

ASX & Media Release

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ASX Symbol

ARL

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Issued Capital

Fully Paid Ordinary Shares
104,990,413

*Unlisted options
exercisable at \$0.25*
12,310,022

*Directors/Employee
Performance Rights*
3,390,000

ABN 30 614 289 342

Gold and nickel sulphide drilling commences at Mount Zephyr

Gold and nickel-copper-PGE sulphide targets of the Mount Zephyr greenstone belt undergo first-pass drill program assessment.



First-pass aircore drilling commences at Jones Area A, Mt Zephyr.

- Drilling commences at the Mount Zephyr greenstone belt in the northern Eastern Goldfields of Western Australia:
 - 153 drill holes planned (21 RC, 132 aircore).
 - 7,800m of drilling.
 - Gold and nickel-copper-PGE sulphide targets being assessed.
- Preparation underway for gold drilling of the Bardoc Tectonic Zone at Goongarrie, adjacent to the Goongarrie Nickel-Cobalt Project.
- Ardea awarded WA government Exploration Incentive Scheme (EIS) co-funding to diamond drill stratigraphic holes at the Jones Area A project for nickel-copper-PGE and gold assessment.
- Mount Zephyr key tenement E39/1706 renewed for 5 years.

First Mount Zephyr drill programs underway

Drilling has commenced at Ardea's Mount Zephyr greenstone belt in Western Australia. The drill rig started turning on 31 January.

A series of first-pass programs will enable assessment of both the gold and nickel-copper-PGE potential of several project areas. The programs aim to provide data that will progress each project to a second, more thorough, deeper and/or more extensive phase of drilling.

Executive Chair Katina Law noted:

“The Mt Zephyr gold and nickel sulphide drilling is part of the Company’s three-pronged value creation strategy which is:

- *development of the Goongarrie Nickel Cobalt Project;*
- *advanced-stage exploration at WA gold and nickel sulphide targets; and*
- *the demerger of the NSW gold and base metal assets.*

The Mt Zephyr programs were outlined in the November 2016 Ardea prospectus, but were delayed as the GNCP became the priority.”

Three styles of mineralisation over five project areas are initially targeted (Table 1, Figure 1):

- **Granite-hosted gold mineralisation** at Gale and possibly at Paul’s Find.
- **Banded iron-formation (BIF) hosted gold mineralisation** at Dunn’s Line (Yintirri) and its northern covered extension, Dunn’s North.
- **Ni-Cu-PGE sulphide mineralisation** at Jones Area A in the northeast of the greenstone belt covering the Mount Windarra nickel sulphide stratigraphy.

These include a mixture of an historic gold mining centre (Dunn’s Line), historically-defined but under-assessed prospects (Gale, Jones Area A), and newly-defined prospects (Dunn’s North, Paul’s Find). These prospects are presently the best understood in the region but represent only a small fraction of the total number of prospects currently being assessed across the Mount Zephyr greenstone belt.

Table 1 – Planned drilling at the Mount Zephyr greenstone belt for February-March, 2019

| Project area | Target type | Target analogues | Drill type | No. holes | Metres | No. samples | Notes |
|------------------------|---------------------|-----------------------|------------|------------|-------------|-------------|--|
| Jones Area A | Ni-Cu-PGE sulphides | Mt Windarra | Aircore | 12 | 600 | 300 | First-pass examination of outcropping sulphide gossans. |
| Paul’s Find | Granite-hosted gold | Jupiter, Granny Smith | Aircore | 13 | 650 | 325 | Outcropping porphyry possibly the source of recent alluvial gold find. |
| Dunn’s North | BIF-hosted gold | Mt Magnet, Morgan’s | Aircore | 53 | 2650 | 1325 | Covered extension of Dunn’s Line, no previous exploration. |
| Dunn’s Line (Yintirri) | BIF-hosted gold | Mt Magnet, Morgan’s | Aircore | 54 | 2700 | 1350 | Historic gold centre. Breaks in BIF ridge host alteration and gold? |
| Gale | Granite-hosted gold | Jupiter, Granny Smith | RC | 21 | 1200 | 600 | Strong gold mineralisation in soils and subcrop. |
| TOTAL | | | | 153 | 7800 | 3900 | |

Drilling is expected to take around 4-6 weeks assuming good ground conditions and fine weather for the duration. Assays will take several weeks on top of this. Ardea will inform shareholders of significant results as they come to hand.

