



# ARDEA RESOURCES LIMITED

ASX : ARL

**Bringing the  
Goongarrie Nickel Cobalt Project  
towards development**

Battery Metals Conference  
14 March 2018



# Disclaimer

## Important notice

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

Application for securities under the Company's public offer can only be made under the prospectus, a copy of which is available from the Company. Investors should consider the prospectus in deciding whether to acquire Ardea shares and will need to complete the application form that accompanies the prospectus.

## Competent Person Statement

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

- Lewis Ponds on 27 August 2015, 2016 Heron Annual Report, Heron's announcement on 6 January 2017;
- Kalgoorlie Nickel Project on 21 October 2013 and 31 July 2014, 27 August 2015, 2016 Heron Annual Report;
- Big Four-Goongarrie on 13 March 2012, 26 June 2012 and 24 July 2012.
- KNP Cobalt Heron's announcement on 6 January 2017

The Company 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 VALUE PROPOSITION

**WHY INVEST IN ARL?**

# Why Ardea?

- Considerable leverage to the Lithium Ion Battery sector, with increasing cobalt and nickel prices
- Well funded - \$14.9M cash @ 31 Dec
- Significant relative value compared to Australian nickel-cobalt-laterite peers
- Systematically advancing the Goongarrie Nickel Cobalt Project to a development decision
- Excellent exploration upside
  - undertaking comprehensive drilling and metallurgical programs



# Ardea's Value Proposition

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Ardea Resources Limited (ASX:ARL) is a development and exploration company with nickel-cobalt laterite, nickel sulphide, gold, and zinc assets.

ARL prime focus is advancing its **100% owned** flagship Goongarrie Nickel Cobalt Project, which is part of the Kalgoorlie Nickel Project (KNP)



# Ardea's Value Proposition

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- **Largest Cobalt Resource in the Developed World** (SNL) with significant scandium optionality
- All assets **totally unencumbered**, no impediment to transacting
- Non-conflict alternative to DRC supply
- **Excellent infrastructure** in a well-established mining hub
- **A\$50 million spent previously** provided head-start for PFS
- PFS close to completion
- Early stage Au, Zn and Ni sulphide assets
- Tight register and well funded

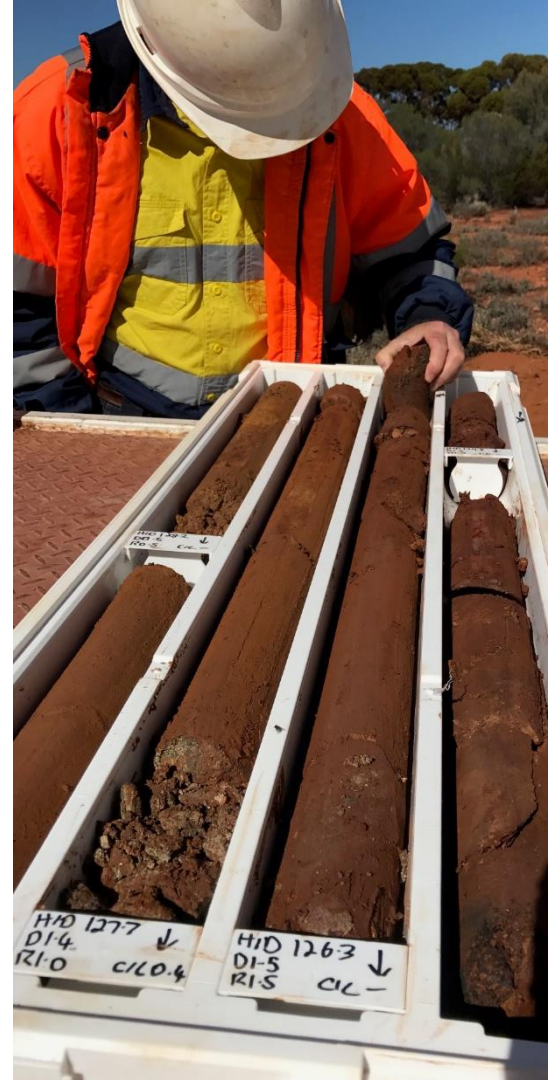


# WHAT ARE OUR OBJECTIVES?



# Ardea's Corporate Objectives

- To create value for Ardea shareholders
- To become a sustainable, reliable producer and directly supply:
  - **cobalt sulphate** and **nickel sulphate** to battery manufacturers
  - **scandium oxide** to the automotive and aerospace industries
- To optimise value from Ardea's other gold and base metal assets through development, joint venture or possible spinout





# WHO ARE WE?

# Corporate Snapshot

## Australia's best performing IPO for 2017

- 850% SP increase to 31 Dec
- Still undervalued compared to peers



Share price performance and volume since listing (9 February 2017)

### Capital Structure

Shares on Issue	90,639,331
Share Price (13 March 2017)	\$1.57
52 week high / low	\$2.20 / \$0.42
Cash	\$14.9 million
Market Cap	\$134 million
Unlisted Stock	\$0.25 options (IPO) 12.31 million
	\$0.77 options (Loyalty) 15.55 million
	Staff performance rights 4.48 million

### Top Shareholders

	%
Board	14.8%
Citicorp Nominees	13.2%
Josco Pty Ltd	5.7%
BNP Paribas Nominees	4.7%
JP Morgan Nominees	4.6%

