



**Ardea** Resources Limited

## 2019 Annual Report

### **DEVELOPING**

the Goongarrie  
Nickel Cobalt Project

### **EXPLORING**

for Western Australian  
Gold and Nickel Sulphides

### **DIVESTING**

our New South Wales  
Gold and Base Metal Projects





## Corporate Directory

### Directors

Katina Law, (Executive Chair)  
Ian Buchhorn, (Executive Director)  
Wayne Bramwell, (Non-Executive Director)

### Chief Executive Officer (CEO)

Andrew Penkethman

### Company Secretary and CFO

Sam Middlemas

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### Stock Exchange Listing

The Consolidated Entity's shares are  
quoted on the Australian Securities Exchange.  
The Home Exchange is Perth.

**ASX Code:** ARL - ordinary shares

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*Cover - Ardea has exposure to the renewable energy sector through the Goongarrie Nickel Cobalt Project; the WA gold and nickel sulphide exploration expansion; and most notably, the gold discovery renaissance in the Lachlan Fold Belt, NSW*

*Inside cover - Ardea CEO, and Board on site visit to Goongarrie*

## Chairman's Letter to Shareholders 2019

Dear Shareholders,

On behalf of the Board and Executive Management team of Ardea Resources Limited ("Ardea" or the "Company") I would like to thank you for your support during the many advances of 2019.

Over the past year Ardea have continued to work tirelessly on our high-quality portfolio of Australian resource projects. Work efforts have been focussed on our three core priorities:

1. Development of the Goongarrie Nickel Cobalt Project (GNCP), which is part of our globally significant Kalgoorlie Nickel Project (KNP).
2. Exploration on WA gold and nickel sulphide targets within the Eastern Goldfields world-class gold-nickel province; and
3. Demerger of our NSW gold and base metal assets into Godolphin Resources Limited (Godolphin).

The work has resulted in significant progress on all three strategies with Ardea being in the enviable situation of effectively having three high-quality resource companies in one, highlighting the need for the Godolphin spin-out.

On the GNCP, Ardea has now completed 50,561m of drilling since listing in February 2017, with this data being incorporated into an upgraded flowsheet, resource update and mining schedule. Work continues on several project work streams including permitting activities, on-site neutraliser and water sources.

In a weakening cobalt market but strengthening nickel market, the Strategic Partner search with KPMG has been steady and methodical, with strong interest for securing nickel and cobalt off-take. Timing is key here as Ardea retains 100% off-take rights and seeks a significant funding commitment from a Strategic Partner who will determine the optimum project scale and end product specifications that best fits their strategic needs.

Multiple gold targets have been defined within our extensive WA tenure with targets such as the regionally significant Bardoc Tectonic Zone being ranked and prioritised for follow up exploration. Given the record high Australian dollar gold price, Ardea will continue to advance WA gold opportunities in parallel with our existing nickel laterite and sulphide assets. Multiple gold targets are currently having drill approvals submitted.

Several nickel sulphide targets have been identified within our WA tenure such as the Cathedrals Belt on the western margin of the highly prolific Eastern Goldfields Province. At our Perrinvale Project, Ardea commenced a moving loop electromagnetic (MLEM) survey over selected portions of the Cathedrals Belt East Extension and utilises a similar methodology that successfully identified other targets to the west of Ardea's tenure in this prospective belt.

Other nickel sulphide targets such as Emu Lake have defined nickel sulphide fertility and historic electromagnetic (EM) targets. Additional targets continue to be defined throughout the Ardea tenure.

The planned listing of Godolphin, Ardea's NSW gold and base metal spin-out, continues. A dedicated management team has been assembled and exploration and resource definition targets defined for immediate drill testing post listing. The listing will include an in-specie share distribution to existing Ardea Shareholders, enabling them to continue to share in the future success of Godolphin.

The progress made by the Company would not be possible without the ongoing support of the communities in which Ardea operates and our employees, directors and consultants. I would like to thank you all for your support.

*The year ahead is shaping up as another exciting opportunity for Ardea to continue to realise the potential of its significant and strategic land holding in the heart of the Goldfields, Western Australia and in the Lachlan Fold Belt of New South Wales, Australia's two premier discovery and mining jurisdictions.*

Yours sincerely



**Katina Law, Chair**





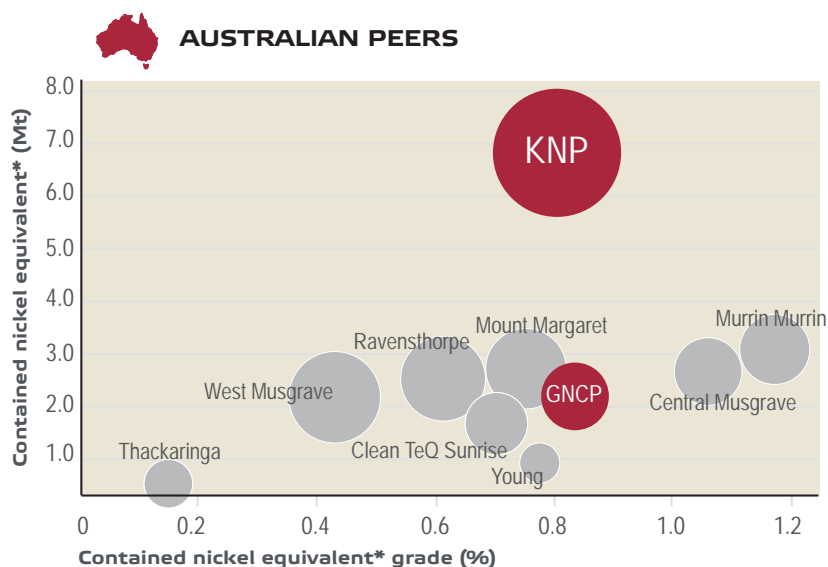
# Activities Report

## Corporate Objectives

Ardea is an exploration and development Company with a high-quality portfolio of 100%-controlled Australian-based projects. The Company is focussed on its three-pronged value creation strategy:

1. Development of the **Goongarrie Nickel Cobalt Project**, which is part of the **Kalgoorlie Nickel Project**, a globally significant series of nickel-cobalt-scandium deposits which host the largest nickel-cobalt resource in the developed world, coincidentally located as a cover sequence overlying fertile orogenic gold targets;
2. Advanced-stage exploration at **WA gold and nickel sulphide targets** within the Eastern Goldfields world-class nickel-gold province; and
3. The Godolphin Resources Limited demerger of the **NSW gold and base metal assets** with planned in-specie share distribution at nil cost to Ardea Shareholders.

