

ASX & Media Release

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ASX Symbol

ARL

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Ardea and Japanese Consortium: Update on Progress on KNP - Goongarrie Hub

Highlights

- Ardea continues to make substantial progress on the Kalgoorlie Nickel Project - Goongarrie Hub Definitive Feasibility Study (DFS) scope with a consortium (Consortium) consisting of Sumitomo Metal Mining (SMM) and Mitsubishi Corporation (MC).
- Following multiple site visits and technical meetings in Perth, the Consortium has made significant progress towards completion of its technical due diligence and Ardea continues to advance time critical workstreams ahead of Final Agreements.
- SMM and MC have reaffirmed their commitment to continue negotiations under the MOU and continuing discussions with Ardea. Mitsui & Co., Ltd (Mitsui) has elected to withdraw from the Consortium.
- Ardea and the Consortium have agreed to extend the timing to agree the DFS scope and the completion of the Consortium's due diligence by the end of February 2024 and have reaffirmed their commitment to continue to negotiate binding Final Agreements, that are expected to be executed by the end of Quarter 1 (Q1), 2024.
- Future work is aimed at completing the DFS, making a Final Investment Decision (FID) and securing project development funding for the Goongarrie Hub to become a globally significant producer of nickel-cobalt for the Lithium-Ion Battery sector, with Final Agreements expected in Q1, 2024.

Ardea Resources Limited (**Ardea** or the **Company**) is pleased to provide an end of year update on the progress being made with the **Consortium**, comprising of Sumitomo Metal Mining Co., Ltd (**SMM**) and Mitsubishi Corporation (**MC**) following the previously announced signing of a non-binding Memorandum of Understanding (**MOU**)¹.

Ardea and the Consortium have continued to engage on defining the Kalgoorlie Nickel Project (**KNP**) Goongarrie Hub Definitive Feasibility Study (**DFS**) scope of work and awarding contracts, with completion expected by 29 February 2024.

The Consortium has progressed through the substantive part of the due diligence process, including extensive site visits and technical meetings in Perth which have resulted in significant progress on critical workstreams.

SMM and MC remain committed to negotiations under the MOU and continuing discussions with Ardea. Mitsui & Co., Ltd (**Mitsui**) has decided to withdraw from the Consortium and future discussions.

Ardea and the Consortium will continue to negotiate binding Final Agreements, expected to be executed by the end of Quarter 1, 2024, to form a joint venture to facilitate the completion of the KNP Goongarrie Hub DFS, make a Final Investment Decision (**FID**) and jointly secure project development funding to develop this globally significant nickel-cobalt resource.

¹ Ardea ASX announcement 5 July 2023, Ardea ASX announcement 29 September 2023



Managing Director and CEO Andrew Penkethman noted:

“Ardea and the Consortium continue to make significant progress in advancing their proactive engagement. This includes extensive technical due diligence on the KNP Goongarrie Hub and operating within the Eastern Goldfields of Western Australia.

Commercial discussions are proceeding well, with key considerations being covered from DFS funding, through to securing project development capital to enable project construction and achieve steady state nickel-cobalt production, from within the best resources operating jurisdiction in the world.

Ardea and the Consortium look forward to executing Final Agreements and keeping all stakeholders informed on their progress.”

Ardea and Japanese Consortium Update

Ardea is pleased to outline that agreement on a scope of work for the DFS and the Consortium's due diligence is progressing well with completion of the majority of requirements already achieved.

Since the last project update in September 2023 (Ardea ASX announcement 29 September 2023), Ardea and the Consortium have continued to productively work together to define a scope of work for the DFS, with the Consortium funding the DFS upon the parties agreeing on the final scope. Ardea has completed time-critical workstreams such as the season-dependent environmental surveys to allow further development of the DFS scope. The DFS has been broken down into six key work packages, namely: Process Plant and Process Plant Utilities; Non-Process Infrastructure; Approvals; Geology; Mining and Hydrogeology, with Ardea and the Consortium agreeing on package contents and putting these out to tender, so that a detailed budget can be defined. Proposals have started to be received from service-providers and are undergoing review by Ardea and the Consortium.

SMM and MC have reaffirmed their commitment to further MOU/KNP Goongarrie Hub discussions, while Mitsui has elected to withdraw from the Consortium and further discussions. Mitsui has not acquired any rights and will not accrue any future rights related to the KNP Goongarrie Hub.

To allow the DFS to formally commence as efficiently as possible in 2024, Ardea has already committed to progress a mining study update and a hydrogeology drilling program to commence in February 2024.