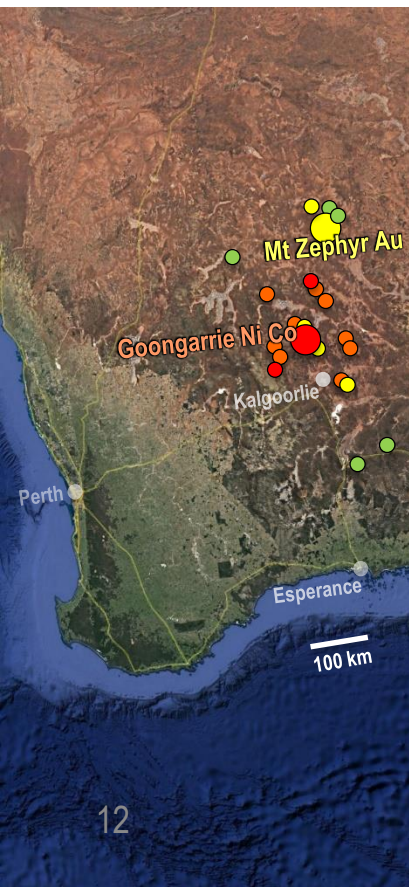
### Board and Management

Katina Law	Chair
Matt Painter	Managing Director
Ian Buchhorn	Executive Director
Wayne Bramwell	Non-Executive Director
Sam Middlemas	Chief Financial Officer



# ARDEA'S OPPORTUNITIES

# Ardea's assets



## KNP cobalt-nickel-scandium laterite, WA

- **KNP (Kalgoorlie Nickel Project):** developed world's largest cobalt resource
- **KNP Cobalt Zone:** high-grade portion of the KNP, focus of development

***Primary Development Project: Goongarrie Nickel Cobalt Project***

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### ● **Bulk tonnage gold projects, WA and NSW**

Includes **Mt Zephyr** greenstone belt WA, high-grade anomalies along Celia Lineament

### ● **Lewis Ponds zinc-silver-gold, NSW**

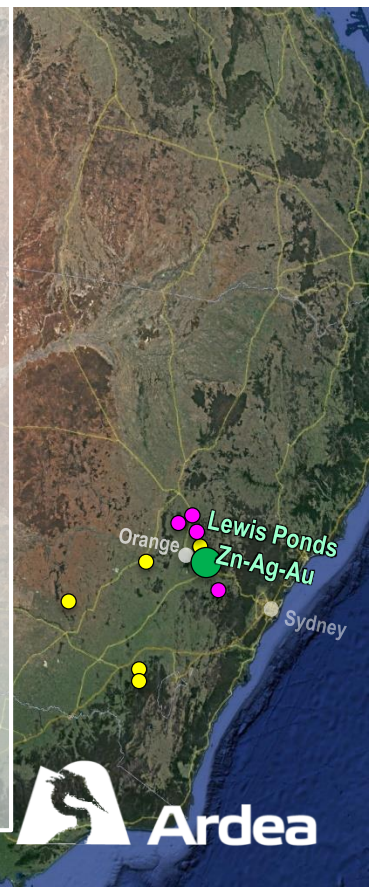
Historic silver-gold-base metal mine, high-grade resources, bulk mining option

### ● **Nickel sulphide projects, WA**

Includes Perrinvale project along strike from St George's Mt Alexander project

### ● **Porphyry and epithermal copper-gold projects, NSW**

Lachlan Fold Belt, Australia's premier address for such projects



# KNP COBALT ZONE OPPORTUNITY

Potential for **decades of cobalt and nickel supply**  
from a stable jurisdiction



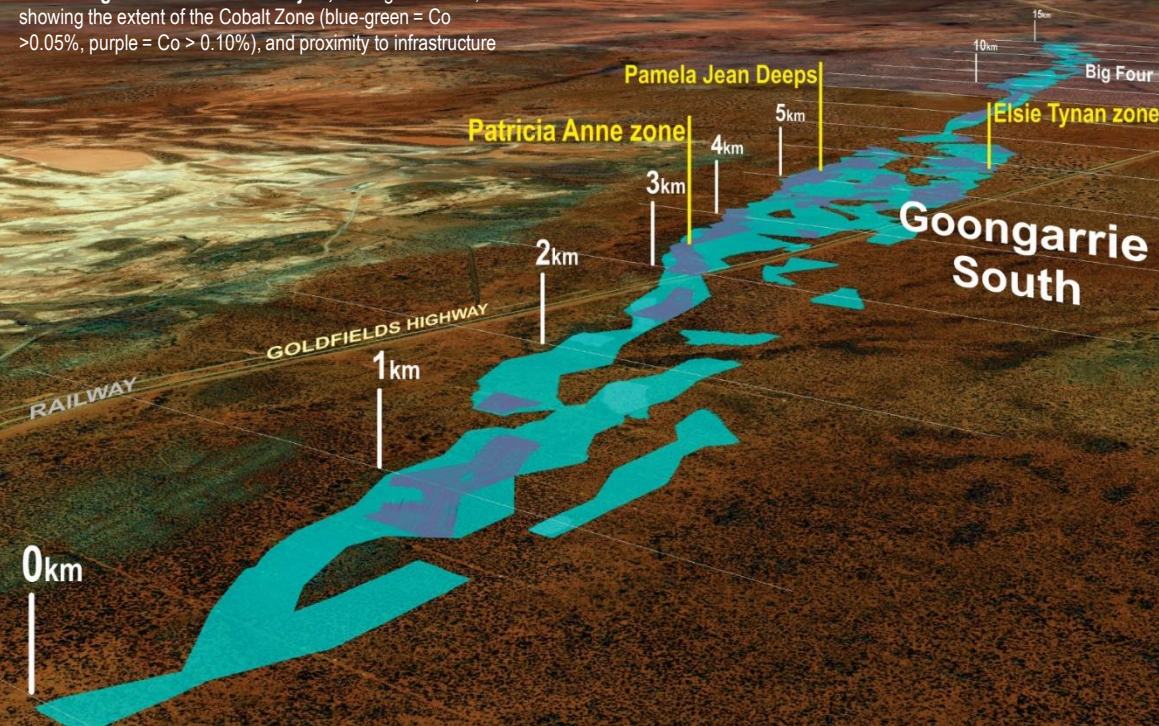
# Ardea's nickel and cobalt opportunity

## A long future for assured supply

- Largest resource position in the developed world
- Ardea is a **genuine alternative** to DRC cobalt for **selected off-takers**
  - Over **400,000 t** of in-ground cobalt metal in the KNP
  - Over **5,600,000 t** of in-ground nickel metal in the KNP
- Off-takers to receive battery-grade **cobalt sulphate** and **nickel sulphate** potentially for **decades** to come.
- Possible by-products include **scandium oxide, platinoids, manganese, chromium, high-purity alumina**