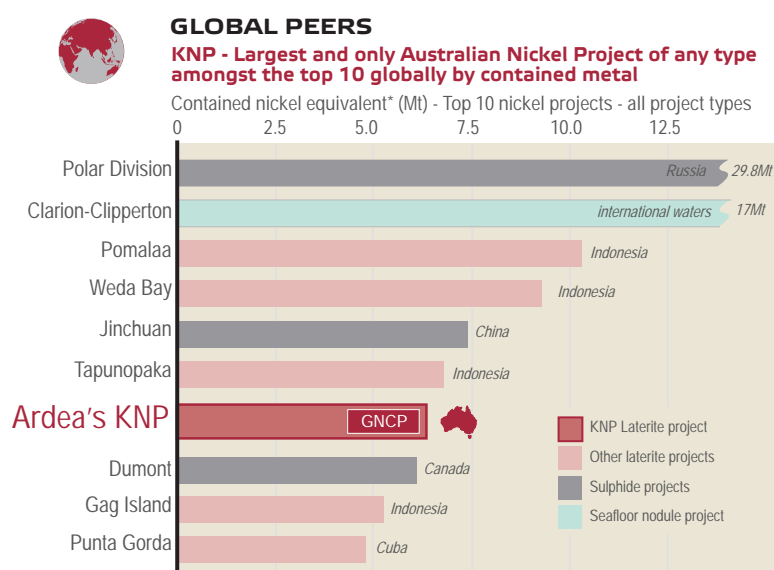
Ardea's most advanced and flag ship project is the GNCP. The current mineral resource at Goongarrie is **215.6Mt at 0.71% nickel and 0.06% cobalt**, equivalent to **1,522,700 tonnes contained nickel metal and 130,700 tonnes of contained cobalt metal**. The Goongarrie resource is a subset of Ardea's larger Kalgoorlie Nickel Project resource, being 773.0Mt at 0.70% nickel and 0.05% cobalt, equivalent to 5,458,400 tonnes contained nickel metal and 405,400 tonnes of contained cobalt metal. This is the largest nickel and cobalt deposit in Australia and one of the top ten largest resources in the world.



Critically, these projects represent a world class multi-commodity deposit in a stable and well-established mining jurisdiction that is well-placed to deliver “ethical” materials of accepted provenance into a rapidly expanding battery and electrified vehicle sector.

Nickel, cobalt and manganese batteries are the most common cathode mix used in Electric Vehicle (EV) batteries. Recent developments in battery technology are seeing more manufacturers commit to nickel dominant 811 batteries (8 parts nickel, 1 part manganese, 1 part cobalt). This is contributing to increasing world nickel demand. Of all the critical battery minerals, nickel reserves are the least abundant which positions the commodity price to appreciate in line with growing EV and stainless demand.

Ardea is seeking to become a significant producer of nickel and cobalt battery materials from the GNCP.



Source: SNL database & Ardea Company data (KNP only).

\* Nickel equivalents defined using the following values (9 July 2019, US\$ price): Ni (\$12,646.50/t), Co (\$26,647/t), Cu (\$5,808.50/t). Ni equivalent grade (Ni eq. %) =  $Ni(\%) + 2.107 \times Co(\%) + 0.459 \times Cu(\%)$ . Recoveries were not considered for high-level comparison purposes. These values used for nickel equivalent calculations throughout this document. Nickel equivalents are used because nickel is the major proportion of the deposit by value, and these values allow for direct comparison to major deposits globally.



The Company continues to review its project portfolio and is ranking and prioritising WA gold targets for exploration and resource definition. This provides additional optionality and positions Ardea to be able to consider a range of commodities in well-established mining jurisdictions where any development can leverage off existing infrastructure.

Recent gold exploration work programs include BTZ drilling, where possible, incorporated into sterilisation drilling around the GNCP. Mapping, soil auger geochemistry and rock chip sampling around Ghost Rocks, Mulga Plum, Windanya, Taurus and Bedonia continues to define targets for follow-up exploration.

Nickel sulphide exploration continues and includes EM surveys at Perrinvale, drilling at Emu Lake, Mt Zephyr and Big Four, and some geometallurgical interpretations for Highway, Kalpini and Yerilla.

A measured exploration approach will continue to define quality targets on Ardea's extensive tenement portfolio with the goal of making discoveries which can add further value to the Company. The gold targets in particular are becoming a focus as the Australian dollar gold price continues to appreciate.

## Goongarrie Nickel Cobalt Project

### Overview

Ardea continues to advance the Goongarrie Nickel Cobalt Project with a focus on delivering the best outcome for Shareholders. Progress over the last 12 months and ongoing work streams include:

- Strategic Partner Update** – Interest in securing nickel and cobalt off-take from the GNCP remains high, with a key Ardea criteria being that offtake rights are linked to a project funding commitment.  
 The Ardea executive management team continue to progress discussions with potential international project partners, alongside our advisors, KPMG. A final commitment to completing the Definitive Feasibility Study on the GNCP is linked to the partnership process, so that the preferred partner can have input as to the project scale and end-product specifications.
- Resource Update** – Wireframe modelling has focussed on Material Characterisation and metallurgical properties for the Goongarrie South, Big Four and Scotia Dam deposits which collectively extend over 17km of strike. A resource and reserve update will be completed once the project scale is settled.
- High Grade Mine Schedule** – Open pit optimisations and detailed mine scheduling, including tailings pit back-fill schedule, waste landform locations and pit de-watering are in progress utilising the updated GNCP wireframes and block models. The objective is to focus upon higher grade mining areas during the GNCP capital payback period, combined with sourcing carbonate during open pit mining that can be used as a local source of process plant neutraliser. This work is expected to be completed in H2 2019.
- Mineralised Neutraliser** – First and second phase neutraliser bench-scale research test-work has demonstrated viable on-site neutraliser results. These results are being incorporated into the mine scheduling work which is expected to allow their value to be captured in updated financial models.
- Metallurgical Variability Work** – Final laboratory reports are being reviewed for input into the current mine schedule study and flowsheet design.
- Approvals** – Reports for all flora, fauna and water surveys commissioned in 2018 have been reviewed and consolidated, as inputs to the mine site layout design and mine schedule. Ardea will not lodge any development applications with the various State authorities until the scale and footprint of the GNCP is finalised, which is linked to the ongoing Strategic Partner process.
- Tenement Consolidation** – GNCP tenure is being consolidated and adjoining infrastructure sites secured. Some of the new acquisitions include opportunistic gold and nickel sulphide targets, which are being evaluated and ranked for future exploration.
- Stakeholder Engagement** – Strong support continues to be received from the Local Government and Community as part of the ongoing Stakeholder engagement process.





*Kalpini: re-visiting the nickel laterite deposits with an eye for the gold which invariably accompanies the nickel structures.*

## Feasibility Programs

Work during the year was focussed on resource modelling, pit optimisations, mine planning, metallurgy, environmental studies, permitting and availability of infrastructure sites. These programs shape and define the planned site layout, which is the critical parameter for the approvals process.

### Resource Modelling

Updated resource modelling incorporating the results from the Ardea RC drilling completed in late 2018 focused on the Goongarrie South, Big Four and Scotia Dam deposits. These models need to be consolidated and optimised, prior to reporting.

The mineralisation at the Goongarrie deposits is remarkably consistent, occurring as a uniform goethite sheet beneath a barren lateritised alluvial cover and above a carbonated saprock basement. In the resource modelling, the “Base of Alluvium” and “Top of Saprock” are the key contacts. The goethite material between these two contacts uniformly exceeds 0.5% Ni, which fortuitously is also the mineral resource cut-off grade for the GNCP.

The alluvium is comprised of clay, quartz sand, re-worked haematite clast gravel, and most importantly, a gravel cemented with nodular dolomite or magnesite which carbonate can be used for neutralising the autoclave acidic discharge. All alluvium variants have distinct geochemical signatures, which are the basis for interpreting the Base of Alluvium in resource modelling.