Following several site visits and technical meetings between Ardea personnel and representatives of the Consortium, the Consortium has made substantial progress with its due diligence on the KNP Goongarrie Hub.

Ardea and the Consortium are working collaboratively towards the execution of Final Agreements. Whilst the parties have made significant progress in their negotiations, Ardea and the Consortium have agreed an extension to certain milestones under the MOU, with the agreement of the DFS scope and the completion of the Consortium's outstanding due diligence expected by the end of February 2024. These additional timeframes will allow Ardea and the Consortium to finalise the DFS owners team structure, commence recruiting additional personnel, complete the work package proposal reviews and finalise the DFS budget.

As an outcome of the agreement to extend timing under the MOU, Ardea and the Consortium's exclusivity arrangements provide that Ardea may continue discussions with other interested parties that had commenced due diligence under the Strategic Partner process until the Consortium completes its due diligence, which is expected to be completed by 29 February 2024. Customary fiduciary carve-outs will continue to apply.

Additional updates will be provided as Ardea, and the Consortium advance their collaboration on the KNP Goongarrie Hub and on the final outcome of the Consortium's due diligence.



About Sumitomo Metal Mining

Sumitomo Metal Mining Co., Ltd. (SMM) dates from the 16th century and copper mining and processing in Japan. SMM is an integrated producer covering from mineral resources development, smelting & refining, to the production of battery materials and functional materials. By connecting the core businesses, it has advantages in sustainable value chains. With experience and know-how in mining development, it owns a number of quality resource interests for copper and gold. For nickel, its strength lies in HPAL (High Pressure Acid Leach), a technology to recover metals such as nickel and cobalt from nickel oxide ores. SMM successfully developed and operates two HPAL operations in the Philippines, at Coral Bay and Taganito.

About Mitsubishi Corporation

Mitsubishi Corporation (MC) is a global integrated business enterprise that develops and operates businesses together with its offices and subsidiaries worldwide, as well as with its global network of around 1,700 group companies. MC engages in a wide range of businesses spanning multiple industries and overseen by its Industry DX Group, Next-Generation Energy Business Group and 10 Business Groups: Natural Gas, Industrial Materials, Chemicals Solution, Mineral Resources, Industrial Infrastructure, Automotive & Mobility, Food Industry, Consumer Industry, Power Solution, and Urban Development. With an unwavering commitment to conducting business with integrity and fairness, MC remains fully dedicated to growing its businesses while contributing to a prosperous society.

This announcement is authorised for release by the Board of Ardea Resources Limited.

For further information regarding Ardea, please visit <https://ardearesources.com.au/> or contact:

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About Ardea Resources

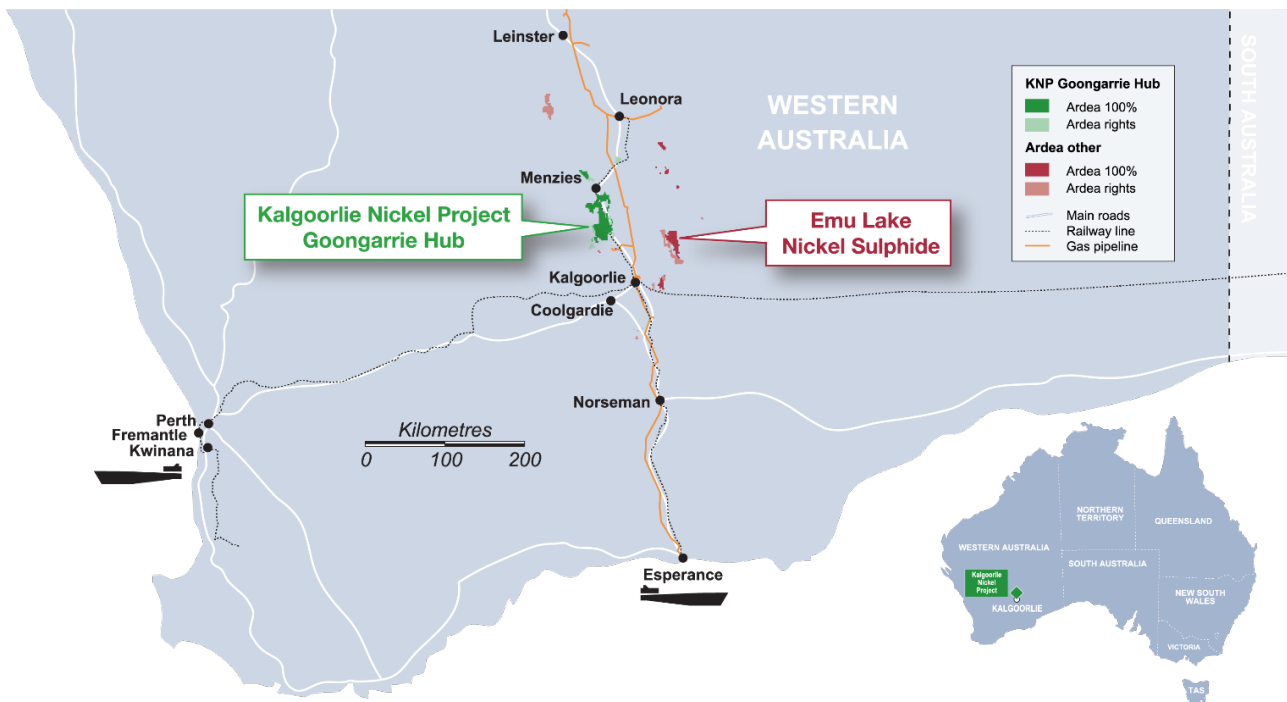
Ardea Resources Limited (ASX:ARL) is an ASX-listed nickel resources company, with a large portfolio of 100%-controlled West Australian-based projects, focussed on:

- Development of the Kalgoorlie Nickel Project (**KNP**) and its sub-set the Goongarrie Hub, a globally significant series of nickel-cobalt and Critical Mineral deposits which host the largest nickel-cobalt resource in the developed world at **854Mt at 0.71% Ni and 0.045% Co for 6.1Mt of contained nickel and 386kt of contained cobalt** (Ardea ASX announcement 30 June 2023), located in a jurisdiction with exemplary Environmental Social and Governance (**ESG**) credentials, notably environment.
- Advanced-stage exploration at compelling nickel sulphide targets, such as Emu Lake, and Critical Minerals targets including scandium and Rare Earth Elements throughout the KNP Eastern Goldfields world-class nickel-gold province, with all exploration targets aimed at complementing the KNP nickel development strategy.

Ardea's KNP development with its 6.1 million tonnes of contained nickel is the foundation of the Company, with the nickel sulphide exploration, such as Emu Lake, as an evolving contribution to Ardea's building of a green, forward-facing integrated nickel company.

Put simply, in the Lithium-Ion Battery sector, the Electric Vehicle and Energy Storage System battery customers demand an ESG-compliant, sustainable, and ethical supply chain for nickel and other inputs. In the wet tropics, with their signature HPAL submarine tailings disposal and rain forest habitat destruction, an acceptable ESG regime is problematic. In contrast, the world-class semi-arid, temperate KNP Great Western Woodlands with its benign environmental setting is likely the single greatest asset of the KNP.

The KNP is located in a well-established mining jurisdiction with absolute geopolitical acceptance and none of the land-use and societal conflicts that commonly characterise nickel laterite proposals elsewhere. All KNP Goongarrie Hub production tenure is on granted Mining Leases with Native Title Agreement in place or no registered claim.



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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 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 create and spin-out a gold focussed Company, 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.

Competent Persons statement

The Resource Estimation, exploration and industry benchmarking summaries are based on information reviewed or compiled by Mr. Ian Buchhorn, and Mr Andrew Penkethman. Mr Buchhorn is a Member of the Australasian Institute of Mining and Metallurgy and Mr Penkethman is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Both Mr Buchhorn and Mr Penkethman are full-time employees of Ardea Resources Limited and have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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’. Mr Buchhorn and Mr Penkethman have reviewed this press release and consent to the inclusion in this report of the information in the form and context in which it appears. Mr Buchhorn and Mr Penkethman own Ardea shares.

Ardea wishes to clarify that its current Kalgoorlie Nickel Project (KNP) Mineral Resource Estimate (MRE) following JORC Code (2012) guidelines is:

Camp	Prospect	Resource	Size	Ni	Co	Contained Metal	
		Category	(Mt)	(%)	(%)	Ni (kt)	Co (kt)
KNP TOTAL		Measured	22	0.94	0.079	207	17
		Indicated	361	0.73	0.047	2,622	169
		Inferred	471	0.70	0.043	3,272	200
GRAND TOTAL		Combined	854	0.71	0.045	6,101	386

Note: 0.5% nickel cutoff grade used to report resources. Minor discrepancies may occur due to rounding of appropriate significant figures.

The Mineral Resource Estimate information shown in this ASX announcement has been previously released on the ASX platform by Ardea in ASX announcement 30 June 2023, in accordance with Listing Rule 5.8.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous market announcement noted above and that all material assumptions and technical parameters underpinning the Mineral Resource Estimate in the previous market announcement continue to apply and have not materially changed.