The Goongarrie Nickel Cobalt Project, looking southeast, showing the extent of the Cobalt Zone (blue-green = Co > 0.05%, purple = Co > 0.10%), and proximity to infrastructure



## The KNP Cobalt Zone

**108.3 Mt at 0.10 % cobalt  
& 0.79 % nickel\*\***

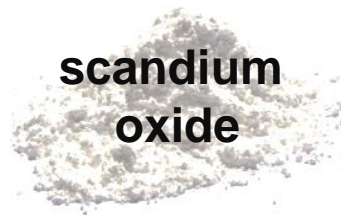
108,400 t contained cobalt metal  
856,900 t contained nickel metal

Initial mining of the KNP Cobalt Zone at Goongarrie:  
**The Goongarrie Nickel Cobalt Project**



# Goongarrie Nickel Cobalt Project

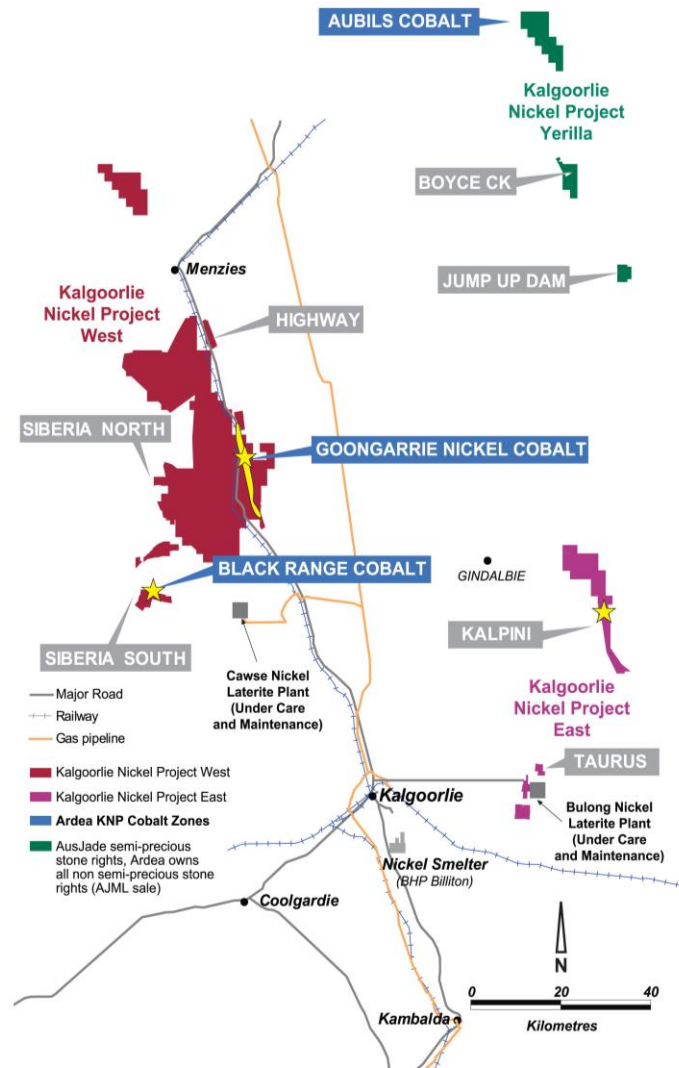
The battery industry needs metal salts



- Direct production of high purity salts **on site at Goongarrie**
- High purity **cobalt sulphate** and **nickel sulphate** to be provided **directly to battery manufacturers**
- High purity **scandium oxide** to be provided **directly to automotive and aeronautical manufacturers**

