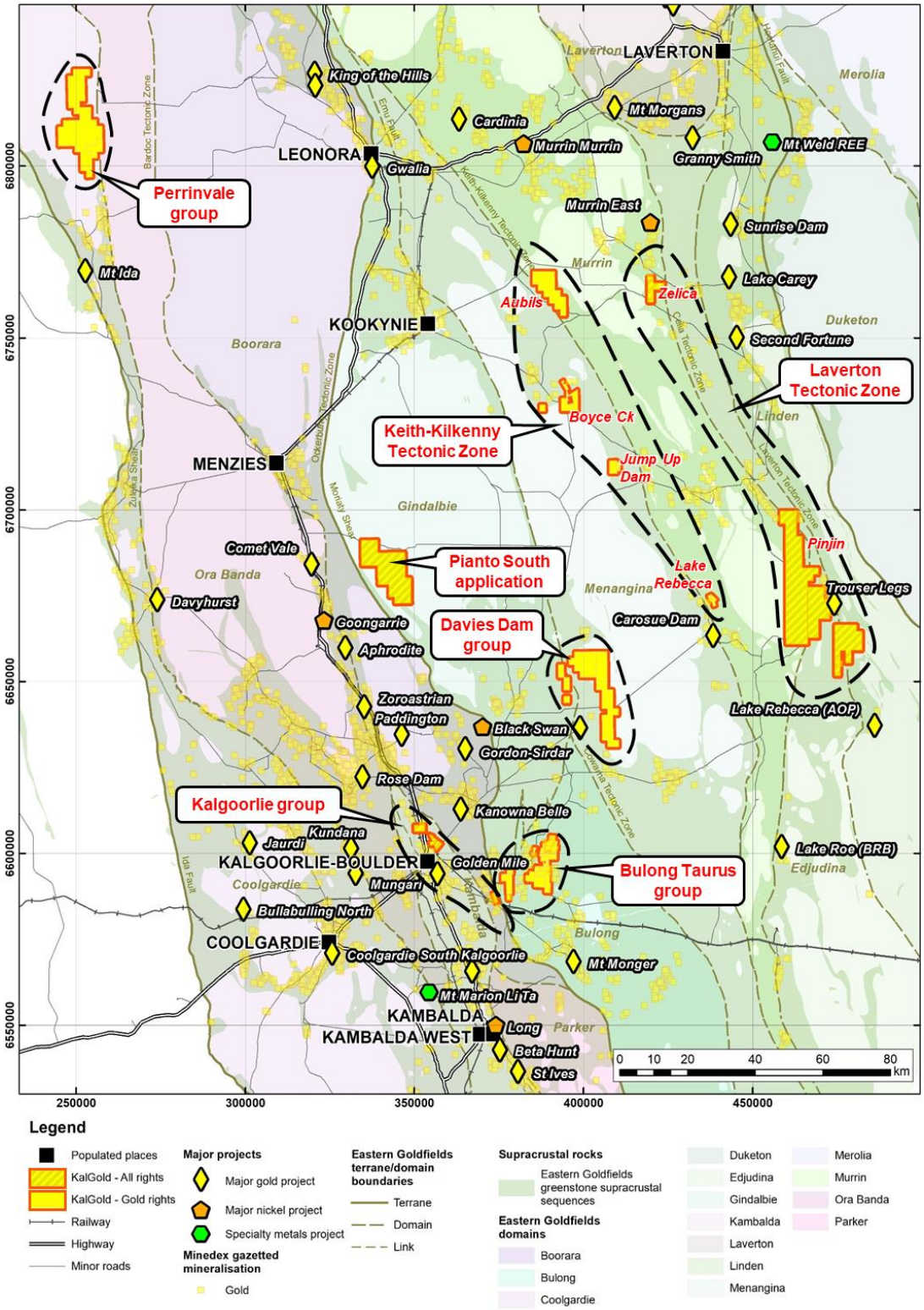
**Figure 3. Project location map**




## 3.8 Project Summary

### (a) Bulong Project (gold rights)

The Bulong and Taurus Great Ophir tenements are located approximately 35km east of the City of Kalgoorlie Boulder. On completion of the proposed Spin-out, KalGold

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will hold gold rights on 39 tenements covering 82km$^2$ covering the Taurus Gold Mining Centre and part of the Bulong area.

The regionally significant crustal scale gold-controlling structure, the Goddard Fault, trends north-south and passes through the eastern Bulong tenure. This structure represents a northern splay of the regionally significant Mount Monger Fault, which hosts gold mineralisation to the south, with the best-known operating mine in the area at Daisy Milano.

Historically, the Ardea focus on the Bulong Taurus tenements has been on high grade laterite hosted nickel-cobalt mineralisation, however, there has been minimal historical gold exploration. The full 18km strike of the Goddard Fault within KalGold tenure has historic gold shafts, current alluvial gold workings and historic non-JORC compliant mineral resource estimates at Central and Taurus Great Ophir.

Historic exploration throughout the area identified significant results, most of which have not been adequately followed up (if at all). For full details of these results, refer to ARL announcement "Kalgoorlie Gold Mining Limited: Spin-out of Ardea's Kalgoorlie-based gold assets" (24 August 2021). Some of these prospects will be prime targets for initial exploration efforts by KalGold. These include:

(i) **Great Ophir mine** (M25/151). Historic workings and battery. 1990s exploration highlighted shallow high-grade intercepts that have not been followed up and are open in all directions e.g. TAC-004, **5m at 52.1g/t Au** from 15m. KalGold's first drill program will confirm TAC-004 and follow-up the down-dip extent of the Great Ophir prospect. Ongoing eluvial gold workings suggest widespread untested bedrock potential.

(ii) **Central prospect** (M25/19). Extensive RC and some diamond drilling in the 1990s to define a shallow (non-JORC) resource is being re-evaluated. Extensive alteration and local high-grade mineralisation depicted by BD6 (see Appendix 1, 2 & 3). Best intercepts were **10m at 39.13g/t Au** from 128m including **1m at 34.3g/t Au** from 132m and **3m at 115.7g/t Au** from 135m, all within a 21m thick mineralised and altered zone. KalGold drilling programs will include confirming BD6 and follow up on fresh mineralisation at depth whilst testing near-surface oxide potential.

(iii) **Trafalgar prospect** (P25/2306). 1990s RAB drilling identified shallow gold mineralisation that has not been followed up e.g., BGRB244, **4m at 9.34g/t Au** from 16m. Reassessment of Trafalgar as part of a larger play is underway.

(iv) **Turnpike prospect** (P25/2295). Current eluvial gold workings are uncovering buried primary orogenic gold veining and stockworks on structures that have not previously been explored. Other RC drilling from 2013 identified local high-grades that have not been integrated into a regional model e.g., BERC021, **4m at 6.81g/t Au from 24m** and 8m at 2.64g/t Au from 72m (including **4m at 4.59g/t Au** from 76m).

As announced by Ardea on 24 August 2021. Ardea confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement.

Ardea commenced systematic gold exploration on some parts of the area with a detailed mapping and sampling program around the historic Taurus Great Ophir

underlay shaft and multiple workings in the area. Fifty four rock chip samples were collected during a mapping program with 22 samples (40%) containing 1g/t Au or greater. The average grade for all samples collected in this program was 4.86g/t Au.

Mapping has identified several other possible Taurus Great Ophir lode repeats as well as providing orientation and shear sense indicators. This information has been used to complement historic drill data and other historic datasets. 3D models will be constructed from these datasets to enable definition of gold drill targets.

(b) **Davies Dam Project (all minerals)**

The Davies Dam tenements are located approximately 70km north-east of the City of Kalgoorlie Boulder adjoining the Ardea Kalpini nickel prospect (Kalpini is not part of KalGold). On completion of the proposed Spin-out, KalGold will hold gold rights on 13 tenements covering 218km$^2$. The regionally significant crustal scale gold-controlling structure, the Emu Fault, trends north-south and passes to the immediate west of Davies Dam. This structure and its splays host significant gold mining centres to the north at Kookynie and south-east at Kurnalpi. Historic small scale gold mines occur within and adjoining the Davies Dam Project.

(c) **Lake Rebecca Prospect (gold rights)**

The Lake Rebecca tenements are located approximately 110km north-east of the City of Kalgoorlie Boulder. On completion of the proposed Spin-out, KalGold will hold gold rights on 4 tenements covering 4.4km$^2$. The regionally significant crustal scale gold-controlling structure, the Keith Kilkenny Tectonic Zone, trends north-south and passes through Lake Rebecca. This structure and its splays host significant gold mining centres including at the western project boundary at Carosue Dam. Additionally, gold-endowment is confirmed further south at Breaker Resources' recent Lake Roe gold discovery.

Initial evaluation will consist of selective assaying Ardea's extensive drill assay pulp archives for gold and its pathfinders to define targets for systematic RC gold target drilling.

(d) **Jump Up Dam Prospect (gold rights)**

The Jump Up Dam tenements are located approximately 130km north-northeast of the City of Kalgoorlie Boulder. On completion of the proposed Spin-out, KalGold will hold gold rights on 3 granted mining leases covering 10.4km$^2$. The regionally significant crustal scale gold-controlling structure, the Keith Kilkenny Tectonic Zone, trends north-south and passes east of Jump Up Dam. This structure and its splays host significant gold mining centres 70km northwest at Apollo Hill.

Initial evaluation will consist of selective assaying of Ardea's extensive drill assay pulp archive for gold and its pathfinders.

(e) **Boyce Creek Prospect (gold rights)**

The Boyce Creek tenements are located approximately 150km north-northeast of the City of Kalgoorlie Boulder. On completion of the proposed Spin-out, KalGold will hold gold rights on 5 tenements covering 30km$^2$. The regionally significant crustal scale gold-controlling structure, the Keith Kilkenny Tectonic Zone, trends north-south and





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passes east of Boyce Creek. This structure and its splays host significant gold mining centres 50km northwest at Apollo Hill.

Boyce Creek adjoins significant historic gold mining centres at Yerilla and Mount Catherine.

Initial evaluation will consist of selective assaying Ardea's extensive drill assay pulp archive for gold and its pathfinders.

(f) **Aubils Prospect (gold rights)**

The Aubils tenement is located approximately 170km north-northeast of the City of Kalgoorlie Boulder. On completion of the proposed Spin-out, KalGold will hold gold rights on 1 tenement covering 51km$^2$. The regionally significant crustal scale gold-controlling structure, the Keith Kilkenny Tectonic Zone, trends north-south and passes west of Aubils. This structure and its splays host significant gold mining centres including 10km northwest at Apollo Hill.

Initial evaluation will consist of selective assaying Ardea's extensive drill assay pulp archive for gold and its pathfinders, with initial review identifying up to 0.64g/t gold within historic nickel laterite drilling.

(g) **Perrinvale Project (gold rights)**

Perrinvale covers 2 tenements for 195km$^2$ and is located approximately 100km west of Leonora and 250km northwest of the City of Kalgoorlie Boulder. Regional magnetic data highlights that the structure which hosts the St George Mining nickel sulphide discoveries within the Cathedrals Belt, has an east-northeast strike and extends into Perrinvale. At Perrinvale, this prospective trend is overlain by transported cover.