The nickel-cobalt laterite mineralisation is invariably associated with the hydrated iron oxide mineral, goethite, which is the preferred plant feed for this style of deposit, as it has rapid leach kinetics and does not require drying or screening prior to processing. The geometallurgy of the GNCP has been well defined using Ardea’s combination of visual logging, detailed geochemical analysis and X-ray Diffraction (XRD) mineral identification.

The base of laterite mineralisation is defined by the “Top of Saprock”. Saprock is an indurated weathered bedrock consisting variously of dolomite-magnesite-silica-serpentine. The hard competent saprock contrasts sharply with the overlying soft goethite mineralisation, so will allow excellent visual grade control in mining. The saprock dolomite and magnesite are a potential GNCP neutraliser source as are the near surface calcrete and palaeo channel horizons.

Updated wireframe model extents of the nickel and cobalt mineralisation at Goongarrie have been modelled based on notional 0.25% nickel and 0.05% cobalt cutoff grades and are displayed in plan view in Figures 1 and 2. Additional features interpreted and modelled to constrain the updated resource estimates include the base of near surface calcrete and dolomite, envelopes capturing paleochannel carbonate mineralisation, the “Base of Alluvium” and the “Top of Saprock”.



Resource grade estimation used local uniform conditioning for nickel (Ni) and cobalt (Co), and ordinary kriging for MgO, FeO, Al<sub>2</sub>O<sub>3</sub>, SiO<sub>2</sub>, CaO, Mn, Cr and LOI. The block model geochemistry allows specific Material Characterisation attributes to be assigned to each block within the 3D model. The blocks in the current model are 10x10x2m, compared to 40x40x4m in historic GNCP block models. The smaller block size facilitates more accurate mine scheduling.

Representative cross sections of the drilling and updated resource model through Goongarrie South are displayed in Figures 3 to 6. Figure 3 shows the drilling and geology interpretation. Figure 4 shows the resource model colour coded by the material type classification scheme for the GNCP while Figures 5 and 6 display the same cross sections colour coded by the updated nickel and cobalt grade estimates. A description of the GNCP material types (as used at Goongarrie) is presented in Table 1.

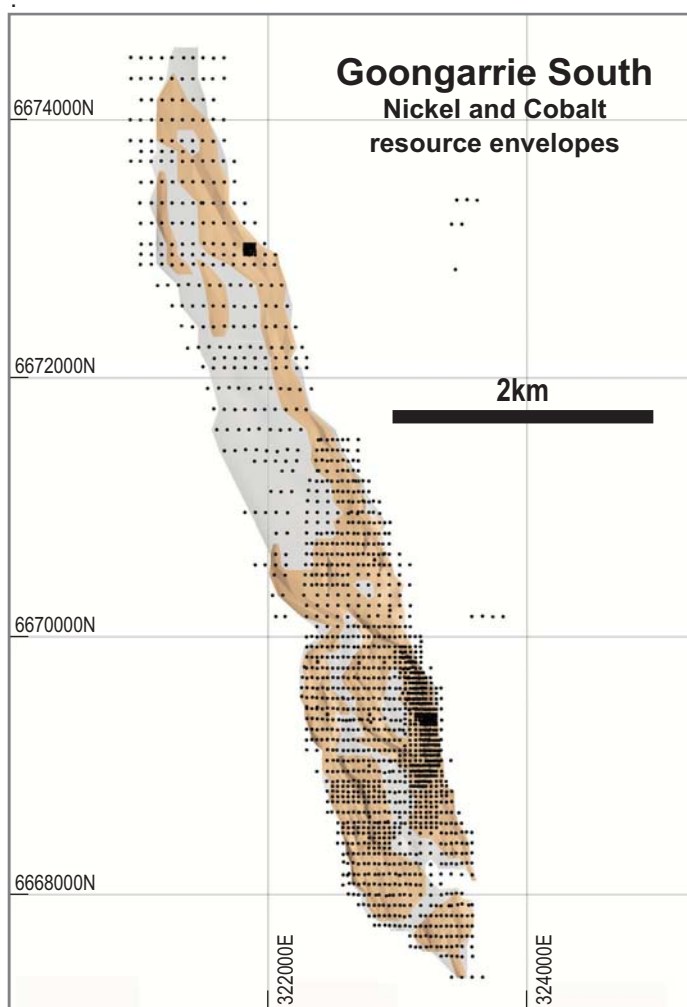


Figure 1: Goongarrie South drill hole location plan showing the nickel and cobalt resource envelopes. Projection MGA94 Zone 51.

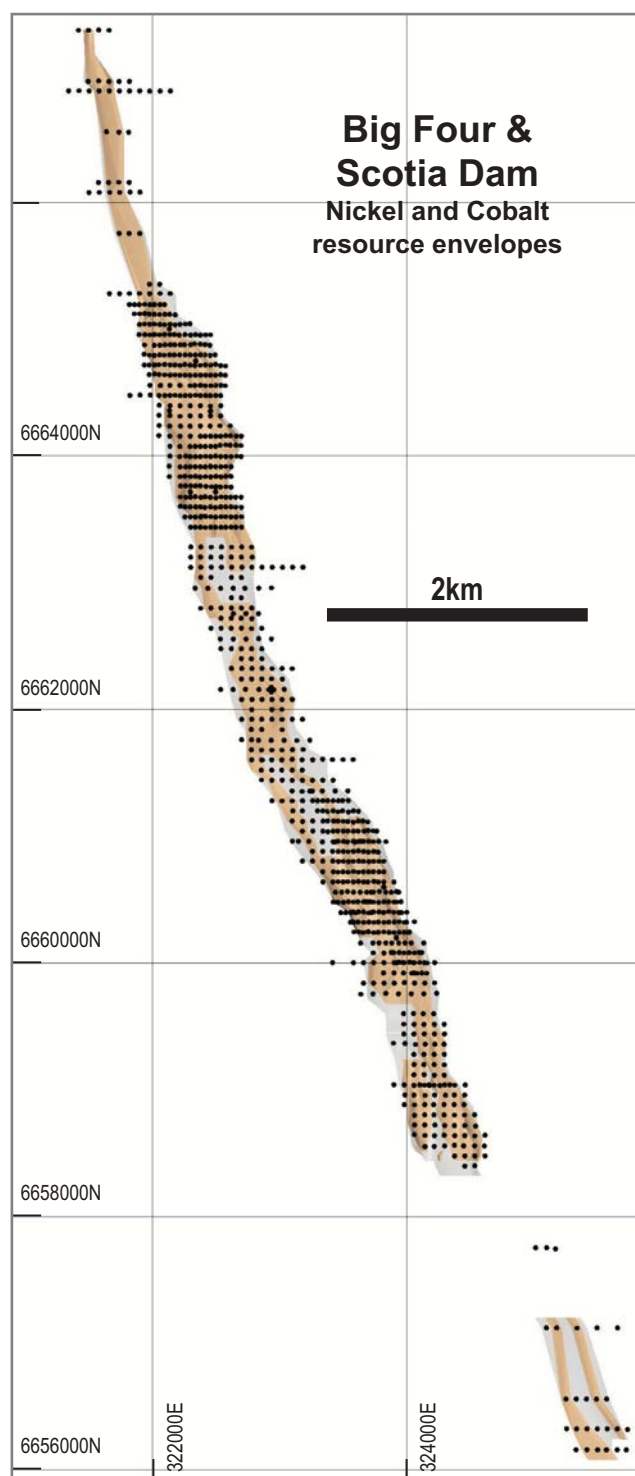


Figure 2: Big Four and Scotia Dam drill hole location plan showing the nickel and cobalt resource envelopes. Projection MGA94 Zone 51.