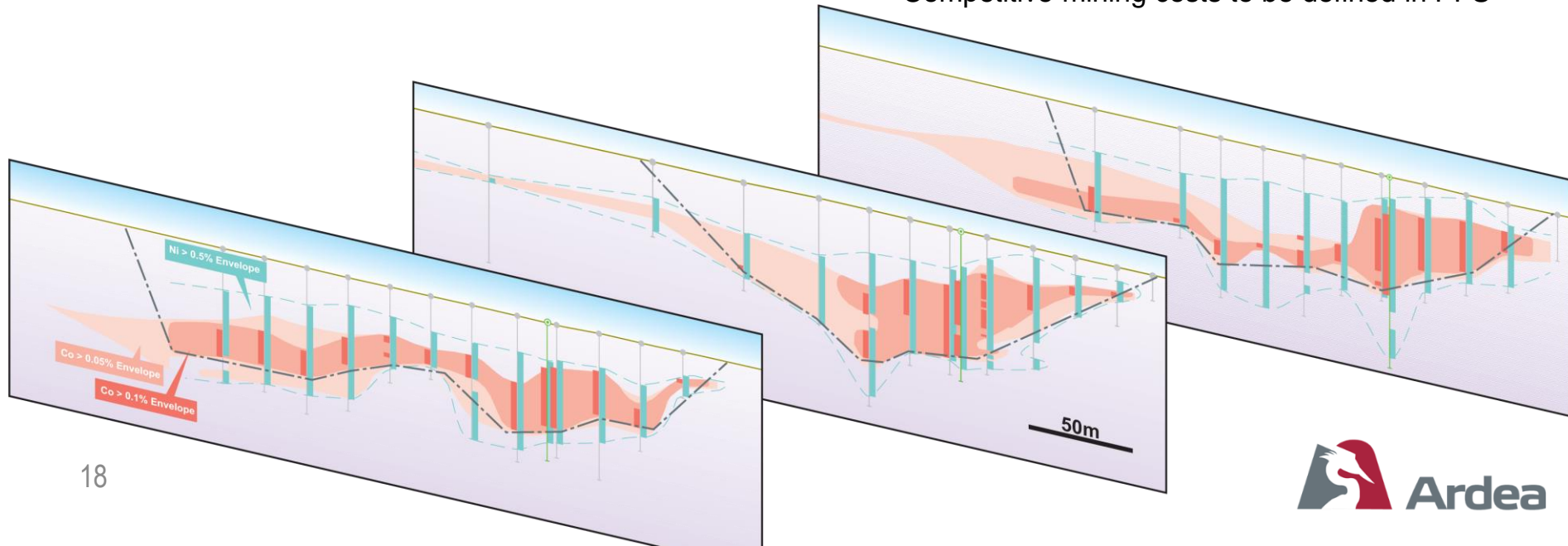
# Development opportunity

- **100% ownership of project, unencumbered**
- **Located within 100km of Kalgoorlie**
  - Australia's mining capital
  - Becoming a battery mineral centre
- **All necessary infrastructure**
  - Sealed roads
  - Railway
  - Water
  - Electricity
  - Gas
  - Telecommunications
  - Skilled local workforce
  - Connections to Esperance and Kwinana ports

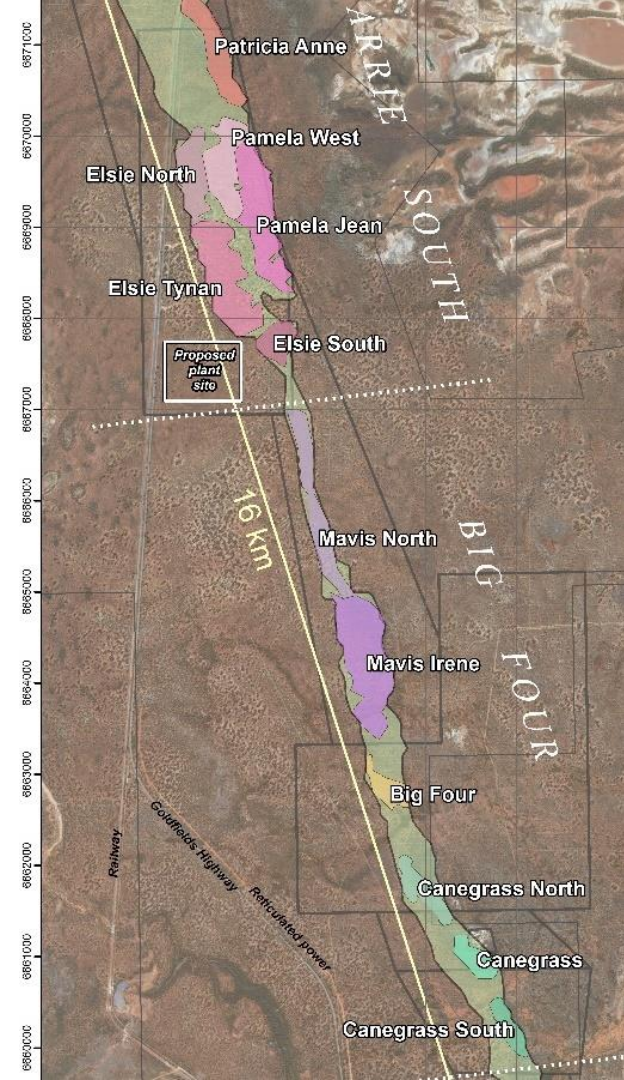


# Simple open pit mining

- Very uniform mineralisation grades and mineralogy, well suited to open pit mining
- Scheduled pits within 60 m of surface
- Soft, free-digging open-pit mining
- Low strip ratio
- Competitive mining costs to be defined in PFS