A gold targeting review was completed by Ardea and reaffirmed that the eastern part of the tenure overlies poorly exposed greenstones along the northern extension of the Zuleika Shear system, which is a known gold-bearing structure at Mt Ida and Kundana, south of Ardea's tenure. The fact that there are no gazetted gold occurrences over the greenstone belt within Ardea's tenure is believed to be a function of the surface cover obscuring the prospective basement rocks. An internal review of geophysical datasets, focused predominantly on the interpretation of aeromagnetic data, has defined a number of gold exploration targets which have been ranked and added to Ardea's ranking system and represent regional targets that would be best explored with wide spaced RAB or Aircore drilling through the surface cover for geological logging and geochemical sampling. This data would then be used to help vector in on any bedrock gold anomalism defined, targeting a greenfields gold discovery.

(h) **Kalgoorlie Project (all minerals)**

The Kalgoorlie Project tenements are located in a 5-15km arc east of the City of Kalgoorlie Boulder. On completion of the proposed Spin-out, KalGold will hold all mineral rights on 7 tenements covering 14.5km$^2$. The regionally significant gold-controlling structure, the Boorara Shear, trends northwest through the project area on the very outskirts of Kalgoorlie immediately east of the world-class Superpit gold mine.

(i) **Pinjin West Prospect (all minerals)**

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The Pinjin West Prospect is 1 Exploration Licence application with no competing tenure covering 225km$^2$ immediately west of the historic Pinjin gold mining centre. Additionally, KalGold is in ballots related to 2 further applications with multiple competing applicants. Pinjin is a significant gold mining centre within the Laverton Tectonic Zone (LTZ) which hosts some of the largest gold camps in Western Australia, including (from north to south) Granny Smith, Sunrise Dam and Red October. Gold-endowment is confirmed further south at the Apollo Consolidated recent Lake Rebecca gold discovery. Additionally, the Mount Weld Rare Earth Element (REE) deposit occurs within the northern LTZ.

With the regolith obscuring the prospective basement rocks, Ardea can apply the same exploration methodology that has been successful in making gold discoveries under cover at Goongarrie, to the Pinjin West leases to help ensure the best chance of exploration success. KalGold acquired the tenure on the basis of stunning gold nugget finds by prospectors in the immediate area. This area covered by Ardea's tenement applications is considered highly prospective for gold and critical mineral mineralisation and is under-explored. The recently acquired tenure is suited to the proposed gold spin-out IPO, as well as REE targets.

(j) **Zelica South Prospect (all minerals)**

The Zelica South tenement covering 15.4km$^2$ is located within the LTZ approximately 170km northeast of the City of Kalgoorlie Boulder. The Zelica historic open cut mining and vat leaching operation occurs at the immediate northern tenement boundary as an excision within KalGold tenure. KalGold will complete blanket soil auger geochemistry south along the Zelica structure to generate RC gold and REE drilling targets.

(k) **Pianto South Project (all minerals)**

The Pianto South tenement covering 125km$^2$ is approximately 90km north of the City of Kalgoorlie Boulder.

The working hypothesis is the Golden Cities granitoid gold model, being dilational gold mineralisation. Additionally, based on Ardea drill exploration on the Goongarrie Mt Pleasant Dome to the west, potential exists for REE-bearing intermediate intrusives. Based on Ardea's detailed magnetic interpretation, regional gold and REE targets are based on the following model:

(i) Dextral movement on NW regional series of shears towards the western side of the Gindalbie Domain. The shear cuts through regional granites.

(ii) En echelon arrangement of the series of shears has resulted in localised extensional faulting within the granites. These are dilational zones and the resultant decompression mobilises regional fluids into these structural traps.

(iii) Infiltration of hydrothermal fluids has resulted in widespread demagnetisation between the interpreted normal faults. Stronger demagnetisation zones at this stage shows the best chance for association with gold and/or REE mineralisation and are targeted for initial auger geochemistry.

Field reconnaissance was completed by Ardea, confirming widespread quartz vein float as consistent with the structural model and regional fluid movement.

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*Further information on the KalGold Assets is incorporated by reference and is set out in section 2 and Annexure B of the KalGold Prospectus.*

*Further information on the Tenements is incorporated by reference and is set out in Annexure C of the KalGold Prospectus.*

## 3.9 Valuation

As with the acquisition of any business or asset that does not have a meaningful track record of revenue and profitability, there is not always an appropriate formal valuation methodology (e.g. discounted cash flow) available when determining the purchase price. As such, the Company did not adopt a particular formal valuation methodology but rather the Company undertook a comparable transaction approach and was required to take into account qualitative factors such as those set out above in coming to a decision on price.

In determining the quantum of Consideration Shares to be issued to Ardea, the Company did not undertake a formal valuation process and relied on the skill, judgement and industry expertise of its Board, which considered in particular:

(a) the potential prospectivity of the Tenements; and

(b) comparable transactions.

## 3.10 JORC Competent Person's Statement

The information in this Notice of Meeting that relates to the Exploration Results is based on information compiled or reviewed by Dr Matthew Painter, a Competent Person who is a member of the Australian Institute of Geoscientists. Dr Painter is a full time employee of Ardea Resources Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources. Dr Painter consents to the inclusion in the report of the matter based on his information in the form and context in which it appears. The Exploration Results were reported by the Company in accordance with the JORC Code 2012 on 24 August 2021, the Company confirms it is not aware of any new information of data that materially affects the information in that announcement.

## 3.11 KalGold Board and Key Management Personnel

KalGold was incorporated on 5 November 2020. The KalGold Board and key management personnel is set out below.

(a) **KalGold Board**

(i) **Ms Pauline Gately - Non-Executive Chair (Independent)**

Ms Gately is an accomplished Chair and non-executive director, with more than a decade of experience across a portfolio of Board positions in the mining and resources, FMCG, financial technology, and not-for-profit sectors.

Pauline's Board contributions are underpinned by 20-years investment banking experience spanning senior roles in investment strategy, economics, equity and fixed income research, and funds management. She is a graduate

and member of the Australian Institute of Company Directors (GAICD), and holds a BA Hons Economics and Graduate Diploma in Accounting.

(ii) **Dr Matthew Painter – Managing Director and Chief Executive Officer**

Dr Painter is a geologist with over 25 years' experience in the mining industry with groups including Ardea Resources, AngloGold Ashanti and the Geological Survey of Western Australia. He has worked globally on gold mining, development and exploration projects. Dr Painter was the founding MD of Ardea Resources, overseeing delivery of the pre-feasibility study on the Goongarrie nickel-cobalt laterite project before stepping back to a technical role, targeting and defining a string of Ardea gold discoveries. Dr Painter has no other public company directorships.

(iii) **Carmel McKenzie - Non-Executive Chair (Independent)**

Ms McKenzie is a practicing lawyer and principal of legal firm, McKenzie & McKenzie based in Kalgoorlie-Boulder. Ms McKenzie has been advising exploration and mining companies in legal matters for over 25 years. Ms McKenzie is particularly active within the Kalgoorlie-Boulder community, being from a local business, mining and pastoral family.

(iv) **Andrew Penkethman – Non-Executive Director**

Mr Penkethman is a geologist with more than 25 years' technical and corporate experience with a number of listed public companies from exploration through to discovery, feasibility study management, development and operations within Australia and overseas. Mr Penkethman is the current Managing Director and CEO of Ardea.

(b) **Key Management Personnel**

The KalGold Board will be supported by:

(i) **Mr Graeme Smith - Company Secretary and Chief Financial Officer**

Graeme Smith is an experienced resources sector executive having held Company Secretary and Chief Financial Officer roles for several ASX listed companies, including companies that have successfully made the transition from gold explorer to profitable producer.

(ii) **Mr Scott Herrmann – Exploration Manager**

Mr Herrmann is a geologist with 20 years' experience in exploration, resource development and production roles across a range of different commodities within Australia and Southern Africa. Mr Herrmann was most recently Senior Project Geologist with an ASX listed WA gold producer with operations located northwest of Kalgoorlie. He is a Member of the Australian Institute of Geoscientists.

(iii) **Consultant Geologist - Ian Buchhorn**

The KalGold management team will be assisted part-time on a cost-reimbursement basis by Ardea executive director Ian Buchhorn (who has two





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decades of Kalgoorlie gold experience as a registered mine manager, managing custom milling campaigns and providing contract grade control, as well as three terms as an elected member on the City of Kalgoorlie Boulder council).

### 3.12 Demerger Implementation Deed

On 8 September 2021, KalGold and Ardea (and various subsidiaries) entered into the Demerger Implementation Deed in relation to the spin-out and for the sale and purchase of the Spin-out Assets. The effect of the DID is that KalGold acquires the Spin-out Assets for:

(a) 44,000,000 KalGold Shares, of which Ardea will:

(i) retain 9,000,000 (**Ardea Retained Shares**); and

(ii) distribute 35,000,100 In-Specie Shares (including 100 KalGold Shares currently held by Ardea) under the In-specie Distribution; and

(b) 15,000,000 KalGold Options, exercisable at $0.25 and expiring 3 years after the date of issue, to be retained by Ardea (**Consideration Options**).

The Demerger will only proceed if the conditions precedent to the DID are satisfied or waived. The outstanding Conditions Precedent and other material terms are summarised below:

(a) Conditions Precedent:

(i) the board of Ardea having resolved in writing to proceed with the Demerger on or before 5:00pm (AWST) on the Cut-Off Date;

(ii) Ardea and KalGold having received all necessary third party consents pursuant to agreements to which Yerilla is a party including waivers of any applicable change of control or pre-emptive right provisions granted in favour of third parties, on or before 5:00pm (AWST) on the Cut-Off Date;

(iii) Ardea obtaining approval from its shareholders in accordance with section 256B and section 256C of the Corporations Act;

(iv) KalGold receiving valid Applications for not less than $7,000,000 (before costs) under the General Offer; and

(v) KalGold obtaining a conditional admission letter from ASX on terms satisfactory to the Directors, acting reasonably.

(b) Should the Conditions Precedent be satisfied, the In-specie Distribution will be effected by an equal reduction of Ardea's capital on a pro rata basis. Ardea Shareholders will receive an in specie return of capital by way of the distribution of the In-specie Shares at nil cost in proportion to the number of Ardea's Shares held by them at the In-specie Record Date. Ardea Shareholders will thereby retain direct ownership of Ardea and will also receive direct ownership of KalGold.

(c) Either party may terminate the Demerger Implementation Deed prior to completion of the sale and purchase of the Yerilla shares in the following circumstances:

(i) by mutual written agreement;





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(ii) if the sale and purchase of the Yerilla shares is not effected by the Cut-Off Date; or

(iii) if one party commits a material breach of the terms of the Demerger Implementation Deed and fails to remedy that breach within 20 Business Days after the giving of notice by any other party to remedy the breach, that other party may terminate the Demerger Implementation Deed by giving no less than 10 Business Days' notice to the other party.

(d) Under the Demerger Implementation Deed, Ardea agrees to provide transitional services to KalGold for a period of 12 months (unless terminated earlier by either party by giving 30 days' notice) for a fee of $11,211/month plus time-writing charges for any Ardea personnel that work for KalGold, plus any third party costs or expenses incurred by Ardea.

The Demerger Implementation Deed otherwise contains terms and conditions (including standard representations, warranties and indemnities) considered standard for an agreement of this nature.

### 3.13 Share Sale Agreement - Yerilla Nickel

The Yerilla Share Sale Agreement is between Ardea, KalGold and Yerilla and governs the transfer of all of the issued shares in Yerilla from Ardea to KalGold.