Figure 3: Pamela Jean Deep (part of the Goongarie South mineral system) Section 6669600 (looking north).

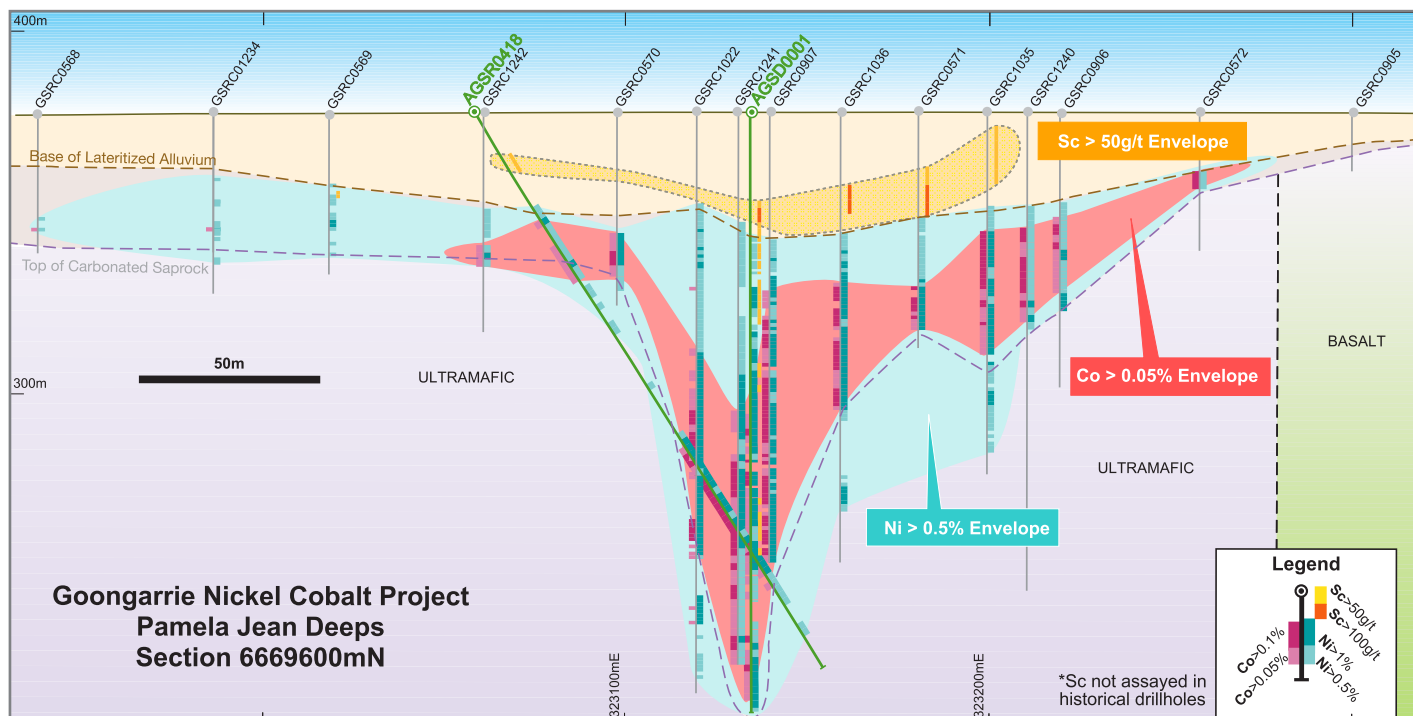
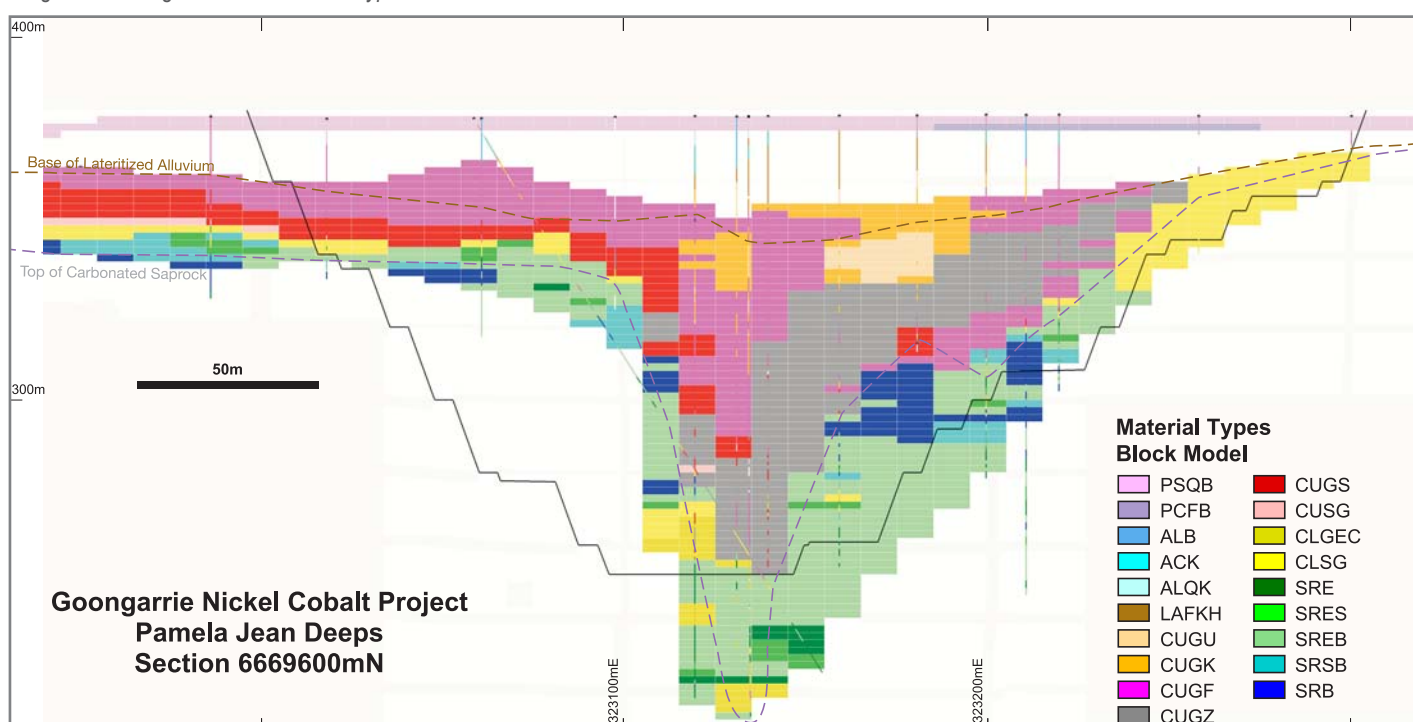


Figure 4: Goongarie South Material type classification - Section 6669600mN





AGSD0010 - Goethite dominated ore zone  
(approx 1m core shown  
over pages 6 & 7)

Figure 5: Pamela Jean Deeps - Nickel % Block Model - Section 6669600 (looking north).