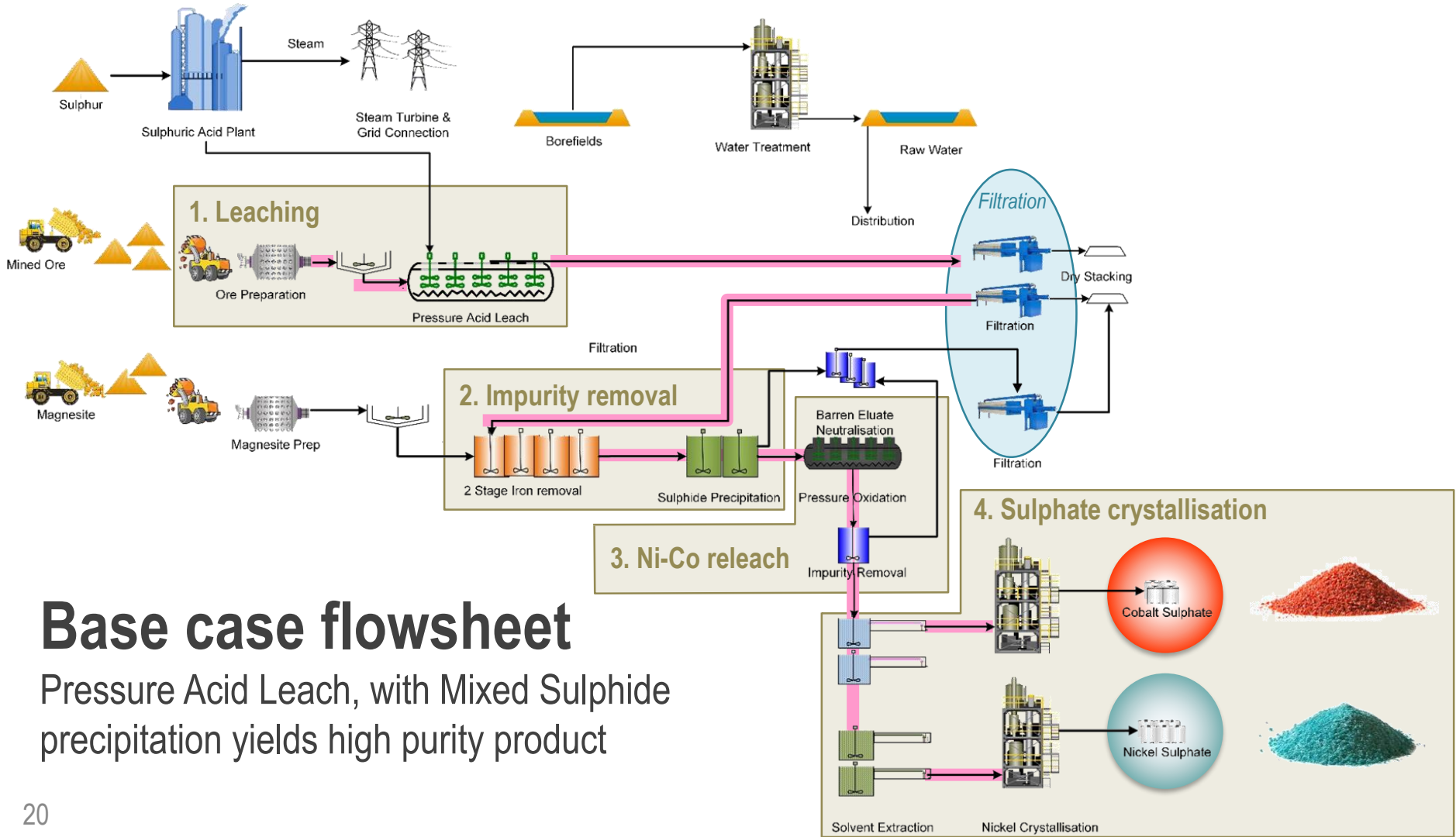






# Prefeasibility Study nearing completion

- Finalisation in progress
- At 1 Mtpa throughput, we would aim to produce:
  - >5,000 t cobalt sulphate per annum
  - >30,000 t nickel sulphate per annum
- 1.0 and 1.5 Mtpa option to PFS level, 0.5 and 2.25 Mtpa scoping
- Scandium oxide production option






# Marketing samples for off-take discussions



- Bench-scale sulphates successfully produced
- Drilling underway to source material for marketing samples
  - Production of samples later in 2018
- Discussions with key end-users underway
  - Battery manufacturers
  - Auto manufacturers
  - Metals traders

# Peer comparison – main projects

Investment criteria		 <b>KNP Cobalt Zone, WA</b>	<b>AUSTRALIAN MINES</b> <b>Sconi Project, QLD</b>	<b>CLEANTEQ</b> <b>Sunrise Project, NSW</b>
<i>Mineral Resource</i>	<i>Size</i>	<b>108.3 million tonnes</b>	89 million tonnes	101 million tonnes
	<i>Grade</i>	0.10 % cobalt <b>0.79 % nickel</b>	0.07 % cobalt 0.58 % nickel	<b>0.13 % cobalt</b> 0.59 % nickel
	<i>Expected feed grade</i> <i>(first 20yrs mine life)</i>	<b>To be reported (PFS)</b>	0.11 % cobalt 0.81 % nickel	<b>0.14 % cobalt</b> 0.80 % nickel
	<i>Processing efficiency</i>	<b>To be reported (PFS)</b>	93 % cobalt 93 % nickel	93 % cobalt <b>94 % nickel</b>
	<i>Contained metal</i>	108,400 t cobalt <b>856,900 t nickel</b>	54,000 t cobalt 514,000 t nickel	<b>131,300 t cobalt</b> 595,900 t nickel
	<i>Royalties + encumbrances (non-state)</i>	<b>Nil</b>	<b>Nil</b>	2.5% gross revenue (to Ivanhoe Mines)
	<i>Final products</i>	<b>Cobalt sulphate, nickel sulphate, possible scandium oxide</b>		


# Peer comparison – company resources

Contained cobalt metal in resources



Contained nickel metal in resources



Investment criteria		Australian Mines	CleanTeQ
Company resources	Over 700 million tonnes of KNP cobalt and nickel resources Goongarrie, Black Range, Kalpini, Yerilla, Boyce Creek, Aubils, Siberia, Highway, Ghost Rocks (all within 100km radius)	Sconi QLD (89 Mt), Flemington NSW (2.7 Mt) Thackaringa NSW (nil)	Sunrise NSW (101 Mt)
Metal contained in resources	>400,000 t cobalt >5,600,000 t nickel	57,000 t cobalt 520,000 t nickel	131,300 t cobalt 595,900 t nickel
Market capitalisation	\$107 million	\$300 million	\$709 million
Market cap per cobalt tonne (in resources)	A\$270 / t cobalt	A\$5,260 / t cobalt	A\$5,400 / t cobalt
Market cap per nickel tonne (in resources)	A\$19 / t nickel	A\$540 / t nickel	A\$1,160 / t nickel