The key terms of this agreement are set out below:

(a) It is conditional on all of the conditions precedent to implementation of the demerger under the Demerger Implementation Deed being satisfied.

(b) The consideration payable is the issue of the Consideration Shares under the Demerger Implementation Deed.

(c) There are usual warranties for a transaction of this nature that is being undertaken as part of the demerger of a related party.

### 3.14 Tenement Sale Agreement - KalGold Tenements

The Tenement Sale Agreement is between Ardea Exploration, Kalgoorlie Nickel and KalGold and governs the transfer of the KalGold Tenements from the relevant Ardea Entities to the Company.

The key terms of this agreement are set out below:

(a) It is conditional on all of the conditions precedent to implementation of the demerger under the Demerger Implementation Deed being satisfied.

(b) The consideration payable is the issue of the Consideration Shares under the Demerger Implementation Deed.

(c) There are usual warranties in relation to the Tenements being transferred for a transaction of this nature that is being undertaken as part of the demerger of a related party, although the warranties are quite limited as a number of the relevant Tenements are applications pending grant.





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### 3.15 Gold Rights Deed

The Gold Rights Deed is between Ardea, Ardea Exploration, Kalgoorlie Nickel and KalGold and governs the rights of the Ardea Entities and KalGold in relation to the exercise of the Other Mineral Rights, and the Gold Rights, respectively, in relation to the Gold Rights Tenements.

The key terms of this agreement are set out below:

(a) KalGold has the right to explore for, develop, mine, extract and sell, and undertake all other incidental activities, in relation to Gold on the Gold Rights Tenements. Ardea retains the right to explore for, develop, mine, extract and sell, and undertake all other incidental activities, in relation to Other Minerals on the Gold Rights Tenements.

(b) There are general obligations on the parties to:

(i) co-operate and co-ordinate their respective activities on the Gold Rights Tenements; and

(ii) provide notice of their activities and to share information and other relevant material in relation to their respective activities.

(c) The parties are subject to usual obligations in relation to their activities on the Tenements and are each responsible for rehabilitation obligations in relation to its activities on the Gold Rights Tenements. The parties indemnify each other in relation to any loss, damage or claim arising out of or in connection with their respective activities.

(d) Each of KalGold and Ardea agrees to pay for 50% of the tenements' expense and outgoings and to meet 50% of the minimum expenditure requirements on each of the Gold Rights Tenements. Each party is also required to contribute to its share of any MRF Levy costs on a proportionate basis according to the level of its ground disturbing activities.

(e) If either party defines a mineral resource and makes a decision to mine following completion of a positive bankable feasibility study, it has the right to apply for, or be transferred, a mining lease in its own name, subject to complying with a process that allows the other party to object if it has a competing resource or to evaluate the proposed mining area for a period of 6 months. If there is considered to be a competing resource and the parties cannot resolve the dispute by negotiation, the dispute may be referred for determination by an expert.

(f) The following priority principles apply in relation to competing resources or activities (and the resolution or expert determination of those activities):

(i) a mining party shall have priority in respect of a mining lease that is applied for and granted after a decision to mine;

(ii) where a party has an existing JORC-compliant Mineral Resource on a tenement, then that party's activities will have precedence;

(iii) current activities shall have priority over newly proposed activities; and

(iv) a party that proposes activities over an area of the tenements that the other party has not recently been conducting Activities on shall have priority.

(g) If, following commencement of mining, the other party's minerals are identified in economic quantities, there is a process for sampling and stockpiling the relevant ore.

(h) Ardea is granted a pre-emption in relation to any proposed sale of the Gold Rights. KalGold is granted a pre-emption in relation to any proposed sale of the Tenements by Ardea.

## 3.16 Bulong Taurus and Ninga Mia Agreements

KalGold and Ardea are party to an agreement with Prospector 1 pursuant to which Ardea will acquire prospecting licence P25/2295 and KalGold will (under the Gold Rights Deed set out in section 3.5) acquire the Gold Rights to prospecting licence P25/2295, which forms part of the Bulong Taurus Project. In consideration, KalGold will issue 3,500,000 KalGold Shares to Prospector 1 (**Prospector 1 Agreement**). Prospector 1 will retain certain alluvial gold rights.

KalGold and Yerilla Nickel have entered into an agreement with Prospector 2, to acquire the tenements granted from the application for P26/4563, P26/4564, P26/4565 and P26/4566. In consideration for the prospecting licences KalGold will issue 1,500,000 KalGold Shares and pay $100,000 to Prospector 2 (**Prospector 2 Agreement**). Prospector 2 will retain certain alluvial gold rights.

## 3.17 Loan Agreement

On 8 September 2021, KalGold entered into a loan agreement with Ardea to fund KalGold's expenses prior to Admission (**Loan Agreement**). Under the Loan Agreement, Ardea will cover the costs expended by KalGold comprising the following from 1 May 2021 until Admission, including:

(a) wages and fees associated with the employees and contractors employed by Ardea working on KalGold's activities as identified by monthly timesheets;

(b) rents, rates and exploration costs on the Tenements;

(c) adviser and legal expenses associated with the In-Specie distribution and Offer,

(together, the **Expenses**). At Admission, KalGold will repay the Expenses up to an amount of approximately $700,000. The Loan Agreement is drafted to allow for additional exploration expenditure costs as agreed between the parties if required and will terminate upon repayment of the Expenses as above unless otherwise agreed between the parties. The Loan Agreement contains other terms and conditions customary for an agreement of this nature.

## 3.18 Disclosure to ASX

As an entity with shares quoted on the Official List of the ASX, Ardea is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. Copies of documents lodged in relation to Ardea may be obtained for a fee from, or inspected at, an office of ASIC or can be accessed at either the ASX announcements platform or Ardea’s website.

## 3.19 Risk Factors

On successful completion of the Proposed Transaction, Shareholders will become shareholders in KalGold and should be aware of the general and specific risk factors which





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may affect KalGold and the value of its securities. These risk factors are set out in Schedule 4.

## 3.20 Effect of Proposed Capital Reduction on Ardea

A pro-forma statement of financial position of Ardea is contained in Schedule 2, which shows the financial impact of the capital reduction and the Proposed Transaction on Ardea. Furthermore, Ardea, being an ASX listed entity, is subject to the continuous disclosure requirements set out in Chapter 3 of the ASX Listing Rules. As such, Ardea is required to lodge quarterly reports detailing Ardea's current cash position. Any use of funds by Ardea will be detailed in these quarterly reports and any significant transactions will be disclosed to Shareholders.

## 3.21 Directors' Interests and Recommendations

The table below sets out the number of securities in Ardea held by directors of Ardea and KalGold at the date of the Meeting:

**Table 5. Directors' interests**

| Director | Ardea Shares | % | Ardea Options | Ardea Performance Rights |
|---|---|---|---|---|
| Mat Longworth | nil | nil | nil | 400,000 |
| Andrew Penkethman | 123,829 | 0.1 | nil | 1,300,000 |
| Ian Buchhorn | 12,830,585 | 10.1 | nil | 800,000 |
| Matt Painter | 594,023 | 0.43 | nil | 280,000 |
| Pauline Gately | nil | 0 | nil | nil |
| Carmel McKenzie | nil | 0 | nil | nil |
| Total Securities on Issue | 138,034,219 | 100.0% | nil | 2,780,000 |

The table below sets out the number of KalGold Shares the directors of Ardea and KalGold are likely to have an interest in if Resolution 2 is passed and implemented:

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**Table 6. Directors' interests**

| Director | Approximate Number of In-specie Shares each Director will receive[1] | Approximate Number of KalGold Shares each Director will apply for[1] | % at Minimum Subscription | % at Maximum Subscription | Director Options |
|---|---|---|---|---|---|
| Pauline Gately[2] | nil | 100,000 | 0.12 | 0.09 | 750,000 |
| Carmel McKenzie[3] | nil | 100,000 | 0.12 | 0.09 | 625,000 |
| Matt Painter[4] | 150,621 | 100,000 | 0.29 | 0.23 | 1,000,000 |
| Andrew Penkethman[5] | 31,398 | 100,000 | 0.16 | 0.12 | 625,000 |
| Mat Longworth | nil | 50,000 | 0.06 | 0.05 | N/A |
| Ian Buchhorn | 3,253,190 | 500,000 | 4.46 | 3.44 | N/A |
| Total KalGold Shares on Issue | 84,000,100 (min)<br>109,000,100 (max) | | | | |

1. Assuming a 1 for 3.944 ratio for the In-specie Distribution for illustrative purposes only. It is not clear at the date of this Notice what the exact ratio for the In-specie Distribution will be. Refer to Section 3.2 for further details.

2. Pauline Gately intends to subscribe for up to 100,000 IPO Shares.

3. Carmel McKenzie intends to subscribe for up to 100,000 IPO Shares.

4. Matthew Painter's KalGold Shares will comprise of:

   (a) approximately 150,621 In-specie Shares; and

   (b) up to 100,000 KalGold IPO Shares.

5. Andrew Penkethman's KalGold Shares will comprise of:

   (a) approximately 31,398 In-specie Shares; and

   (b) up to 100,000 IPO Shares.

*Further information on the KalGold Directors' interests and remuneration is incorporated by reference and is set out in section 5 of the KalGold Prospectus.*

After considering all relevant factors, the Directors, with the exception of Mr Andrew Penkethman, who has a material personal interest in the Proposed Transaction by virtue of being a proposed director of KalGold, recommend Ardea Shareholders vote in favour of Resolutions 1 and 2 for the reasons summarised in Sections 3.1 and 3.4 of this Notice.

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## 3.22 Effect of Proposed Capital Reduction on Shareholders

### (a) What will you receive?

If the Proposed Transaction is implemented, eligible Shareholders will receive an in-specie return of capital by way of the distribution of In-specie Shares in proportion to the number of Shares held by them at the Record Date.

Shareholders are not required to contribute any payment for the In-specie Shares which they are entitled to receive under the In-specie Distribution.

### (b) What is the impact on your shareholding in Ardea?

The number of Shares in Ardea that you hold will not change as a result of the Proposed Transaction.

If the Proposed Transaction is implemented, the value of your Shares in Ardea may be less than the value held prior to the Proposed Transaction being implemented due to the removal of the KalGold Assets from Ardea's asset portfolio. The size of any decrease cannot be predicted and will be dependent on the value ascribed to the KalGold Assets.

### (c) Do you have to do anything to receive your KalGold Shares?

You must hold Ardea shares on the In-specie Record Date in order to receive your entitlement KalGold Shares. If the Proposed Transaction proceeds, you will automatically receive the KalGold Shares you are entitled to receive (unless you are an ineligible overseas Shareholder, in which case you will receive the proceeds – see Section 3.29(b) for more information), even if you vote against the Proposed Transaction or do not vote at all.

### (d) Can I acquire more KalGold Shares under the General Offer?

Yes, Shareholders may participate in the General Offer of KalGold by making a valid application and paying the application monies under the KalGold Prospectus. As an Ardea Shareholder, you will be able to participate in the Priority Offer to apply for IPO Shares.

### (e) Will I be able to trade my KalGold Shares?

If the Proposed Transaction is approved by Shareholders and is implemented, a holder of KalGold Shares will be able to sell their KalGold Shares in the future.

If you are holding any KalGold Shares approximately four months from listing, whether through the In-specie distribution or through an IPO subscription, you will be entitled to receive Loyalty Options at nil cost.