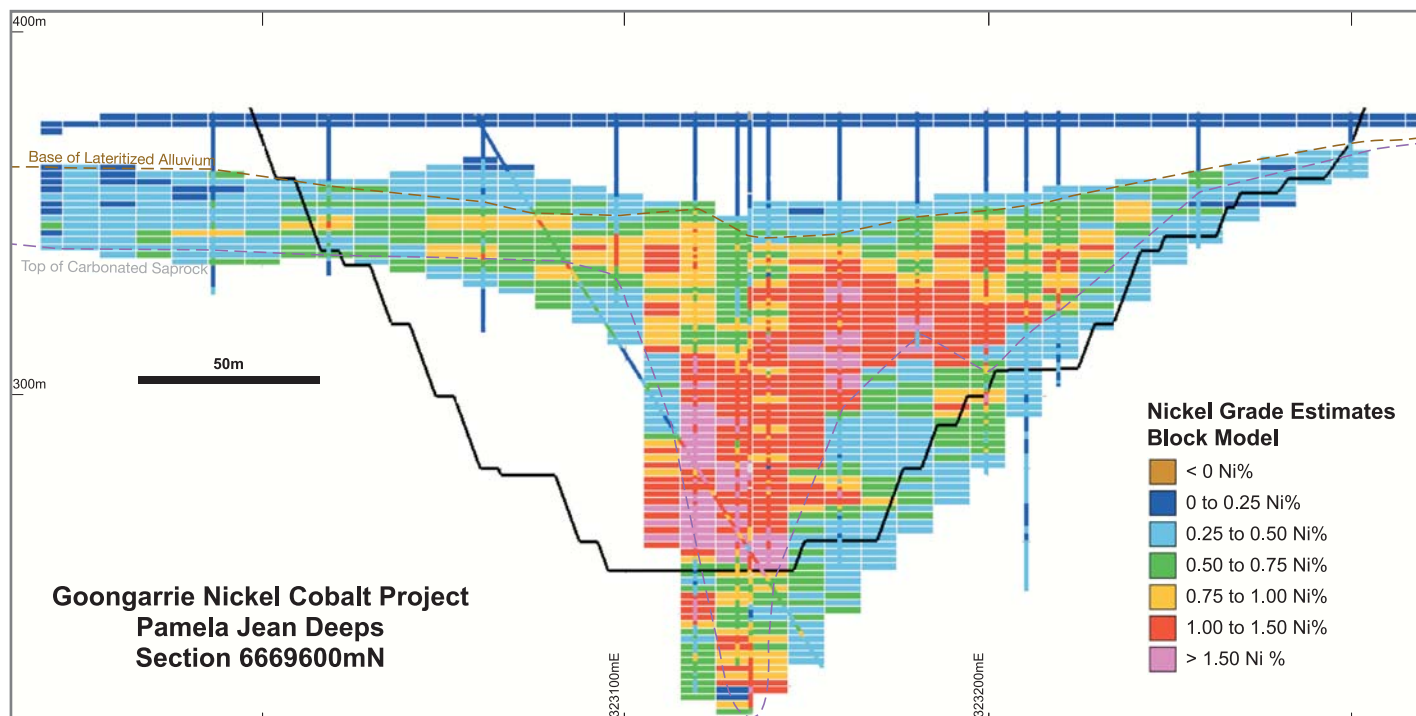
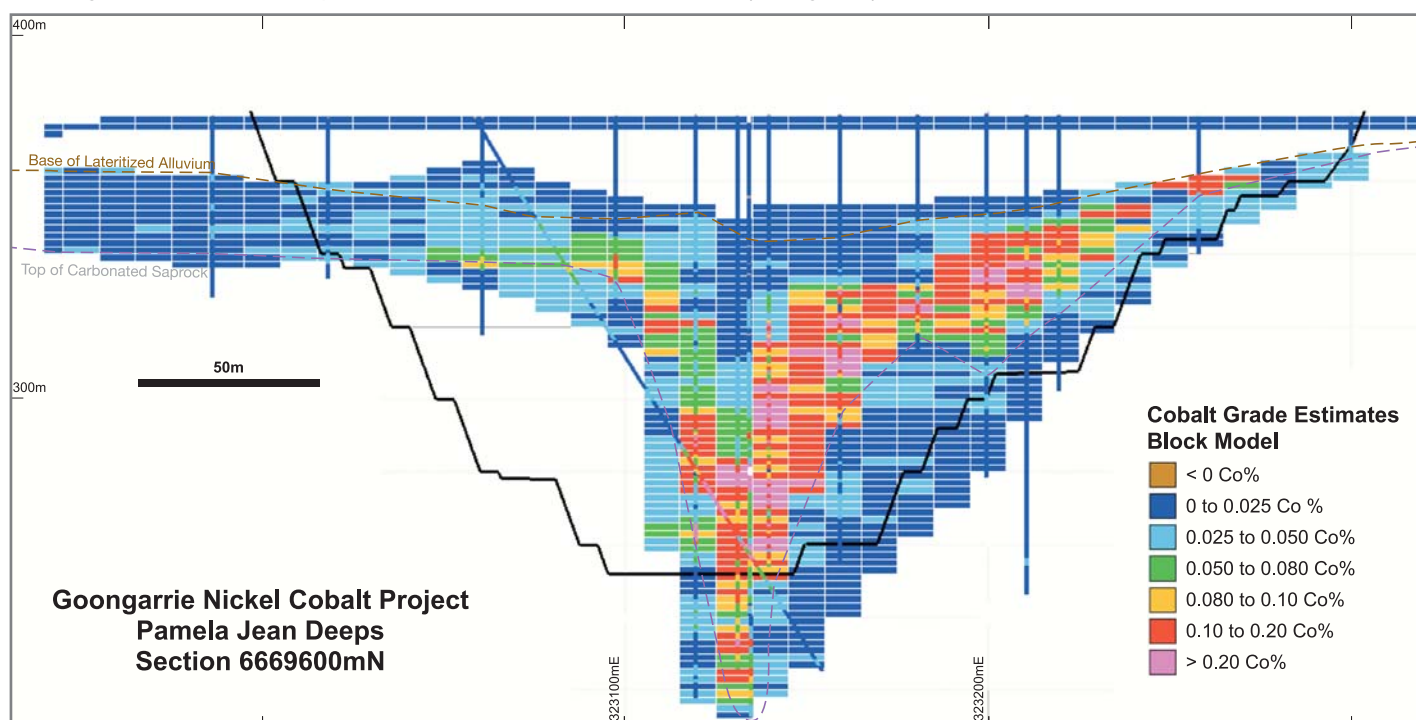


Figure 6: Pamela Jean Deeps - Cobalt % Block Model - Section 6669600 (looking north).