All data sourced from publicly released documents from each company's website as of 8 March 2017

# KNP – battery mineral source for decades to come

- **Goongarrie is only the first stage of the development of the KNP**
  - JORC-compliant resources at Black Range, Highway, Ghost Rocks, Aubils, Boyce Creek, Kalpini, Lake Rebecca, Siberia, and others.
  - Dominantly on granted mining licences, all unencumbered
  - Potential for many decades (and more) of mining and processing
- **Scalable mining for the KNP**
  - Higher production rates achievable through capital expansion. Limitation is not mineralisation quality or resource volume



# Value Proposition

**Well funded developer - with quality 100% Owned Australian assets**

**\$14.9 million cash** - exercise of 77c options by **May 2018** could add a further **\$11.9 million**

**Optionality Play** - Ardea provides exceptional leverage to the price of Cobalt + Nickel, the Battery Industry, and the Automotive Electrification Revolution.

**Clear Path to Production and Catalysts for growth**

- PFS completion shortly
- DFS completion 2019
- commencement of Train 1 Development in 2020

**Exceptional Exploration Upside**

Expediting drill programs to advance or possibly to spin-out non-core assets into separate listed vehicle(s)

*The KNP Cobalt Zone at the Kalgoorlie-Menzies rail line, Goongarrie South*







*For prime exposure to:*

- **Battery Metals**
- **The Automotive Electrification Revolution**
- **The Lithium Ion Battery Industry**
- **Cobalt and Nickel commodity prices**

Additional optionality over 100% owned Zinc, Nickel Sulphide and Gold opportunities

# ARDEA RESOURCES LIMITED

**ASX : ARL**

**Come discuss Ardea at our booth  
or see [www.ardearesources.com.au](http://www.ardearesources.com.au)**



# App 1: Resource breakdown

## KNP Cobalt Zone nickel-cobalt mineral resource (JORC 2012)

Camp	Deposit(s)	Resource category	Cut-off %	Size (Mt)	Cobalt (%)	Nickel (%)	Contained metal		Remodel status
							Co (t)	Ni (t)	
Goongarrie	Goongarrie South	Total	$\geq 0.08 \text{ Co or } > 0.5\% \text{ Ni}$	53.1	0.10	0.82	52,000	436,600	ARL, March 2018
	Big Four	Total	$\geq 0.08 \text{ Co or } > 0.5\% \text{ Ni}$	25.0	0.10	0.77	24,000	192,100	ARL, March 2018
	Scotia Dam	Total	$\geq 0.08 \text{ Co or } \geq 0.5\% \text{ Ni}$	5.0	0.11	0.87	5,600	43,600	ARL, March 2018
	Goongarrie subtotal		$\geq 0.08 \text{ Co or } \geq 0.5\% \text{ Ni}$	83.1	0.10	0.81	81,600	672,300	ARL, March 2018
Siberia	Black Range	Total	$\geq 0.5\% \text{ Ni}$	19.2	0.09	0.68	17,800	130,600	ARL, August 2017
Yerilla	Aubils	Total	$\geq 0.08 \text{ Co}$	6.0	0.15	0.90	9,000	54,000	Heron, 2009
KNP Cobalt Zone TOTAL		Total	$\geq 0.08 \text{ Co or } \geq 0.5\% \text{ Ni}$	108.3	0.10	0.79	108,400	856,900	ARL, March 2018

## Goongarrie Resource category breakdown

Deposit(s)	Domains	Cut-off %	Resource category	Size (Mt)	Cobalt (%)	Nickel (%)	Contained metal	
							Co (t)	Ni (t)
Goongarrie South	Cobalt Zone	$\geq 0.08 \text{ Co or } \geq 0.5\% \text{ Ni}$	Measured	6.8	0.13	1.10	8,900	74,700
			Indicated	31.7	0.09	0.80	28,600	252,200
			Inferred	14.6	0.10	0.75	14,500	109,700
			Subtotal	53.1	0.10	0.82	52,000	436,600
Big Four	Cobalt Zone	$\geq 0.08 \text{ Co or } \geq 0.5\% \text{ Ni}$	Indicated	21.5	0.09	0.79	20,100	168,900
			Inferred	3.5	0.11	0.66	3,800	23,200
			Subtotal	25.0	0.10	0.77	24,000	192,100
Scotia Dam	Cobalt Zone	$\geq 0.08 \text{ Co or } \geq 0.5\% \text{ Ni}$	Indicated	2.2	0.11	0.88	26,200	19,500
			Inferred	2.8	0.11	0.87	3,100	24,100
			Subtotal	5.0	0.11	0.87	5,600	43,600
All	Cobalt Zone	$\geq 0.08 \text{ Co or } \geq 0.5\% \text{ Ni}$	Measured	6.8	0.13	1.10	8,900	74,700
			Indicated	55.4	0.09	0.80	51,300	440,500
			Inferred	20.9	0.10	0.75	21,400	157,000
			TOTAL	83.1	0.10	0.81	81,700	672,300

Note: Cobalt Zone domains comprise cobalt domains and cobalt bearing areas of the nickel domain. The cobalt domains are defined where 1) Co  $\geq 0.08\%$  and 2) Co  $< 0.08\%$  and Ni  $\geq 0.5\%$ . The nickel domain areas are where Co  $\geq 0.08\%$  and Ni  $\geq 0.5\%$ . Note that figures are rounded to reflect degree of certainty and may not tally.

# App 1: Resource breakdowns (continued)

## KNP Cobalt Zone nickel-cobalt mineral resource (JORC 2012) – Compliance Statement

### COMPLIANCE STATEMENT (JORC 2012 and NI43-101)

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 on 21 October 2013 and 31 July 2014, 27 August 2015, 2015 Heron Annual Report;
2. Big Four-Goongarrie on 13 March 2012, 26 June 2012 and 24 July 2012.