### (f) What are the taxation implications of the Proposed Transaction?

Shareholders should obtain professional advice as to the taxation implications of the Proposed Transaction in their specific circumstances.

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(g) **What will happen if Resolution 2 is not approved?**

In the event that Shareholder approval of Resolution 2 is not obtained, the Proposed Transaction will not proceed and the distribution of In-specie Shares to Ardea Shareholders will not occur.

## 3.23 Summary of Effect on Optionholders and Performance Rights issued under the Employee Share Option Scheme

The Company has no Options on issue, however there are currently 4,667,000 Performance Rights that have been issued to Directors, Employees and Consultants. If the Proposed Transaction completes, the board has determined that the share price hurdle rates for each tranche of Performance Rights will be reduced by the value of the return of capital to shareholders which is consistent with ASX Listing Rule 7.22.3, however, the exact value of these reductions will be dependent on the value ascribed to the return of capital shares.

## 3.24 Additional important information for Ardea Shareholders

(a) **Ardea current capital structure**

The capital structure of Ardea as at the date of this Notice is:

**Table 7. Ardea capital structure**

| Security type | Number |
|---|---|
| Fully paid ordinary shares | 138,034,219 |
| Performance rights | 4,667,000 |

(b) **KalGold proposed capital structure**

The indicative capital structure of KalGold post-completion of the Proposed Transaction will be:

**Table 8. Indicative KalGold capital structure**

| Security type | Number (Minimum) | % | Number (Maximum) | % |
|---|---|---|---|---|
| Existing Shares | 100 | 0 | 100 | 0 |
| In-specie Shares[1] | 35,000,000 | 41.67 | 35,000,000 | 32.11 |
| IPO Shares (including Priority Offer)[2,3] | 35,000,000 | 41.67 | 60,000,000 | 55.05 |
| Ardea Retained Shares | 9,000,000 | 10.71 | 9,000,000 | 8.26 |

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| Security type | Number (Minimum) | % | Number (Maximum) | % |
|---|---|---|---|---|
| Bulong Taurus and Ninga Mia Consideration Shares | 5,000,000 | 5.95 | 5,000,000 | 4.59 |
| **Total Shares on completion of IPO** | **84,000,100** | **100** | **109,000,100** | **100** |
| Consideration Options (to be retained by Ardea)[4] | 15,000,000 | 71.43 | 15,000,000 | 71.43 |
| JLM Options[4] | Up to 3,000,000 | 14.29 | Up to 3,000,000 | 14.29 |
| Director Options[4] | 3,000,000 | 14.29 | 3,000,000 | 14.29 |
| **Total Options on completion of IPO** | **21,000,000** | **100** | **21,000,000** | **100** |
| Loyalty Options[5] | 28,000,033 | - | 36,333,366 | - |
| **Fully diluted Share capital** | **133,000,133** | - | **166,333,466** | - |

**Notes:**

1. To be issued to eligible Ardea Shareholders (in addition to the 100 KalGold Shares currently held by Ardea) via a pro rata in-specie distribution.
2. Issued at a price of $0.20 per Share to raise a minimum of $7,000,000 and a maximum of $12,000,000.
3. Including a Priority Offer to existing eligible Ardea Shareholders and Select Investors for a priority allocation of up to 20,000,000 KalGold Shares under the IPO.
4. Exercise price of $0.25 and expiry 3 years after the date of issue, pricing consistent with Loyalty Options, see Note 5.
5. Proposed issue of Loyalty Options to shareholders of KalGold on a 1 for 3 basis with a record date approximately 4 months post-Admission. The offer of Loyalty Options will be made under a separate prospectus and will have an exercise price of the greater of the 5 day VWAP at issue date or $0.25 and expiry 1 year after the date of issue.

Shareholders should note this structure is indicative only as at the date of this Notice and that KalGold retains discretion to amend the structure and issue more or less shares or other forms of securities, such as options.

(c) **Loyalty Options**

Under the DID, KalGold has agreed to issue Loyalty Options to KalGold Shareholders on a pro-rata basis as an intended bonus issue to the shareholders of KalGold who hold KalGold Shares at a proposed record date to be announced approximately 4 months following the Admission date.

The proposed terms of the Loyalty Options are set out in Section 3.31. Ardea Shareholders are advised that the proposed issue of Loyalty Options (including determining a final record date for the Loyalty Option issue) will be a matter resolved

by the board of KalGold and will, save for the contractual rights provided in the DID, be outside of the control of Ardea.

(d) **In-specie Distribution**

All In-specie Shares will be distributed on a pro rata basis to all holders of ordinary shares in the capital of Ardea on the In-specie Record Date based on the number of Ardea Shares held by such holders at the In-specie Record Date. The In-specie Record Date will be set by the Directors after the date Resolution 2 is passed and depends on the satisfaction of the Conditions Precedent. Due to the outstanding Performance Rights on issue in Ardea and also because of the potential future issue of Shares by Ardea before the In-specie Record Date, it is not clear at the date of this Notice how many Ardea Shares will be on issue at the In-specie Record Date nor therefore what the exact ratio for the In-specie Distribution will be. At the date of this Notice, there are 138,034,219 Shares on issue in Ardea. Assuming this same number of Shares is on issue at the In-specie Record Date, the formula for the In-specie Distribution would be approximately 1 In-specie Share for every 3.944 Ardea Shares held. Any vesting of Performance Rights or further issue of Ardea Shares will have the effect of lowering the number of In-specie Shares distributed for each Ardea Share. Any fractions of entitlement will be rounded down to the next whole number.

The return of capital will be effected by a pro rata distribution of the In-specie Shares, proportionately to all of Ardea Shareholders:

(i) registered as such as at 5.00pm (AWST) on the Record Date; or

(ii) entitled to be registered as a Shareholder in Ardea by virtue of a transfer of Shares executed before 5.00pm (AWST) on the Record Date and lodged with Ardea at that time.

## 3.25 Use of funds

Funds raised from the General Offer will be applied as follows:

| Use of funds - Year 1 | Minimum Subscription | | Maximum Subscription | |
|---|---|---|---|---|
| | $ | % | $ | % |
| Repayment to Ardea of IPO, exploration costs pursuant to the Loan Agreement | 700,000 | 10.0 | 700,000 | 5.8 |
| Capital raising fee | 420,000 | 6.0 | 720,000 | 6.0 |
| Payment to unrelated vendor | 100,000 | 1.4 | 100,000 | 0.8 |
| Exploration Programs[3] | 1,850,000 | 26.4 | 2,162,000 | 18.0 |
| Tenement costs, administrative costs and working capital | 500,000 | 7.1 | 500,000 | 4.2 |





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| Use of funds - Year 1 | Minimum Subscription | | Maximum Subscription | |
|---|---|---|---|---|
| | $ | % | $ | % |
| **Total Funds allocated - Year 1** | **3,570,000** | **51.0** | **4,182,000** | **34.9** |

| Use of funds - Year 2 | Minimum Subscription | | Maximum Subscription | |
|---|---|---|---|---|
| | $ | % | $ | % |
| Exploration Programs | 2,930,000 | 41.9 | 3,818,000 | 31.8 |
| Feasibility and development | 0 | 0.0 | 3,500,000 | 29.2 |
| Tenement costs, administrative costs and working capital | 500,000 | 7.1 | 500,000 | 4.2 |
| **Total Funds allocated - Year 2** | **3,430,000** | **49.0** | **7,818,000** | **62.5** |
| **TOTAL IPO FUNDS ALLOCATED** | **7,000,000** | **100.0** | **12,000,000** | **100.0** |

The above table is a statement of KalGold's current intentions as at the date of this Notice. Ardea Shareholders should note that, as with any budget, the allocation of funds may change depending on a number of factors, including market conditions, the development of new opportunities and/or any number of other factors which will be outside of the control of Ardea.

## 3.26 Information concerning Ardea Shares

The rights attaching to the Ardea Shares will not alter.

For the information of Shareholders, the highest and lowest recorded sale prices of Ardea's Shares as traded on ASX during the 12 months immediately preceding the date of this Explanatory Memorandum, and the respective dates of those sales were:

**Table 9. Share price information**

| Date | Highest Price | Date | Lowest Price |
|---|---|---|---|
| 15/2/2021 | 63 cents | 31/12/2020 | 40 cents |

The latest available closing price of Ardea Shares on ASX prior to the date of this Notice was $0.49 on 1 September 2021.



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## 3.27 Section 256C of the Corporations Act

The proposed reduction of capital by way of the In-specie Distribution is an equal capital reduction.

Under Section 256B of the Corporations Act, Ardea may only reduce its capital if it:

(a) is fair and reasonable to Shareholders as a whole;

(b) does not materially prejudice Adrea's ability to pay its creditors; and

(c) is approved by Shareholders in accordance with Section 256C of the Corporations Act.

The Directors (other than Mr Andrew Penkethman who has a material personal interest in the Proposed Transaction) believe that the Proposed Transaction is fair and reasonable to Shareholders as a whole and does not materially prejudice Ardea's ability to pay its creditors. Under the proposed reduction of capital, each Ardea Shareholder is treated equally and in the same manner since the terms of the reduction of capital are the same for each Shareholder. The In-specie Distribution is on a pro rata basis, and the proportionate ownership interest of each Shareholder remains the same before and after the Proposed Transaction. Further, the Directors consider that the Proposed Transaction will not result in Ardea being insolvent at the time or after the In-specie Distribution.

In accordance with the Corporations Act:

(a) the proposed reduction is an equal reduction and requires approval by an ordinary resolution passed at a general meeting of Ardea Shareholders;

(b) this Explanatory Memorandum and previous ASX announcements set out all information known to Ardea that is material to the decision on how to vote on Resolution 2; and

(c) Ardea has lodged with ASIC a copy of this Notice of Meeting and accompanying documentation.

Under the Corporations Act, an offer of securities generally requires disclosure to investors through a disclosure document, typically in the form of a prospectus.

## 3.28 ASX Listing Rule 7.17

ASX Listing Rule 7.17 provides in part that a listed entity, in offering shareholders an entitlement to securities, must offer those securities pro rata or in such other way as, in the ASX's opinion, is fair in all the circumstances. In addition, there must be no restriction on the number of securities which a shareholder holds before this entitlement accrues. The Proposed Transaction satisfies the requirements of ASX Listing Rule 7.17, as the issue of KalGold Shares is being made to Shareholders on a pro rata basis, and there is no restriction on the number of Shares a Shareholder must hold before the entitlement to the KalGold Shares accrues.

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## 3.29 Effect of Shareholder approval

### (a) General

If Resolution 2 is approved, Shareholders (as at the Record Date) will receive a pro rata beneficial entitlement to In-specie Shares based on the number of Ardea Shares held at the In-specie Record Date. The reduction in Ardea's capital and the transfer and distribution of In-specie Shares will become effective from the In-specie Record Date (provided that after the In-specie Record Date has been set, the Directors have not provided a notice to ASX stating that Ardea does not intend to proceed with the reduction of capital contemplated by Resolution 2). Any fractions of entitlement will be rounded down to the next whole number. Shares in KalGold are to be held subject to its constitution which is in standard form.

The actual dollar value of the proposed return of capital will be an amount equal to the value of the In-specie Shares transferred and distributed to be assessed by the Directors. Please refer to Schedule 2 and Schedule 3 for the pro-forma statements of financial position of both Ardea and KalGold which show the indicative financial impact of the Proposed Transaction.