**Table 1: Description of GNCP material types for reference with Figure 3 & 4**

Code	Profile	Description
PSQH PSQB PCFB	<b>Pedolith</b>	Pedogenic sand, quartz & haematite Pedogenic sand, quartz & carbonate - calcite and / or dolomite Pedogenic clay, Fe oxide & carbonate rich - calcite and / or dolomite
ALB ACK ALQK LAFKH	<b>Alluvial (Transported)</b>	Alluvial channel with carbonate cemented sediments Alluvial clay, kaolinite rich Alluvial sand, quartz and kaolinite rich Laterite ferruginous, goethite + kaolinite + haematite
CUGU CUGK CUGF <b>CUGZ</b> CUGS CUSG	<b>Clay Upper</b>	goethite + gibbsite goethite + kaolinite goethite + undifferentiated Fe oxide <b>goethite + asbolite</b> goethite + silica silica + goethite
CLGEC CLSG	<b>Clay Lower</b>	goethite + serpentine + chlorite silica + goethite
SRE SRES SREB SRSB SRB	<b>Saprock</b>	serpentine dominant serpentine + silica serpentine + dolomite and / or magnesite serpentine + silica + dolomite and / or magnesite dolomite and / or magnesite dominant

A strong correlation exists between high nickel-cobalt grades and the material type CUGZ, being a goethite-asbolite variant of mineralisation (grey colour unit in Figure 4).

An important feature of the GNCP is that the “Saprock Neutralisers” SREB, SRSB, SRB, tend to occur at the base of the nickel-cobalt mineralisation. As such, these neutraliser source zones are expected to be captured within the walls and possibly floor of optimised open pit shells, once mine design work has been completed. This feature, along with the ancillary nickel and cobalt credits generated in such neutraliser, is an important and valuable attribute of the GNCP that enhances project economics. Additionally, PSQB surface calcrete, which is a free-digging, nil cost neutraliser, is currently considered a prime neutraliser (but lacks the pay-metal credits of saprock neutraliser).

*BTZ: Gold sampling*





## High Grade Mine Schedule

Open Pit Optimisation work utilising the updated block model from Goongarrie is being undertaken to define an optimum mine schedule which considers High Grade (HG) and Life of Mine (LOM) planning. The HG strategy is aimed at maintaining consistent plant feed in the early years of operation, once plant commissioning has been completed, to ensure maximum revenue for expediting the project payback period.

The Pit Optimisation results are also looking at different on-site neutraliser material that would support mill feed requirements for the entire LOM plan. Sourcing of all GNCP neutraliser onsite and elsewhere in the KNP is expected to result in improved outcomes for the project by eliminating the need to import either externally sourced neutraliser material and/or commercial grade carbonate product. Sequencing and prioritising of the neutraliser sources identified will be confirmed during the final mine scheduling work.

## Metallurgical Variability Work

### On-site Neutraliser Testwork

Following the encouraging results from the preliminary neutralisation test-work performed on Goongarrie South drill core samples, which indicated that calcrete, palaeo-channel and saprock carbonates are all effective neutralisers, size-by-size chemical analysis of nine prospective neutralisers was conducted at SGS laboratories. Preliminary assay results have been presented ahead of a full report. An initial review of the results indicates that moderate upgrading of the nickel, calcium and magnesium occurs in the finer fractions (<106 micron). Final results and a summary report are awaited to close out this important, potentially value adding work stream.

## Environment and Approvals

The Goongarrie Nickel Cobalt Project is part of the larger Kalgoorlie Nickel Project (see Figure 7) and is being designed to minimise its environmental foot-print. Key attributes include:

- The strip ratio is low at approximately 2:1, minimising project waste generation.
- Waste is either used for construction of infrastructure, progressive back-fill of exhausted pits, rehabilitating completed mine areas or where no alternative, placed within integrated waste landforms.
- Tailings are deposited in exhausted pits or if no voids available, discharged to integrated waste landforms.
- Early-mined nodular surface laterite waste is particularly well suited as road base for site access roads or rehabilitation materials.
- The ultramafic mine waste from anecdotal observation favours local flora assemblages for revegetation.
- There are no indications of Acid Mine Drainage risk.

Updated baseline studies have been reviewed and are in the process of being finalised for future statutory approval lodgement.

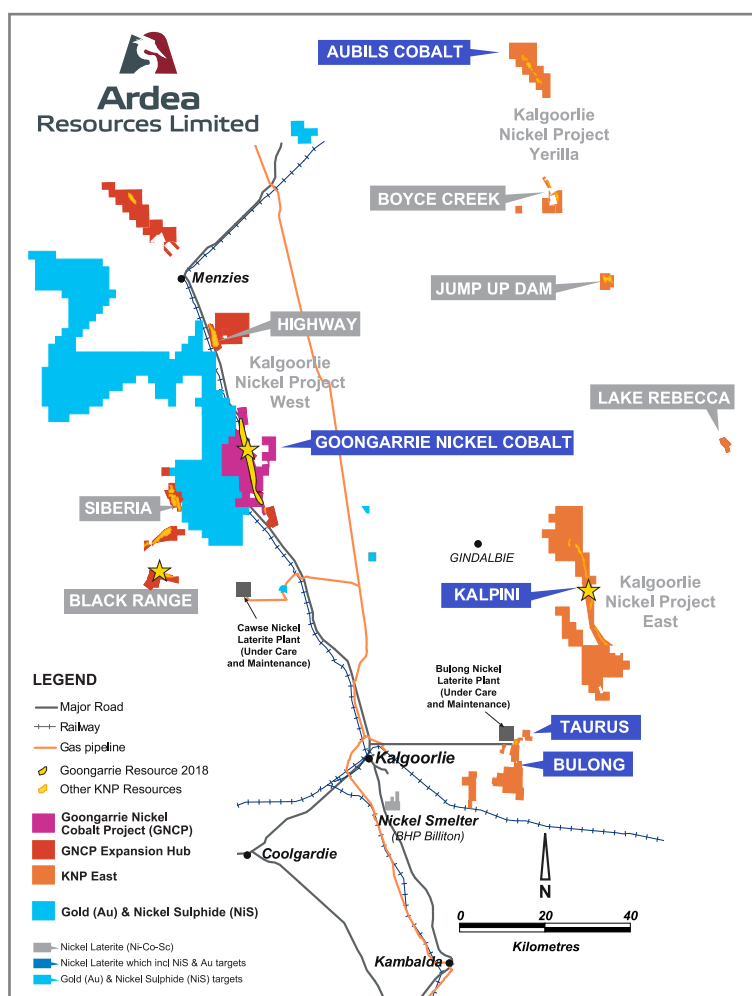


Figure 7: KNP location and infrastructure plan







*Taurus: Soil sampling is the first step in evaluating gold and nickel sulphide potential*

Water supply options continue to be investigated with sources identified including aquifers associated with palaeo-channels (within granted Ardea mining tenure) and where possible linked to pit de-watering, and outlying areas also covered by Ardea tenure. Work has been advancing on defining optimum process water sources including detailed water sampling and monitoring of around 80 GNCP open drill holes. Bench-scale testwork was completed using membrane separation as a cost-effective alternative to chemical-based water softening.

Studies on Materials Characterisation of the overburden excavated during the normal course of mining continue. Opportunities identified to date include that specific waste material is better suited to varying civil uses, such as mottled nodular laterite for haul roads, nontronite clay for settling dam liner and indurated laterite for pit ramp sheeting. Each of these uses helps contribute to minimising the surface footprint of waste landforms.