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 Exploration Results is based on information originally compiled by previous and current full time employees of Heron Resources Limited. The Exploration Results and data collection processes have been reviewed and verified by Mr Ian Buchhorn who is a Member of the Australasian Institute of Mining and Metallurgy and currently a full-time employee of Heron 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 information in this report that relates to Mineral Resources for the Goongarrie South, Big Four and Aubils Prospects is based on information originally compiled by Mr James Ridley in 2008 and 2009 when employed as a Senior Resource Geologist with Heron Resources Limited. The information in this report that relates to Mineral Resources for the Scotia and Black Range Prospects is based on information originally compiled by Snowden Mining Industry Consultants on behalf of Heron in 2004. The Mineral Resource estimates for all five prospect areas have been reviewed and validated by James Ridley who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Ridley is now a full-time employee of Ridley Mineral Resource Consulting Pty Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the resource estimation activity that 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'. Mr Ridley consents to the inclusion in this report of the matters based on his information in the form and context that it appears. Note that Mineral Resources that are not Ore Reserves do not have demonstrated viability.

The exploration and industry benchmarking summaries are based on information reviewed by Mr Ian Buchhorn, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Buchhorn is a full-time employee of Heron 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'. Mr Buchhorn 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.

# App 1: Resource breakdowns (continued)

## Lewis Ponds mineral resource (JORC 2012)

Resource Category	Quantity (Mt)	Zn (%)	Cu (%)	Pb (%)	Au (g/t)	Ag (g/t)
<b>Indicated</b>						
Main Zone	5.82	2.1	0.1	1.1	1.5	59
Tom's Zone	0.54	5.5	0.3	3.8	1.7	172
Total Indicated	6.35	2.4	0.2	1.4	1.5	68
<b>Inferred</b>						
Main Zone	0.17	1.7	0.1	0.8	0.9	47
Tom's Zone	0.10	5.0	0.2	3.6	1.4	174
Total Inferred	0.27	3.0	0.1	1.9	1.1	96
<b>Total Mineral Resource</b>	<b>6.62</b>	<b>2.4</b>	<b>0.2</b>	<b>1.4</b>	<b>1.5</b>	<b>69</b>

In accordance with the Australian Security Exchange Limited Listing Rules Appendix 5A:

The information in this report that relates to Mineral Resources for the Lewis Ponds Project has been reviewed, and verified by Mr Robert Cotton who is a full time employee of Mineral Appraisals Pty Ltd. Mr Cotton who is a Fellow of the AusIMM, takes responsibility for the integrity of Data that have been used to prepare the resource estimates, and for the Geological Model. Mr Cotton has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the resource estimation activity that he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the JORC Code: Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Cotton consents to the inclusion in this report of the matters based on his information in the form and context that it appears.

# Appendix 2: Key Risks

An investment in the Company is not risk free. Before deciding to trade in the Shares, Shareholders and interested investors should read the entire Prospectus, consider at least the following risk factors in light of their personal circumstances and investment objectives (including financial and taxation issues) and seek professional advice from their accountant, stockbroker, lawyer or other professional adviser. The operating and financial performance and position of the Group, the value of Shares and the amount and timing of any dividends that the Company may pay will be influenced by a range of factors. Many of these factors will remain beyond the control of the Group and the Directors. Accordingly, these factors may have a material effect on the Group's performance and profitability which may cause the market price of Shares to rise or fall over any given period. This section identifies the areas the Directors regard as major risks associated with an investment in the Company. This list is not intended to be an exhaustive list of the risk factors to which the Group is exposed.

## Specific Risks

### Non-grant or non-renewal of title

- A number of Ardea's Tenements are subject to application or renewal, the details of which are set out in the Solicitors' Report.
- There is a risk that Ardea may not acquire or retain title to Tenements as per usual mining industry risks.
- Under both New South Wales and Western Australian law, exploration tenements are valid for set periods of time and renewal is subject to the approval of the respective State Minister. There is no guarantee that Ardea will be successful in the renewal of exploration tenements as they reach their expiry date, though statutory mechanisms exist to extend title.
- If in future Tenements are not extended, Ardea may suffer damage through loss of the opportunity to discover and/or develop any mineral resources on these Tenements.

### Management

- Ardea's management presently consists of two non-executive Directors, an Executive Director, and a Managing Director. The full-time management team is being assembled, presently comprising 12 professionally qualified engineers and geoscientists.

# App 2: Key Risks (continued)

<b>Limited exploration</b>	<ul style="list-style-type: none"><li>• Aside from Lewis Ponds and the KNP, Ardea's projects have been subjected to only limited drill testing. Whilst gold and/or nickel mineralisation as the case may be has been located in multiple previous drill intersections, there is a risk that the mineralisation in adjacent drill holes is not continuous between drill holes. There is also a risk that the presently completed drill holes may not be representative of the overall mineralisation present. Further drill tests are required to determine if mineralisation extends further beyond the geometry as defined in current drill patterns. There is no guarantee that if exploration extends the current resources that it will be capable of sustaining commercial development.</li></ul>
<b>Resource estimates</b>	<ul style="list-style-type: none"><li>• Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when made, may change significantly when new information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should Ardea encounter mineralisation different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could have either a positive or negative effect on Ardea's operations.</li></ul>
<b>Exploration and Operating Risks</b>	<ul style="list-style-type: none"><li>• The current and future operations of Ardea, including exploration, appraisal, development and possible production activities may be affected by a range of exploration and operating factors, including:<ul style="list-style-type: none"><li>(i) geological conditions;</li><li>(ii) limitations on activities due to seasonal or adverse weather patterns;</li><li>(iii) alterations to program and budgets;</li><li>(iv) unanticipated operational and technical difficulties encountered in geophysical surveys, drilling, metallurgical laboratory work and production activities;</li><li>(v) mechanical failure of operating plant and equipment, industrial and environmental accidents, acts of terrorism or political or civil unrest and other force majeure events;</li><li>(vi) industrial action, disputation or disruptions;</li></ul></li></ul>