The Board considers the proposed reduction of capital will have no material effect on the interests of Ardea Shareholders, except as disclosed in the discussion of the advantages and disadvantages of the reduction set out in Section 3.4 above.

### (b) Overseas Ardea Shareholders

The In-specie Distribution of the KalGold Shares to overseas Ardea Shareholders under the reduction of capital will be subject to legal and regulatory requirements in their relevant overseas jurisdictions. If the requirements of any jurisdiction where an Ardea Shareholder is resident are held to restrict or prohibit the distribution of securities as proposed or would impose on Ardea an obligation to prepare a prospectus or other similar disclosure document or otherwise impose on Ardea an undue burden, the In-specie Shares to which the relevant Ardea Shareholder is entitled will not in fact be issued to such Shareholders and instead will be sold by Ardea on their behalf, in order that Ardea will pay the relevant Shareholder a cash equivalent amount, or otherwise Ardea will seek to make alternative arrangements with respect to the relevant Shareholder which are reasonable in all the circumstances.

If Ardea elects to sell the In-specie Shares on a relevant Ardea Shareholder's behalf, Ardea will then account to those Shareholders for the net proceeds of sale after deducting the costs and expenses of the sale. As the return of capital is being represented and satisfied by the In-specie Distribution and security prices may vary from time to time (assuming a liquid market is available), the net proceeds of sale to such Shareholders may be more or less than the notional dollar value of the reduction of capital. It will be the responsibility of each Ardea Shareholder to comply with the laws to which they are subject in the jurisdictions in which they are resident.

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## 3.30 Information concerning KalGold Shares

A summary of the more significant rights that will attach to the KalGold Shares is set out below. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the KalGold Shareholders. Full details of the rights attaching to the KalGold Shares are set out in KalGold's constitution, a copy of which is available on request.

(a) **General Meetings**

KalGold Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of KalGold.

KalGold Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the KalGold constitution.

(b) **Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

(i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder’s name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend Rights**

Subject to the rights of persons (if any) entitled to shares with special rights to dividends, the directors may declare a dividend in accordance with the Corporations Act and may authorise the payment or crediting by KalGold to the shareholders of such a dividend. The directors may from time to time pay to shareholders any interim dividend that they may determine. Subject to the rights of any preference shareholders and to the rights of the holders of any shares credited or raised under any special arrangement as to the dividend, the dividend as declared shall be payable proportionately according to the amounts paid up or credited as paid up, on the shares, and otherwise in accordance with Part 2H.5 of the Corporations Act. Interest may not be paid by KalGold in respect of any dividend, whether final or interim.

(d) **Winding-Up**

If KalGold is wound up, the liquidator may, with the authority of a special resolution of KalGold, divide among the shareholders in kind the whole or any part of the property

of KalGold, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution of KalGold, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Transfer of Shares**

Generally, shares in KalGold are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) **Variation of Rights**

Pursuant to Section 246B of the Corporations Act, KalGold may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not KalGold is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

## 3.31 Options

A summary of the terms that will apply to KalGold Options (including the Consideration Options, Director Options, JLM Options and Loyalty Options) is set out below.

(a) (**Entitlement**) Each KalGold Option entitles the holder to subscribe for one KalGold Share upon exercise.

(b) (**Consideration**) The KalGold Options will be granted for nil cash consideration.

(c) (**Number and Exercise Price**) The:

(i) JLM Options, Director Options and Consideration Options have an exercise price of $0.25 each; and

(ii) Loyalty Options will have an exercise price of the greater of the 5 day VWAP at the issue date or $0.25,

(in each case, the **Exercise Price**).

(d) (**Expiry Date**) A KalGold Option not exercised before the Expiry Date will automatically lapse on the Expiry Date. The:

(i) JLM Options, Director Options and Consideration Options will expire at 5:00pm (WST) on the date that is 3 years after the date of issue; and





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(ii) Loyalty Options will expire at 5:00pm (WST) on the date that is 1 year after the date of issue,

(in each case, the **Expiry Date**).

(e) (**Exercise Period**) Each KalGold Option is exercisable at any time and from time to time on and prior to the Expiry Date (**Exercise Period**).

(f) (**Exercise of Options**) A KalGold Option holder may exercise their KalGold Options by lodging with KalGold a written notice of exercise of KalGold Options specifying the number of KalGold Options being exercised (**Exercise Notice**). The KalGold Option holder may only exercise KalGold Options in multiples of 100,000 KalGold Options unless the KalGold Option holder exercises all KalGold Options held by the KalGold Option holder.

(g) (**Issue of Shares**) Subject to the Corporations Act, the Listing Rules and these terms and conditions, within 5 Business Days of delivery of an Exercise Notice, the Company will issue the KalGold Shares pursuant to the exercise of the KalGold Options.

(h) (**Quotation**)

(i) KalGold will not apply for quotation of the KalGold Options on the ASX.

(i) If admitted to the Official List at the time, application will be made by KalGold to ASX for quotation of the KalGold Shares issued upon the exercise of the KalGold Options in accordance with the Listing Rules.

(i) (**Ranking of Shares**) All KalGold Shares allotted upon the exercise of KalGold Options will upon allotment rank *pari passu* in all respects with other KalGold Shares.

(j) (**Transfer**) The KalGold Options are only transferrable with consent of the Board.

(k) (**Dividend and voting rights)** The KalGold Options do not confer on the holder an entitlement to vote at general meetings of the Company or to receive dividends.

(l) (**Participation rights**)

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

(ii) A KalGold Option does not confer the right to a change in Exercise Price or in the number of underlying KalGold Shares over which the KalGold Option can be exercised.

(iii) KalGold will ensure that, for the purposes of determining entitlements to any such issue, the record date will be the minimum period required by the Listing Rules after the issue is announced. This will give KalGold Option holders the opportunity to exercise their KalGold Options prior to the date for determining entitlements to participate in any such issue.

(m) (**Adjustments for reorganisation**)





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If at any time the capital of KalGold is reorganised (including consolidation, subdivision, reduction or return), the terms of the KalGold Options will be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reorganisation. Whenever the number of Shares to be issued on exercise of a KalGold Option or the Exercise Price is adjusted pursuant to these terms and conditions, the Company will give notice of the adjustment to the KalGold Option holder and ASX together with calculations on which the adjustment is based

## 3.32 Taxation

### (a) Taxation implications for Shareholders

Ardea Shareholders will be required to treat the value of the KalGold shares received from the in-specie distribution as a return of capital which will be used to reduce the cost base of your shareholding in Ardea. Ardea will advise details of this process and values following the in-specie return being completed.

The acquisition and disposal of shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in Kalgoorlie Gold Mining Limited are urged to obtain independent financial advice about the consequences of acquiring KalGold Shares from a taxation viewpoint and generally. To the maximum extent permitted by law, both Ardea and Kalgoorlie Gold Mining Limited, its officers, and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences resulting from the Proposed Transaction.

### (b) Taxation implications for Ardea

Ardea has considered the tax consequences of the In-specie Distribution and notes that that return of capital of the KalGold Shares to Ardea shareholders will be treated as a sale of tenements and profit or loss on the sale of those tenements will be taxable in the normal course of Ardea's operations. Ardea has sufficient carry forward losses to ensure there will be no impact on its tax payable on this transaction.

## 3.33 Lodgement with ASIC

Ardea has lodged with ASIC a copy of this Notice and Explanatory Memorandum in accordance with Section 256C(5) of the Corporations Act. ASIC and its officers take no responsibility for the contents of this Notice or the merits of the transaction to which this Notice relates.

If Resolution 2 is passed, the reduction of capital is required to take effect in accordance with a timetable approved by ASX. Please refer to Section 1.7 for the proposed indicative timetable for completion of the Proposed Transaction, which is subject to change by Ardea and any requirements of the Listing Rules and the Corporations Act.

## 3.34 Other Material Information

There is no information material to the making of a decision by a Shareholder in Ardea whether or not to approve Resolution 2 (being information that is known to any of the Directors and which has not been previously disclosed to Shareholders in Ardea) other than as disclosed in this Explanatory Memorandum and all relevant Schedules.

## 4. Enquiries

Shareholders are requested to contact Ardea's company secretary, Mr Sam Middlemas on +61 8 6244 5136 if they have any queries in respect of the matters set out in this Notice

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# Schedule 1 Definitions

In the Notice, words importing the singular include the plural and vice versa.

| | |
|---|---|
| **$ or A$** | means Australian Dollars. |
| **Admission** | means the admission of KalGold to the ASX Official List. |
| **amicaa** | means amicaa Advisors Pty Limited ABN 71 637 638 656. |
| **Ardea Entities** | means entities within the Ardea group of companies. |
| **ASIC** | means the Australian Securities & Investments Commission. |
| **ASX** | means the ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited. |
| **ATO** | means the Australian Taxation Office |
| **Board** | means the board of Directors. |
| **Bulong Taurus and Ninga Mia Agreements** | means the Prospector 1 Agreement and Prospector 2 Agreement. |
| **Bulong Taurus and Ninga Mia Consideration Shares** | means the KalGold Shares to be issued to Prospector 1 and Prospector 2 pursuant to the Bulong Taurus and Ninga Mia Agreements. |
| **Business Day** | means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day. |
| **Chair** | means the person appointed to chair the Meeting of the Company convened by the Notice. |
| **Clause** | means a clause of the Constitution. |
| **Company or Ardea** | means Ardea Resources Limited ACN 009 129 560. |
| **Conditions Precedent** | means the conditions precedent to completion of the DID. |
| **Consideration Shares** | means 44,000,000 Shares to be issued to Ardea in consideration for the sale of the Spin-out Assets under the DID. |
| **Constitution** | means the constitution of the Company as at the date of the Meeting. |
| **Corporations Act** | means the *Corporations Act 2001* (Cth). |
| **Cut-Off Date** | means the date specified in the DID of 31 March 2022. |
| **Director** | means a director of the Company. |

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| | |
|---|---|
| **Demerger Relief** | means a confirmation from the Australian Taxation Office that:<br>(a) the shareholders of an entity conducting a spin out may be eligible to choose to receive roll-over under Division 125 of the *Income Tax Assessment Act 1997* (Cth) in respect of the proposed demerger;<br>(b) the Commissioner for Taxation will not make a determination under section 45A, 45B(3)(a) or 45B(3)(b) of the *Income Tax Assessment Act 1936* (Cth) in respect of the entity's shareholders participating in the In-specie Distribution; and<br>(c) section 45 of the *Income Tax Assessment Act 1936* (Cth) will not apply to the demerger transaction. |
| **DID or Demerger Implementation Deed** | means the demerger implementation deed between Ardea, KalGold, Yerilla Nickel Pty Ltd ACN 123 249 810, Kalgoorlie Nickel Pty Ltd ACN 074 282 269 and Ardea Exploration Pty Ltd ACN 137 889 279 dated 8 September 2021. |
| **Directors** or **Ardea Directors** | means the current directors of the Company. |
| **Director Options** | means the KalGold Options to be issued to members of the KalGold Board. |
| **Duty** | means any transfer, transaction or registration duty or similar charge imposed by any government or government department, a governmental or semi-governmental or judicial person (whether autonomous or not), charged with the administration of any applicable law, and includes any interest, fine, penalty, charge or other amount imposed in respect of any of them. |
| **Eligible Ardea Shareholders** | means Shareholders who hold Shares on the In-specie Record Date and are, as a result, eligible to participate in the In-Specie Distribution. |
| **Equity Security** | has the same meaning as in the Listing Rules. |
| **Explanatory Memorandum** | means the explanatory memorandum which forms part of the Notice. |
| **Extraordinary General Meeting or Meeting** | means the meeting convened by the Notice. |
| **General Offer** | means the initial public offering by KalGold of at least 35,000,000 and up to 60,000,000 KalGold Shares at $0.20 to raise a minimum of $7,000,000 and a maximum $12,000,000 (before costs). The General Offer also includes the Priority Offer. |
| **Gold** | means:<br>(a) all gold located within or mined from the Tenements; and<br>(b) all elements directly associated with gold in the same ore body including but not limited to silver, tungsten, molybdenum, tellurium, antimony and arsenic. |

