



Tax Information Guide for KalGold return of capital

ASX & Media Release

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ASX Symbol

ARL

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Directors

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Non-Executive Chair

Andrew Penkethman
Managing Director & CEO

Ian Buchhorn
Technical Executive Director

Executive Management

Sam Middlemas
Company Secretary & CFO

Alex Mukherji
Manager Land Access &
Compliance

Mike Miller
General Manager Technical
Services

Issued Capital

Fully Paid Ordinary Shares
169,737,772

Options
4,000,000

Directors/Employee
Performance Rights
4,422,000

ABN 30 614 289 342

With the end of the 2022 FY approaching, the board of Ardea Resources Limited (**Ardea**) wishes to advise Ardea shareholders that following the transfer of all of the shares in Kalgoorlie Gold Mining Limited (**KalGold**) owned by Ardea and the subsequent capital raising and listing on the ASX of KalGold, that Ardea is able to provide our tax advisors comments on the indicative cost base of these in-specie shares.

The tax advice received proposes shareholders treat the in-specie shares they received in KalGold as a return of equity capital for income tax purposes including for capital gains tax records.

Our tax advisers recommend this would have the impact of creating a cost base for each KalGold share distributed to Ardea shareholders of \$0.20 per KalGold share received and have an equal reduction in their cost base in their shares in Ardea.

Calculated as follows:

KalGold shares transferred to Ardea shareholders	35,000,100
Value per KalGold share	\$0.20
Total Ardea shares on issue at that date	138,034,219
Ratio of KalGold shares to Ardea shares	0.2536
Ardea share cost base reduction	\$0.20*0.2536
	= \$0.0507 per share

As an example of this application:

At the date of the return of capital Alex had 100,000 Ardea shares.

On a rounded basis Alex would have received 25,360 shares in KalGold (based on the in-specie share distribution of 1 KalGold share for every 3.94 Ardea shares owned at the record date) valued at \$0.20 per KalGold share, or \$5,072. This \$5,072 is now Alex's cost base for 25,360 shares in KalGold.

If Alex's Ardea shares were purchased for \$0.40, the cost base is reduced from \$0.40 to \$0.3493 (\$0.40 - \$0.0507). If Alex were to sell 100,000 Ardea shares at \$0.60 today, the profit would be 100,000(\$0.60-0.3493) = \$25,070.*

This update is provided for general indicative information purposes only and cannot be considered formal tax advice. Ardea shareholders who have any queries regarding the tax implications of the Capital Return should consult their own professional tax advisor for definitive advice.