# App 2: Key Risks (continued)

<b>Exploration and Operating Risks (cont.)</b>	<p>(vii) unavailability of transport or drilling equipment to allow access and geological and geophysical investigations;</p> <p>(viii) unavailability of suitable laboratory facilities to complete metallurgical testwork investigations;</p> <p>(ix) failure of metallurgical testing to determine a commercially viable product;</p> <p>(x) shortages or unavailability of manpower or appropriately skilled manpower;</p> <p>(xi) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment;</p> <p>(xii) prevention or restriction of access by reason of inability to obtain consents or approvals; and</p> <p>(xiii) Certain of Ardea's tenements are subject to agreements with third parties which limit the commodities that Ardea may exploit on these tenements; with third parties having certain rights. Whilst Ardea does not consider these limitations to be unduly onerous, there is a risk that these restrictions may not be in Ardea's best interests or that the third parties may, in asserting their rights over Ardea's tenements, not act in Ardea's best interests.</p>
<b>Commodity Prices</b>	<ul style="list-style-type: none"><li>• Ardea may derive some of its future revenue from the sale of commodity products, or from the sale of either intermediate or fully-separated products. Consequently, any earnings will be closely related to the price of these commodities together with the terms of any off-take agreement(s) under which Ardea's products may be sold.</li><li>• Commodity prices fluctuate and are affected by numerous factors beyond the control of Ardea. 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 Ardea'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 Ardea may not be able to secure an attractive price for its commodity products.</li></ul>



# App 2: Key Risks (continued)

<b>Environment</b>	<ul style="list-style-type: none"><li>• The projects are subject to Western Australian, New South Wales and Federal laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, the projects would be expected to have a variety of environmental impacts should development proceed. In particular, the Donnelly River project application covers areas of private land and state forests. There is a risk that owners' rights and environmental requirements may restrict or prevent Ardea from carrying out its exploration activities.</li><li>• Ardea intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by Ardea's activities are rehabilitated as required by applicable laws.</li></ul>
<b>Mining Tax and Royalties</b>	<ul style="list-style-type: none"><li>• There is a risk that the Commonwealth, New South Wales or Western Australian Governments may seek to introduce further, or increase existing, taxes and royalties.</li></ul>
<b>Encumbrances on Title</b>	<ul style="list-style-type: none"><li>• Ardea may at a future date be required to encumber part or all of its tenure to expedite future commercial transactions.</li></ul>
<b>Funding</b>	<ul style="list-style-type: none"><li>• Ardea may derive some of its future revenue from the sale of commodity products, or from the sale of either intermediate or fully-separated products. Consequently, any earnings will be closely related to the price of these commodities together with the terms of any off-take agreement(s) under which Ardea's products may be sold.</li><li>• Commodity prices fluctuate and are affected by numerous factors beyond the control of Ardea. 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 Ardea'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 Ardea may not be able to secure an attractive price for its commodity products.</li></ul>
<b>Unforeseen Risks</b>	<ul style="list-style-type: none"><li>• There may be other risks which the Directors are unaware of at the time of issuing this Prospectus which may impact on Ardea and its operations, and on the valuation and performance of Ardea's Shares.</li></ul>

# App 2: Key Risks (continued)

## Other Risks

### General Economic Risks and Business Climate Risks

- Share market conditions may affect the listed securities regardless of operating performance. Share market conditions are affected by many factors such as:
  - (a) general economic outlook;
  - (b) movements in or outlook on interest rates and inflation rates;
  - (c) currency fluctuations;
  - (d) commodity prices;
  - (e) changes in investor sentiment towards particular market sectors; and
  - (f) the demand and supply for capital.
- Commodity prices are influenced by physical and investment demand for those commodities. Fluctuations in commodity prices may influence individual projects in which Ardea may have an interest.

### Native Title Risks

- The Native Title Act 1993 (Cth) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with Native Title in Australia and this may impact on Ardea's operations and future plans.
- 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.
- For tenements to be validly granted (or renewed) after 23 December 1996 the special 'right to negotiate' regime established by the Native Title Act must be followed.
- It is important to note that the existence of a Native Title claim is not an indication that Native Title in fact exists to the land covered by the claim, as this is a matter ultimately determined by the Federal Court.
- Ardea must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of exploration and mining operations.

# App 2: Key Risks (continued)

## Exploration, Development, Mining and Processing Risks

- The business of mineral exploration, project development and mining by its nature contains elements of significant risk. Ultimate and continuing success of these activities is dependent on many factors such as:
  - (a) the discovery and/or acquisition of economically recoverable ore reserves;
  - (b) successful conclusions to feasibility studies;
  - (c) access to adequate capital for project development;
  - (d) design and construction of efficient mining and processing facilities within capital expenditure budgets;
  - (e) securing and maintaining title to tenements and compliance with the terms of those tenements;
  - (f) obtaining consents and approvals necessary for the conduct of exploration and mining; and
  - (g) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.
- Adverse weather conditions over a prolonged period can adversely affect exploration and mining operations and the timing of revenues.
- Whether or not income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, integrity of mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.
- Mining is an industry which has become subject to increasing legislative regulation including but not limited to environmental responsibility and liability. The potential for liability is an ever present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. The introduction of new laws and regulations or changes to underlying policy may adversely impact on the operations of Ardea.