Drill planning for the Bardoc Tectonic Zone (BTZ) at Goongarrie

Continued assessment of the BTZ adjacent to the Goongarrie Nickel-Cobalt Project (GNCP) is yielding numerous high-quality targets that will be assessed in forthcoming drill programs. Like Mount Zephyr, the BTZ programs will initially comprise inexpensive but effective aircore and RC drilling to penetrate the thick, blanketing lateritic deposits that host the nickel-cobalt orebodies at Goongarrie but which obscure gold mineralisation in bedrock below.

The BTZ is one of the major gold-bearing structures of the prolific Eastern Goldfields province of Western Australia.

Ardea's laterite drilling programs at Goongarrie have shown that there is anomalous gold within and beneath the laterite cover. Historic gold mining at Goongarrie mining centre to the immediate north and at Big Four within the GNCP show that gold mineralisation progresses to depth into fresh rock throughout the area.

The Company continues to develop new, scientifically robust models for gold mineralisation at Goongarrie, and is using these to define targets for testing. Drilling is expected to follow on after the Mount Zephyr initial programs.

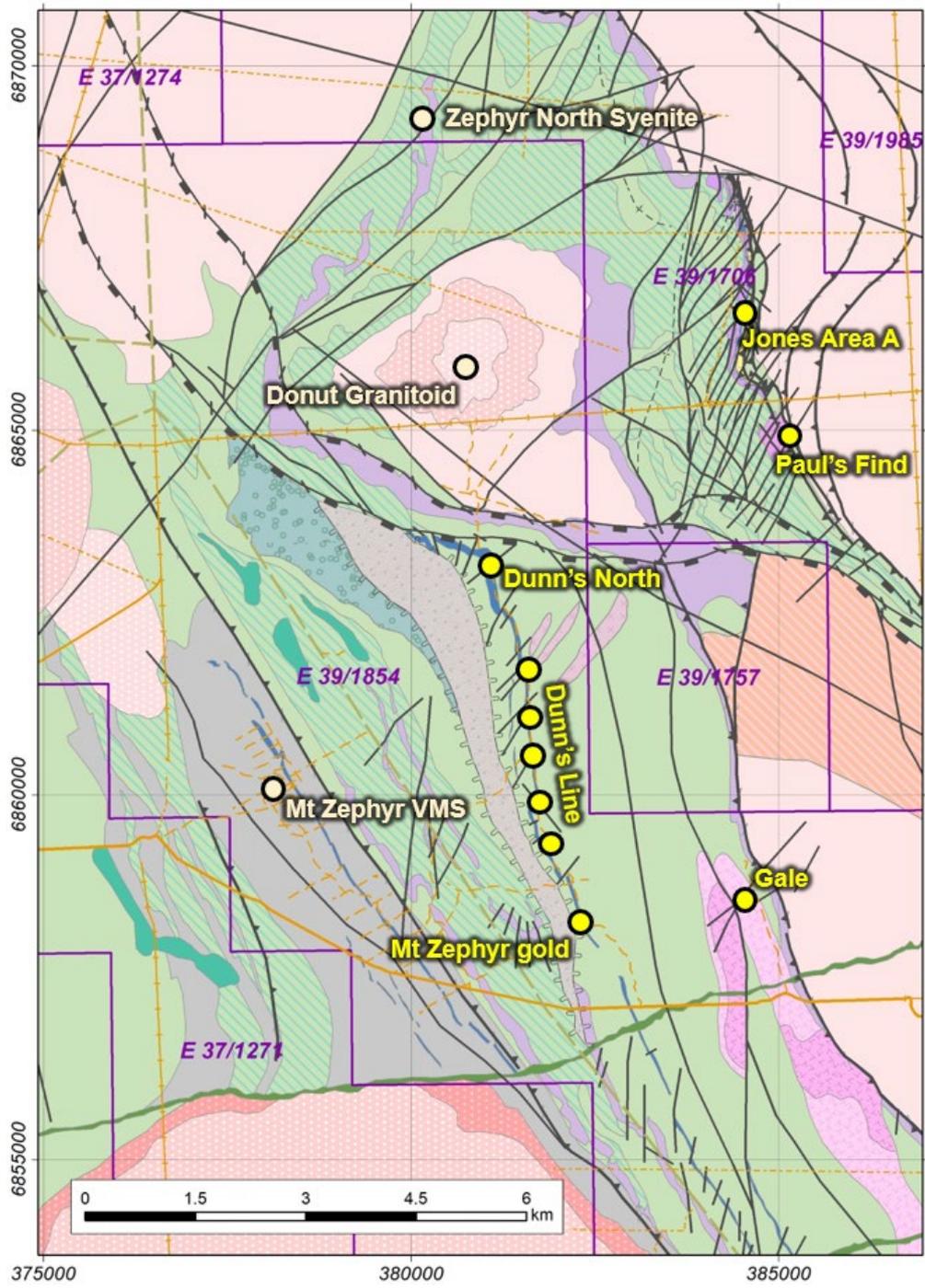


Figure 1 – Ardea's initial drill program programs (bright yellow) in the Mount Zephyr greenstone belt and other gazetted project areas (pale yellow). Mt Zephyr Gold Mine is part of Dunn's Line. Solid geology is Ardea's all new dataset from regional geophysical interpretation (greens = mafic rocks, purples = ultramafic rocks, greys = sedimentary rocks, blue = banded iron-formation, pinks = granites).

EIS co-funding for Jones Area A diamond drill program