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| **Gold Rights** | means the rights to explore for and mine gold granted to KalGold in respect of the Gold Rights Tenements pursuant to the Gold Rights Deed. |
| **Gold Rights Deed** | means the deed dated 8 September 2021 between Ardea, Ardea Exploration, Kalgoorlie Nickel and KalGold which governs the rights of the Ardea Entities and KalGold in relation to the exercise of the Other Mineral Rights, and the Gold Rights, respectively, in relation to the Gold Rights Tenements. |
| **Gold Rights Tenements** | means the Tenements listed in Part C of Schedule 5 in respect of which the Company will be granted the rights to explore, develop and mine for and extract gold from the Tenements under the Gold Rights Deed. |
| **Goongarrie Hub** | means the Goongarrie sector of the Kalgoorlie Nickel Project. |
| **Ineligible Ardea Shareholder** | means a Shareholder that holds Shares on the In-specie Record Date who is ineligible to participate in the In-specie Distribution. |
| **In-specie Conditions** | has the meaning given in Section 3.1 of the Explanatory Memorandum. |
| **In-specie Distribution** | has the meaning given in Section 3.1 of the Explanatory Memorandum. |
| **In-specie Record Date** | means the In-specie Record Date as defined in the timetable in Section 1.7. |
| **In-specie Shares** | means 35,000,000 KalGold Shares to be distributed under the In-specie Distribution. |
| **Internal Restructure** | has the meaning given in Section 3.1 of the Explanatory Memorandum. |
| **IPO** | means the initial public offering. |
| **Joint Lead Managers** | means the joint lead managers to the KalGold IPO, being Amicaa and MST Financial. |
| **JORC Code** | means the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition. |
| **KalGold** | means Kalgoorlie Gold Mining Limited (ACN 645 666 164). |
| **KalGold Assets** | means the mineral tenements and as applicable All Mineral Rights or Gold Rights as listed in Schedule 5 following, Tenement Schedule. |
| **KalGold Board** | means the board of directors of KalGold. |
| **KalGold Option** | means an unquoted option to acquire a KalGold Share. |
| **KalGold Prospectus** | has the meaning given in Section 1.8. |
| **KalGold Securities** | means any Equity Securities of KalGold (including Shares, Options and/or Performance Rights). |
| **KalGold Share** | means a fully paid ordinary share in the capital of KalGold. |

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| **KalGold Shareholders** | means a holder of KalGold Shares. |
| **Key Management Personnel** | has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group. |
| **KNP** | means the Kalgoorlie Nickel Project. |
| **JLM Options** | means up to 3,000,000 KalGold Options to be issued to the Joint Lead Managers. |
| **Listing Rules** | means the listing rules of ASX. |
| **Loan Agreement** | has the meaning given in Section 3.17. |
| **Loyalty Option** | means an unquoted KalGold Option that KalGold intends to issue approximately 4 months after admission to the official list of ASX, with an exercise price of the higher of the 5 day VWAP at issue date or $0.25 and an expiry date of 1 year after the date of issue. |
| **Maximum Subscription** | has the meaning given in Section 3.6. |
| **Meeting** | has the meaning given in the introductory paragraph of the Notice. |
| **Mineral Resource** | has the same meaning as in the JORC Code. |
| **Mineral Rights** | in relation to a Tenement, means the right to:<br>(a) conduct Exploration on that Tenement;<br>(b) conduct Mining on that Tenement;<br>(c) own and sell any Minerals processed, refined or extracted from the area of that Tenement and retain the proceeds of such sale;<br>(d) construct and operate open cut and underground mines on the area of that Tenement;<br>(e) remove and transport for processing any Ore to recover Minerals from the area of the Tenement;<br>(f) remove and transport from the area of the Tenement all Minerals stockpiled or otherwise taken from the area of the Tenement;<br>(g) remove and process any tailings or other waste material produced as a result of any Exploration or Mining conducted on the area of that Tenement;<br>(h) erect, install and operate mining plant and machinery, buildings, mullock and tailings dumps and dams on the area of that Tenement; |

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(i) do all such other things on the Tenement as are incidental to the conduct of Exploration or Mining on the Tenements; and

(j) subject to this deed, the licence, right and liberty to enter (whether by Personnel and with or without vehicles and temporary or permanent plant, accommodation or equipment) on the area of that Tenement for the purpose of exercising any of the foregoing rights,

as and when such Activities are permitted pursuant to the grant of that Tenement under the Mining Act and the conditions applicable to that Tenement.

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| **Minimum Subscription** | has the meaning given in Section 3.6. |
| **MRF Levy** | means a mining rehabilitation fund levy. |
| **MST Financial** | means MST Financial Services Pty Limited ABN 54 617 475 180. |
| **Notice or Notice of Meeting** | means this notice of meeting including the Explanatory Memorandum and the Proxy Form. |
| **Option** | means an unquoted option to acquire a Share. |
| **Optionholder** | means the holder of an Option. |
| **Other Minerals** | means all Minerals other than Gold and includes all non-metallic minerals. |
| **Other Mineral Rights** | in relation to a Tenement, means the full, free and exclusive right to exercise the Mineral Rights in relation to that Tenement in respect of and in connection with Other Minerals. |
| **Priority Offer** | means the priority offer of up to 20,000,000 Shares to Eligible Ardea Shareholders, which forms part of the General Offer. |
| **Proposed Transaction** | means the proposed Spin-out and In-specie Distribution as set out in Section 3.1 of the Explanatory Memorandum. |
| **Prospector 1** | means Mr Steven Kean, an unrelated party of both KalGold and Ardea. |
| **Prospector 1 Agreement** | has the meaning given in Section 3.16. |
| **Prospector 2** | means Mr Patrick Costanzo, an unrelated party of KalGold and Ardea. |
| **Prospector 2 Agreement** | has the meaning given in Section 3.16. |
| **Proxy Form** | means the proxy form attached to the Notice. |
| **Resolution** | means a resolution referred to in the Notice. |
| **Schedule** | means a schedule to the Notice. |
| **Section** | means a section of the Explanatory Memorandum. |

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| **Securities** | means any Equity Securities of the Company (including Shares, Options and/or Performance Rights). |
| **Select Investors** | means the investors who receive an invitation from KalGold to participate in the Priority Offer. |
| **Share** | means a fully paid ordinary share in the capital of the Company. |
| **Share Sale Agreements** | has the meaning given in Section 3.13. |
| **Shareholder or Ardea Shareholder** | means the holder of a Share. |
| **Spin-out** | has the meaning given in Section 3.1. |
| **Spin-out Assets** | means the tenements and mineral rights listed in Schedule 5. |
| **Spread** | means the number of Shareholders set out in Listing Rule 1.1, condition 8. |
| **Tenement Sale Agreement** | has the meaning given in Section 3.14. means the agreement for the sale of the KalGold Tenements from the relevant Ardea Entities to KalGold. |
| **Tenements or KalGold Tenements** | means:<br>(a) the tenements and tenement applications set out in Schedule 5 as having a status of "granted";<br>(b) the tenements granted from any application for a tenement set out in Schedule 5 in respect of those tenements having a status of "pending" (if any); and<br>(c) any extension, renewal, variation, conversion, amalgamation, replacement or substitution of a tenement which may be granted in lieu of, or relate to the same ground as, the tenements referred to in paragraphs (a) and (b) of this definition. |
| **Trading Day** | has the meaning given in the Listing Rules. |
| **VWAP** | means volume weighted average market price. |
| **WST** | means Western Standard Time as observed in Perth, Western Australia. |
| **Yerilla Share Sale Agreement** | has the meaning given in Section 3.13. |
| **Yerilla Tenements** | means the 1 granted Tenement and 12 pending applications for Tenements that Yerilla holds in its name and that the Company will acquire under the Yerilla Share Sale Agreement |

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# Schedule 2 Ardea Pro-forma Consolidated Statement of Financial Position as at 30 June 2021

| | Ardea balance Sheet as at 30 June 2021 | Adjusts 1 | 2 | 3 | 4 | 5 | Ardea - Pro-forma balance sheet as at 30 June 2021 |
|---|---|---|---|---|---|---|---|
| Current Assets | | | | | | | |
| Cash and Cash equivalents | 5,689,762 | (950,000) | | | | 1,050,000 | 5,789,762 |
| Other Receivables | 1,025,238 | 950,000 | | | | (1,050,000) | 925,238 |
| Other Financial Assets | 19,027 | | | | | | 19,027 |
| Lease Asset | 34,525 | | | | | | 34,525 |
| | 6,768,552 | | | | | | 6,768,552 |
| Non Current Assets | | | | | | | |
| Plant & Equipment | 35,153 | | | | | | 35,153 |
| Investments | 1,326,055 | | 7,000,000 | 1,800,000 | (7,000,000) | | 3,126,055 |
| Options | 0 | | 1,200,000 | | | | 1,200,000 |
| Capitalised Mineral exploration | 27,954,448 | | (8,260,000) | (1,800,000) | | | 17,894,448 |
| Lease Asset | 17,262 | | | | | | 17,262 |
| | 29,332,918 | | | | | | 22,272,918 |
| Total Assets | 36,101,470 | | | | | | 29,041,470 |
| Current Liabilities | | | | | | | |
| Trade and other payables | 361,976 | | | | | | 361,976 |
| Provisions | 398,308 | | (60,000) | | | | 338,308 |
| Lease Liability | 51,787 | | | | | | 51,787 |
| Total Liabilities | 812,071 | | | | | | 752,071 |
| Net Assets | 35,289,399 | | | | | | 28,289,399 |
| Equity | | | | | | | |
| Contributed Equity | 41,328,919 | | | | (7,000,000) | | 34,328,919 |
| Share Option Reserve | 4,172,819 | | | | | | 4,172,819 |
| Accumulated Losses | (10,212,339) | | | | | | (10,212,339) |
| Total Equity | 35,289,399 | | | | | | 28,289,399 |
| | 0 | | | | | | 0 |

**Adjustments:**

1. Ardea pays costs of KalGold's activities from 1 July 2021 until Admission (assume $700k per loan agreement less 30/6/21 loan balance of $100k) + $350k IPO costs = $950k nb Fees payable to the Joint Lead Managers are assumed to be paid directly from KalGold upon Admission
2. Ardea transfers the Gold rights and tenements as agreed in the DID to KalGold in consideration for 35,000,000 KalGold Shares (Consideration Shares) and 15,000,000 Options (Consideration Options), and KalGold assumes Dr Matt Painters leave entitlements
3. Ardea transfers assets to Kalgold in exchange for 9,000,000 KalGold Shares (Ardea Retained Shares)
4. Ardea distributes the KalGold Shares to Ardea Shareholders (in-specie) recording a reduction in capital
5. KalGold repays Ardea for the costs of its operations and IPO costs (to 30 June $100k +$600k budgeted + IPO $350k = $1,050k)