GNCP is favoured by a benign arid environmental setting, which is much easier managed than wet tropical settings requiring submarine tailings disposal or valley-fill tailings dams. These environmental attributes favour GNCP as a future stable long-term source of the nickel and cobalt that the Electric Vehicle and Static Storage Battery industries increasingly favour.



## Processing and Product Research and Development

The GNCP has had several unique attributes identified in Ardea Research and Development (R&D) programs, including:

- **Carbonate is necessary for neutralising autoclave discharge** – Recent focus has been upon neutraliser material in surface calcrete (termed “Pedogenic Sand Quartz Calcite”), and at the base of ore zones (termed “Saprock Dolomite and / or Magnesite”).
- **Surface Carbonate with Ore Grade Pay-Metals** – R&D studies covering the full KNP historic data base has identified significant surface carbonate resources at Aubils in the KNP East with shipping grade Ni and Co. Financial modelling is required in order to quantify the displacement potential of the Aubils carbonate.
- **Comminution media available from mine sub-grade** – A very specific geo-metallurgical ore type that is a biscuity goethite ore that has been re-cemented by massive haematite or “jasper” at the top of the orebody to generate a highly indurated rock which is potentially available as SAG mill grinding media.
- **Comminution media as mine floor sheeting** – Trafficability on wet ore for mine vehicles was identified as a potential mining issue, solved by the use of Articulated Dump Trucks. Additionally, research identified that the “Comminution Jasper” would be ideal as a road sheeting in wet ore, since the material when mined from the road on the following bench down would then act as comminution media for the SAG mill.
- **Tailings research has demonstrated exceptional filtration ability** – Facilitating both high density slurry and dry-stack tailings disposal.
- **Detailed core logging combined with multi-element geochemistry and XRD mineralogy has identified potential co-products** – Including scandium oxide (scandia) and manganese sulphate from the HPAL/MS circuit, and in the laterite overlying the Ni-Co-Sc ore zones recoverable High Purity Alumina (HPA, kaolin as precursor), scandium, vanadium and Rare Earth Elements (REE). The study has also generated Material Characterisation algorithms that allow mine waste to be variously characterised for environmental use around waste landforms and tailings management.

## Geo-metallurgical/Geological Research and Development

A geological model has been developed for the KNP (including GNCP) which consolidates the current 1,093 holes for 50,561m of Ardea drilling since listing in February 2017. The Ardea model focuses on the mineralised regolith (the weathered mantle), and its relationship to the underlying protolith (the unweathered ultramafic bedrock which is the ultimate source of the pay metals).

### High Purity Alumina

The research focus is the early-mined pits at Patricia Anne and Pamela Jean. Research in respect of the north Pamela Jean area has identified a kaolin playa lake. The kaolin is pure white with “camembert cheese texture” and a distinctive “blue” tinge in drill core. The material is clearly a coating grade kaolin and thus a potential feedstock for HPA.

For HPA production, research indicates two acid solvent possibilities:

- Mottled Laterite with Sc-V-Nd-Pd credits (1g/t PGM at Black Range), use hydrochloric acid as the solvent, to recover  $\text{AlCl}_3$  which is then calcined to HPA.
- Goethite-kaolinite-gibbsite laterite with Ni-Co-Sc in the upper nickel ore zone, HPAL  $\text{H}_2\text{SO}_4$  as the solvent, and then treating the tailings to remove saleable Al.

### Rare Earth Elements

With increased world-demand for Rare Earths reflecting their use in wind-turbine electricity generation and Electric Vehicle motors, desk-top research was completed on the full Ardea drill hole data base, defining multiple REE laterite settings.

Initial R&D desk-top research has focussed on REE recovery in the GNCP flow-sheet using a parallel circuit with scandium, utilising Ion Exchange from the autoclave discharge.

Historic REE drill intercepts were identified throughout the GNCP, notably:

- 0.15% Ce ABFR0164, 12-14m, east pit crest at Mavis Irene (Big Four).
- 0.08% Nd-0.02% Pr AGSR0392, 28-30m, east pit crest at Patricia Anne.

The REE enrichment mirrors Ni-Co enrichment being at the Magnesia Discontinuity within the regolith profile. This means the REEs are present in the autoclave feed in any event, constituting a potential additional credit.

The R&D desk-top program has identified that the east pit crests are the most favourable REE enrichment site, reflecting the contact of Walter Williams Formation olivine-rich rock (source of Ni-Co) and Siberia Komatiite alkaline volcanic (source of REEs).