Ardea was recently awarded co-funding by the WA Department of Mines, Industry Regulation and Safety (DMIRS) to drill diamond drill holes into the basal sequence of the Mount Zephyr greenstone belt at Jones Area A. The Company will test the hypothesis that the basal sequence at Mount Zephyr is the lateral equivalent of the sequence displayed at the historic Mount Windarra nickel mine whose discovery precipitated the nickel boom of the 1970s.

DMIRS will match Ardea's spending on oriented diamond drilling to a total of \$150,000 for total funded expenditure of \$300,000. This will enable drilling of several holes to significant depth to test the following:

- Stratigraphy of the basal sequence of the greenstone belt for direct comparison to Mount Windarra
- Stratigraphic and structural controls on historically documented Ni-Cu-PGE gossan and sulphide mineralisation at the Jones Area A prospects
- Structural controls and characterisation of gold mineralisation and alteration (if encountered) in a number of prospective structures targeted during the program.

Diamond drilling is expected to commence around the middle of the year, utilising the results of the current drill program at Jones Area A to refine diamond drill targeting.

Renewal of E39/1706

Exploration tenement E39/1706 was renewed by DMIRS recently for an additional term of 5 years. The Company is satisfied that its recent work and robust exploration strategy and programs were key factors behind this renewal.

E39/1706 contains the Jones Area A and Paul's Find prospects, as well as the historically drilled Zephyr North Syenite prospect that is undergoing desktop evaluation (Figure 1). The forthcoming EIS diamond drill program will also be on this tenement.