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# Schedule 3 KalGold Pro-forma Consolidated Statement of Financial Position as at 30 June 2021

| | Pro-forma Financial Information 30 June 2021 | | |
|---|---|---|---|
| | 30 June 2021 $'000 | Minimum Subscription $'000 | Maximum Subscription $'000 |
| **Current Assets** | | | |
| Cash and cash equivalents | - | 5,730 | 10,430 |
| **Total Current Assets** | - | **5,730** | **10,430** |
| **Non-Current Assets** | | | |
| Property, plant and equipment | - | - | - |
| Exploration and evaluation costs | - | 11,700 | 11,700 |
| **Total Non-Current Assets** | - | **11,700** | **11,700** |
| **Total Assets** | - | **17,430** | **22,130** |
| **Current Liabilities** | | | |
| Trade and other payables | - | - | - |
| **Total Current Liabilities** | - | **-** | **-** |
| **Total Liabilities** | - | **-** | **-** |
| **Net Assets** | - | **17,430** | **22,130** |
| **Equity** | | | |
| Contributed equity | - | 15,990 | 20,690 |
| Reserves | - | 1,680 | 1,680 |
| Retained Earnings | - | (240) | (240) |
| **Total Equity** | - | **17,430** | **22,130** |

**Note**: For further details please refer to Annexure A of the KalGold Prospectus.

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# Schedule 4 Key risk factors facing KalGold

The business, assets and operations of KalGold will be subject to certain risk factors that have the potential to influence its operating and financial performance in the future. These risks can impact on the value of an investment in its securities and include those highlighted in the table below.

The risk factors set out below ought not to be taken as exhaustive of the risks faced by KalGold or by investors in KalGold. The below factors, and others not specifically referred to below, may in the future materially affect the financial performance of KalGold and the value of the KalGold Shares. Therefore, the KalGold Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those shares.

| Risk | Description |
|---|---|
| **Funding** | At the date of this Notice, KalGold 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, it 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 Offers. Neither KalGold nor any of its 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 KalGold.<br><br>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.<br><br>Should it choose in future to enter joint ventures, KalGold may not be able to earn or maintain proposed equity interests in its tenements if it fails to meet the ongoing expenditure commitments. Accordingly, KalGold may potentially lose entitlement or rights to interests in tenements and projects where ongoing expenditure commitments are not met. |
| **Grant** | Pending Tenements ELA28/3134, ELA31/1119, ELA31/1261, MLA31/0493, MLA31/0488, ELA26/0228, PLA26/4564, ELA29/1125, ELA27/0643, ELA27/0646, ELA27/0647, ELA28/2978 have not yet been granted (**Pending Tenements**). |

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| Risk | Description |
|---|---|
| | There is a risk that the Pending Tenements may not be granted, there may be a delay to grant of the Pending Tenements, the Pending Tenements may be granted over a lesser area than applied for and/or the Pending Tenements may be granted subject to non-standard conditions. Some of the Pending Tenements also overlap other applications for exploration licences.<br><br>In particular:<br><br>• MLA31/0488, is subject to the right to negotiate procedure in respect to the Nyalpa Pirniku native title claim (tenement is partially within the claim) and the Tenement will not be granted unless a mining agreement and State Deed are entered into with the Nyalpa Pirniku claim;<br><br>• Pending Tenements ELA31/1261 and ELA27/643 overlap other pending applications for exploration licences which were all received by the Department of Mines, Industry Regulation and Safety at the same time and will therefore be subject to a ballot to determine the first in time applicant to the land (or part thereof). If the ballots are not won, it is unlikely that ELA31/1261 and / or ELA27/643 will be granted and the applications will fall away; and<br><br>• Pending Tenements PLA26/4564, ELA31/1119 and ELA31/1261 are all subject to Mining Act objections. Accordingly, there is a risk that, in the event the objections in respect of PLA26/4564, ELA31/1119 and ELA31/1261 are not withdrawn, their grant may be delayed or refused. |
| **Title** | KalGold is acquiring three main categories of Tenements from the Company, as follows:<br><br>• the Yerilla Tenements, that Yerilla holds in its name and that KalGold will acquire under the Yerilla Share Sale Agreement;<br><br>• the KalGold Tenements, that will be transferred from the relevant Ardea Entities to Yerilla under the Yerilla Tenement Sale Agreement; and<br><br>• the Gold Rights Tenements, in respect of which KalGold will be granted the rights to explore, develop and mine for and extract gold |

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| Risk | Description |
|---|---|
| | from the Tenements under the Gold Rights. The Company will remain as the registered tenement holder for these tenements and will retain the rights to explore, develop and mine for and extract all minerals other than gold from the Gold Rights Tenements. |
| **Mineral Rights Sharing on Gold Rights Tenements** | The Gold Rights Deed sets out a comprehensive regime for the Ardea Entities and KalGold to co-ordinate their activities on the Gold Rights Tenements, including:<br>(a) provision to share tenement costs and expenditure obligations and indemnities in relation to each party's respective activities on the Gold Rights Tenements; and<br>(b) following either party declaring a mineral resource or ore reserve and completing a bankable feasibility study in respect of that mineral resource or ore reserve that indicates that the development of a mining operation is economically viable, a process for that party to move to a mining operation; and<br>(c) if there is considered to be a competing resource, a process to resolve the competing issues by negotiation and, if the parties cannot resolve any dispute by negotiation, a regime for the dispute to be resolved that refers to an agreed priority regime.<br>Given the nature of mineral rights sharing agreements, there is a greater degree of co-ordination required in respect of activities on the Tenements, including some longer negotiation periods and a process for the parties to evaluate a proposed mining area for a period of 6 months in order to ascertain whether there may be any competing resources. As a consequence of this, there is a risk that this may cause KalGold's ability to undertake activities, or to progress from exploration to mining, to be delayed.<br>Furthermore, there is an inherent risk with mineral rights sharing agreements that the parties activities overlap, or interfere, with each other and that this cannot be resolved within the parameters of the agreement. Accordingly, there is an increased risk of dispute that may cause delays, or costs, to KalGold in trying to progress its activities.<br>The creation of Gold Rights is likely to be a dutiable transaction with the associated Duty being calculated |

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| Risk | Description |
|---|---|
| | based on the higher of the consideration paid and the market value of the Gold Rights. The dutiable value is uncertain and hence the Duty payable cannot be reliably measured. |
| **Tax Risk** | The acquisition and disposal of KalGold Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in Kalgoorlie Gold Mining Limited, including persons obtaining In-specie Shares, are urged to obtain independent financial advice about the consequences of acquiring KalGold Shares from a taxation viewpoint and generally. Shareholders should consult their own professional advisors to confirm the taxation implications of the In-specie Distribution. |
| **Land-owner and access Risk** | Several of the Tenements overlap various file notation areas, pastoral leases and 'C' Class Reserves. Pending Tenements ELA26/228, ELA29/1125 and PLA26/4564 overlap petroleum licences.<br><br>Many of the Tenements overlap miscellaneous licences held by third parties, some of which are the subject of access agreement in respect to the co-ordination of activities on these tenements. These miscellaneous licences co-exist with the Tenements.<br><br>KalGold will be required to negotiate access arrangements and pay compensation to land owners, local authorities, traditional land users and others who may have an interest in the area covered by a mining tenement. KalGold's ability to resolve access and compensation issues will have an impact on the future success and financial performance of KalGold's operations. If KalGold is unable to resolve such compensation claims on economic terms, this could have a material adverse effect on the business, results or operations and financial condition of KalGold. Access to land for exploration purposes can be affected by land ownership, nature reserves and national parks, government regulation and environmental restrictions. Access is critical for exploration and development to succeed and the ability to be able to negotiate satisfactory commercial arrangements with landowners, farmers and occupiers is often essential. |
| **Management and Key Personnel** | KalGold’s management presently consists of three Non-Executive Directors and a Managing Director. |

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| Risk | Description |
|---|---|
| | Recruiting and retaining qualified personnel are important to KalGold's success. The number of persons skilled in the exploration and development of mining properties is limited and competition for such persons is strong. There can be no assurance given that there will be no detrimental impact on KalGold if one or more key employees leave KalGold. |
| **Limited exploration** | While KalGold considers that the KalGold Assets have had sufficient exploration completed by Ardea and previous explorers, such that the proceeds of the General Offer can be committed to well defined orogenic gold targets, investors should be aware that there has been limited modern systematic gold exploration on the KalGold Assets to date and that no gold mineral resource estimate has been defined. Whilst the Company intends to undertake exploration activities with the aim of defining a resource, no assurances can be given that the exploration will result in the delineation of a resource. Even if a resource is identified, no assurance can be provided that this can be economically extracted. |
| **Joint Venture Parties, Agents and Contractors** | KalGold is unable to predict the risk of financial failure or default by a participant in any future joint venture to which KalGold may become a party (noting that KalGold has no current joint venture intentions). Further, KalGold is unable to predict the risk of insolvency or managerial failure by any of the contractors used by KalGold in any of its activities or the insolvency or other managerial failure by any of the other service providers used by KalGold for any activity. The effects of such failures may have an adverse effect on KalGold's operations. |
| **Exploration and Operating Risks** | The current and future operations of KalGold, including exploration, appraisal, development and possible production activities may be affected by a range of exploration and operating factors, including:<br>(a) geological conditions;<br>(b) limitations on activities due to seasonal or adverse weather patterns;<br>(c) alterations to program and budgets;<br>(d) unanticipated operational and technical difficulties encountered in geophysical surveys, drilling, metallurgical laboratory work and production activities; |

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| Risk | Description |
|---|---|
| | (e) mechanical failure of operating plant and equipment, industrial and environmental accidents, acts of terrorism or political or civil unrest and other force majeure events;<br>(f) industrial action, disputation or disruptions;<br>(g) unavailability of transport or drilling equipment to allow access and geological and geophysical investigations;<br>(h) unavailability of suitable laboratory facilities to complete metallurgical testwork investigations;<br>(i) failure of metallurgical testing to determine a commercially viable product;<br>(j) shortages or unavailability of manpower or appropriately skilled manpower;<br>(k) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment;<br>(l) prevention or restriction of access by reason of inability to obtain consents or approvals; and<br>(m) changes in community expectations, attitudes, NGO or social media campaigns. |
| **Climate Change** | Climate change is a risk KalGold has considered, particularly related to its operations in the mining industry. The climate change risks particularly attributable to KalGold include:<br>(a) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. KalGold may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact KalGold and its profitability. While KalGold will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that KalGold will not be impacted by these occurrences; and<br>(b) climate change may cause certain physical and environmental risks that cannot be predicted by KalGold, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical |