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

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Compliance Statement (JORC 2012)

A competent person's statement for the purposes of Listing Rule 5.22 has previously been announced by the Company for:

1. *Kalgoorlie Nickel Project including gold-prospective zones on 21 October 2013 and 31 June 2014, October 2016, 2016 Heron Resources Annual Report and 6 January 2017;*
2. *KNP Cobalt Zone Study and Big Four Gold in Ardea supplementary Prospectus 6 January 2017*

The Company confirms that it is not aware of any new information or data that materially affects information included in previous announcements, and all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. All projects will be subject to new work programs following the listing of Ardea, notably drilling, metallurgy and JORC Code 2012 resource estimation as applicable.

The information in this report that relates to KNP Exploration Results is based on information originally compiled by previous and current full-time employees of Heron Resources Limited and after February 2017 employees of Ardea Resource Limited. The Exploration Results and data collection processes have been reviewed, verified and re-interpreted by Mr Ian Buchhorn who is a Member of the Australasian Institute of Mining and Metallurgy and currently a director of Ardea Resources Limited. Mr Buchhorn has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the exploration activities undertaken 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 Reserves'. Mr Buchhorn consents to the inclusion in this report of the matters based on his information in the form and context that it appears.

The exploration and gold targeting summaries are based on information reviewed by Dr Matthew Painter, who is a Member of the Australian Institute of Geoscientists. Dr Painter is a full-time employee and a director of Ardea Resources Limited and has sufficient experience, which 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 Reserves'. Dr Painter has reviewed this press release and consents to the inclusion in this report of the information in the form and context in which it appears.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This news release contains forward-looking statements and forward-looking information within the meaning of applicable Australian securities laws, which are based on expectations, estimates and projections as of the date of this news release. This forward-looking information includes, or may be based upon, without limitation, estimates, forecasts and statements as to management's expectations with respect to, among other things, the timing and ability to complete the Ardea spin-out, the timing and amount of funding required to execute the Company's exploration, development and business plans, capital and exploration expenditures, the effect on the Company of any changes to existing legislation or policy, government regulation of mining operations, the length of time required to obtain permits, certifications and approvals, the success of exploration, development and mining activities, the geology of the Company's properties, environmental risks, the availability of labour, the focus of the Company in the future, demand and market outlook for precious metals and the prices thereof, progress in development of mineral properties, the Company's ability to raise funding privately or on a public market in the future, the Company's future growth, results of operations, performance, and business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expect", "intend", "may" and similar expressions have been used to identify such forward-looking information. Forward-looking information is based on the opinions and estimates of management at the date the information is given, and on information available to management at such time. Forward-looking information involves significant risks, uncertainties, assumptions and other factors that could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking information. These factors, including, but not limited to, the ability to complete the Ardea spin-out on the basis of the proposed terms and timing or at all, fluctuations in currency markets, fluctuations in commodity prices, the ability of the Company to access sufficient capital on favourable terms or at all, changes in national and local government legislation, taxation, controls, regulations, political or economic developments in Australia or other countries in which the Company does business or may carry on business in the future, operational or technical difficulties in connection with exploration or development activities, employee relations, the speculative nature of mineral exploration and development, obtaining necessary licenses and permits, diminishing quantities and grades of mineral reserves, contests over title to properties, especially title to undeveloped properties, the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drill results and other geological data, environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding, limitations of insurance coverage and the possibility of project cost overruns or unanticipated costs and expenses, and should be considered carefully. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Prospective investors should not place undue reliance on any forward-looking information. Although the forward-looking information contained in this news release is based upon what management believes, or believed at the time, to be reasonable assumptions, the Company cannot assure prospective purchasers that actual results will be consistent with such forward-looking information, as there may be other factors that cause results not to be as anticipated, estimated or intended, and neither the Company nor any other person assumes responsibility for the accuracy and completeness of any such forward-looking information. The Company does not undertake, and assumes no obligation, to update or revise any such forward-looking statements or forward-looking information contained herein to reflect new events or circumstances, except as may be required by law.

No stock exchange, regulation services provider, securities commission or other regulatory authority has approved or disapproved the information contained in this news release.