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| Risk | Description |
|---|---|
| | risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which KalGold operates. |
| **Environment** | As a condition of the Tenements, KalGold will be required to rehabilitate, level, re-grass, reforest or contour land that has been damaged or adversely affected by exploration activities, failure to do so may render the Tenements liable to cancellation. KalGold is also required to lodge rehabilitation security by way of cash deposit as part of the MRF Levy.<br><br>It is KalGold's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. |
| **Commodity prices** | KalGold's ability to proceed with the development of its mineral projects and benefit from any future mining operations will depend on market factors, some of which may be beyond its control. It is anticipated that any revenues derived from mining will primarily be derived from the sale of gold. Consequently, any future earnings are likely to be closely related to the price of gold and the terms of any off-take agreements that KalGold enters into.<br><br>Commodity prices fluctuate and are affected by numerous factors beyond the control of KalGold. 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. These factors may have a positive or negative effect on KalGold'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 KalGold may not be able to secure an attractive price for its commodity products. |
| **Taxes and Royalties** | There is a risk that the Commonwealth or Western Australian Governments may seek to introduce further, or increase existing, taxes and royalties. |
| **Unforeseen Risks** | There may be other risks which the Directors are unaware of at the time of issuing this Notice which may |

| Risk | Description |
|---|---|
| | impact on KalGold and its operations, and on the valuation and performance of KalGold Shares. |
| **Economic conditions** | General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on KalGold's exploration, development and production activities, as well as on its ability to fund those activities. If activities cannot be funded, there is a risk that the tenements comprising the Spin-out Assets may have to be surrendered or not renewed. General economic conditions may also affect the value of KalGold Shares and its valuation regardless of its actual performance. |
| **Insurance risk** | KalGold intends to put in place an insurance program aligned to the scale of its activities and in accordance with industry practice. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of KalGold. |
| **Liquidity risk** | There can be no guarantee that there will be an active market for KalGold Shares or that the price of KalGold Shares will increase. There may be relatively few buyers or sellers of shares on ASX at any given time. This may affect the volatility of the market price of KalGold Shares. It may also affect the prevailing market price at which KalGold Shareholders are able to sell their KalGold Shares. This may result in KalGold Shareholders receiving a market price for their shares that is less or more than the price paid under the General Offer. |
| **Litigation risk** | KalGold is subject to litigation risks. All industries, including the minerals exploration industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit.<br><br>Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which KalGold is or may become subject could have a material effect on its financial position, results of operations or KalGold's activities. |
| **Native Title and Aboriginal Heritage Risks** | The Native Title Act 1993 (Cth) (**Native Title Act**) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional |

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| Risk | Description |
|---|---|
| | laws and customs. There is significant uncertainty associated with native title in Australia and this may impact on KalGold's operations and future plans.<br><br>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.<br><br>The Company is aware the Tenements lie within certain native title claims (in the names of Maduwongga, Kakarra Part A, Jardu Mar, Marlinyu Ghoorlie and Nyalpa Pirniku). The Pending Tenements are yet to fulfil the requirements of the Native Title Act and, if negotiations with the relevant native title party are not progresses in a timely manner, or are unsuccessful, the grant of the Pending Tenements may be delayed or they may be refused. Pending Tenement MLA31/0488 is subject to the right to negotiate procedure in respect to the Nyalpa Pirniku native title claim (tenement is partially within the claim) and Pending Tenements ELA31/1119, ELA29/1125, ELA27/646, ELA27/647 and ELA28/2978 are subject to objections lodged by the relevant native title party. If negotiations with the relevant native title party are not progressed in a timely manner, or are unsuccessful, the grant of these Pending Tenements may be delayed or they may be refused.<br><br>There are several registered Aboriginal heritage sites and 'other heritage places' which lie within the Tenements. However, there remains a risk that additional Aboriginal sites or places may exist on the land the subject of the Tenements. The existence of such sites may preclude or limit mining activities in certain areas of the Tenements or cause delays in the progression of the development of a mine. |
| **Social Licence** | In order to explore, develop or operate in communities, the general acceptance of certain stakeholder populations may be required. This may include formal agreements that can require extended negotiations with large numbers of stakeholders, for example indigenous communities and groups with native title rights. There can be no guarantee these negotiations |

| Risk | Description |
|---|---|
| | will be concluded successfully or not be protracted and cause significant delay to KalGold's plans. |
| **Stock market conditions** | Share market conditions may affect the listed securities regardless of operating performance. Share market conditions are affected by many factors such as:<br>(a) general economic outlook;<br>(b) movements in or outlook on interest rates and inflation rates;<br>(c) currency fluctuations;<br>(d) commodity prices;<br>(e) changes in investor sentiment towards particular market sectors; and<br>(f) the demand and supply for capital. |
| **Negative publicity may adversely affect the Share price** | Any negative publicity or announcement relating to any of KalGold's substantial Shareholders, key personnel or activities may adversely affect the stock performance of KalGold, whether or not this is justifiable. Examples of such negative publicity or announcements may include involvement in legal or insolvency proceedings, failed attempts in takeovers, joint ventures or other business transactions. No such issues are currently known to affect KalGold. |
| **Infectious diseases** | The outbreak of the coronavirus disease (COVID-19) is having a material effect on global economic markets. The global economic outlook is facing uncertainty due to the pandemic, which has had and may continue to have a significant impact on capital markets.<br>KalGold's Share price may be adversely affected by the economic uncertainty caused by COVID-19. Further measures to limit the transmission of the virus implemented by governments around the world (such as travel bans and quarantining) may adversely impact KalGold's operations and may interrupt KalGold carrying out its contractual obligations or cause disruptions to supply chains. |

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# Schedule 5 Tenement Schedule

**Part A - KalGold Tenements**

| Tenement | Status | Holder | Expiry Date |
|---|---|---|---|
| **Kalgoorlie Prospect** | | | |
| P26/4542 | Granted | ARDX | 13/07/2025 |
| P26/4543 | Granted | ARDX | 13/07/2025 |
| **Davies Dam Project** | | | |
| E27/0606 | Granted | KNPL | 11/02/2024 |
| E27/0607 | Granted | KNPL | 11/02/2024 |
| E28/2978 | Pending | KNPL | N/A |

**Part B - Yerilla Tenements**

| Tenement | Status | Holder | Expiry Date |
|---|---|---|---|
| **Laverton Tectonic Zone** | | | |
| E39/2188 | Granted | Yerilla | 8/04/2026 |
| E28/3134 | Pending | Yerilla | N/A |
| E31/1119 | Pending | Freeth, Stewart Ross | N/A |
| E31/1261 | Pending | Yerilla | N/A |
| **Kalgoorlie Project** | | | |
| E26/0228 | Pending | Yerilla | N/A |
| P26/4563 | Granted | P Costanzo to Yerilla | 22/04/2025 |
| P26/4564 | Pending | P Costanzo to Yerilla | N/A |
| P26/4565 | Granted | P Costanzo to Yerilla | 22/04/2025 |
| P26/4566 | Granted | P Costanzo to Yerilla | 22/04/2025 |
| **Pianto South Project** | | | |
| E29/1125 | Pending | Yerilla | N/A |

| Tenement | Status | Holder | Expiry Date |
|---|---|---|---|
| **Davies Dam Project** | | | |
| E27/0643 | Pending | Yerilla | N/A |
| E27/0646 | Pending | Yerilla | N/A |
| E27/0647 | Pending | Yerilla | N/A |

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**Part C - Gold Rights Tenements**

| Tenement | Status | Holder | Expiry Date |
|---|---|---|---|
| **Bulong Taurus Tenements** | | | |
| E25/0578 | Granted | KNPL | 10/08/2025 |
| M25/0059 | Granted | Ardea | 14/02/2031 |
| M25/0134 | Granted | Ardea | 21/06/2036 |
| M25/0145 | Granted | Ardea | 20/12/2036 |
| M25/0151 | Granted | KNPL | 17/03/2029 |
| M25/0161 | Granted | Ardea | 12/01/2027 |
| M25/0171 | Granted | Ardea | 22/04/2029 |
| M25/0187 | Granted | KNPL | 28/10/2022 |
| M25/0209 | Granted | Ardea | 5/08/2028 |
| P25/2454 | Granted | KNPL | 25/10/2022 |
| P25/2455 | Granted | KNPL | 25/10/2022 |
| P25/2456 | Granted | KNPL | 25/10/2022 |
| P25/2457 | Granted | KNPL | 25/10/2022 |
| P25/2458 | Granted | KNPL | 25/10/2022 |
| P25/2459 | Granted | KNPL | 25/10/2022 |
| P25/2460 | Granted | KNPL | 25/10/2022 |
| P25/2461 | Granted | KNPL | 25/10/2022 |
| P25/2482 | Granted | KNPL | 29/01/2023 |
| P25/2483 | Granted | KNPL | 29/01/2023 |
| P25/2484 | Granted | KNPL | 29/01/2023 |
| P25/2559 | Granted | KNPL | 8/07/2023 |
| P25/2560 | Granted | KNPL | 8/07/2023 |
| P25/2561 | Granted | KNPL | 8/07/2023 |
| P25/2609 | Granted | KNPL | 16/07/2023 |

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| Tenement | Status | Holder | Expiry Date |
|---|---|---|---|
| P25/2613 | Granted | KNPL | 21/11/2023 |
| P25/2614 | Granted | KNPL | 21/11/2023 |
| P25/2615 | Granted | KNPL | 21/11/2023 |
| P25/2650 | Granted | Ardea | 20/07/2024 |
| M25/19 | Granted | Kean to Ardea | 16/03/2028 |
| P25/2295 | Granted | Kean to Ardea | 2/07/2023 |
| P25/2296 | Granted | Kean to Ardea | 30/11/2023 |
| P25/2297 | Granted | Kean to Ardea | 30/11/2023 |
| P25/2304 | Granted | Kean to Ardea | 15/11/2023 |
| P25/2305 | Granted | Kean to Ardea | 15/11/2023 |
| P25/2306 | Granted | Kean to Ardea | 19/04/2025 |
| P25/2307 | Granted | Kean to Ardea | 15/11/2023 |
| P25/2308 | Granted | Kean to Ardea | 15/11/2023 |
| P25/2408 | Granted | Kean to Ardea | 02/04/2025 |
| P25/2409 | Granted | Kean to Ardea | 02/04/2025 |
| **Keith Kilkenny Tectonic Zone** | | | |
| E39/1954 | Granted | ARDX | 4/10/2021 |
| E31/1092 | Granted | ARDX | 29/05/2021 (s67 conversion to Mining Lease application M31/493) |
| E31/1169 | Granted | ARDX | 28/10/2023 |
| E31/1208 | Granted | ARDX | 19/11/2025 |
| E31/1213 | Granted | ARDX | 1/04/2025 |
| M31/0483 | Granted | ARDX | 21/09/2032 |
| M31/0493 | Pending | ARDX | N/A |
| M31/0475 | Granted | ARDX | 12/07/2028 |

| Tenement | Status | Holder | Expiry Date |
|---|---|---|---|
| M31/0477 | Granted | ARDX | 12/07/2028 |
| M31/0479 | Granted | ARDX | 12/07/2028 |
| M31/0488 | Pending | ARDX | N/A |
| P31/2038 | Granted | ARDX | 04/12/2017 (s67 conversion to Mining Lease application M31/488) |
| P31/2039 | Granted | ARDX | 04/12/2017 (s67 conversion to Mining Lease application M31/488) |
| P31/2040 | Granted | ARDX | 04/12/2017 (s67 conversion to Mining Lease application M31/488) |
| **Perrinvale Project** | | | |
| E29/1006 | Granted | ARDX | 14/05/2024 |
| E29/1078 | Granted | ARDX | 11/08/2025 |

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