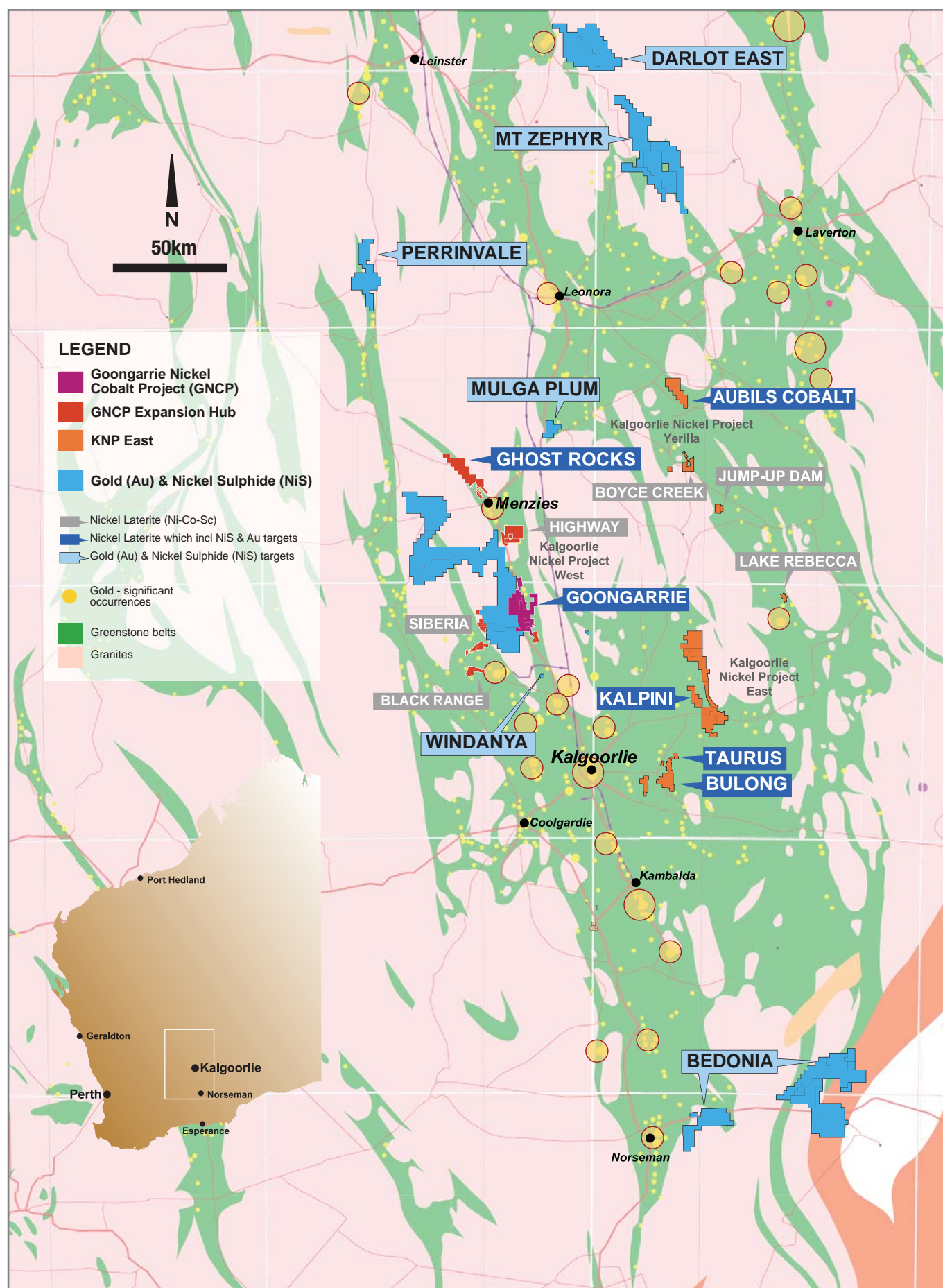


Figure 7: Ardea's Western Australian projects



## WA Gold and Nickel Sulphide projects

Ardea has a significant number of additional projects outside of the GNCP. Most of these projects host nickel-cobalt laterite resources (that could supplement future GNCP production), but also host significant “greenfields” gold and/or nickel sulphide mineralisation (see Figure 7).

The Ardea WA tenure covers approximately 3,500km<sup>2</sup> and represents a strategic land holding in one of Australia’s premier gold and nickel sulphide provinces. The KNP, Perrinvale, Mt Zephyr and Bedonia projects are all highly prospective for both gold and nickel sulphides.

In light of the record high Australian dollar gold price, Ardea has increased its exploration for gold mineralisation and is considering strategic opportunities which complement existing projects.

At Big Four, review of archived government records has identified historic 1980s drilling with intercepts of up to an ounce per tonne gold. A JORC compliant resource may be feasible once Ardea can complete confirmatory RC drilling.

Additional work has been approved to follow up on encouraging first phase Ardea reconnaissance gold results from Ghost Rocks, Mulga Plum, Taurus and Windanya. There is clear potential to define areas of old battery sands and mullock that are amenable to low volume, shallow-level mining and toll-mill opportunities.

The following summary provides an update on Ardea’s main WA projects.

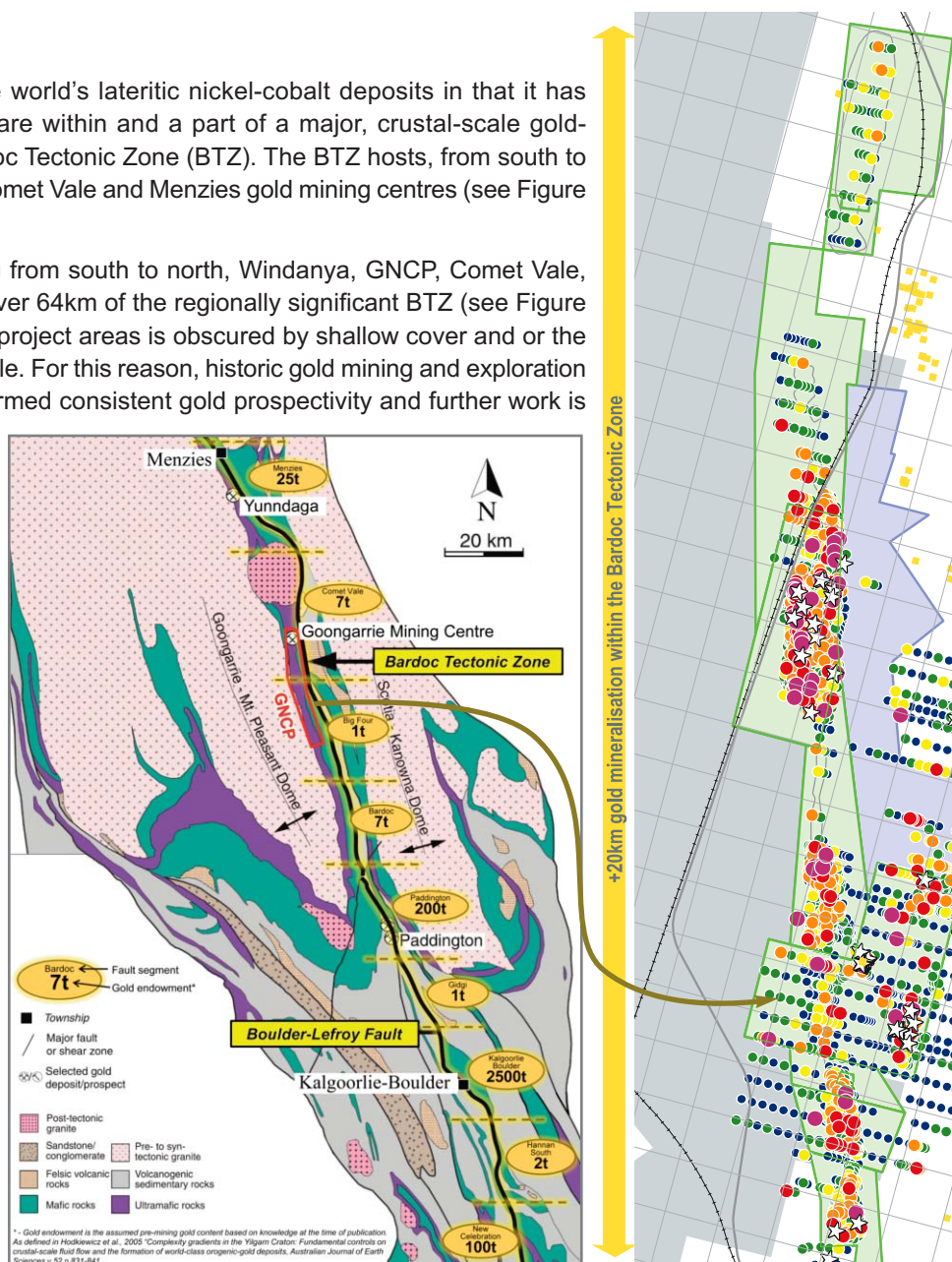
### Bardoc Tectonic Zone

Ardea’s GNCP is unique among the world’s lateritic nickel-cobalt deposits in that it has developed on ultramafic rocks that are within and a part of a major, crustal-scale gold-mineralised structure being the Bardoc Tectonic Zone (BTZ). The BTZ hosts, from south to north, the Paddington, Goongarrie, Comet Vale and Menzies gold mining centres (see Figure 8).

Ardea controlled tenements covering from south to north, Windanya, GNCP, Comet Vale, Highway and Ghost Rocks, extend over 64km of the regionally significant BTZ (see Figure 7). The majority of the BTZ on these project areas is obscured by shallow cover and or the development of the nickel laterite profile. For this reason, historic gold mining and exploration is limited, but Ardea’s work has confirmed consistent gold prospectivity and further work is planned to unlock the gold potential of these under-explored projects.

Ardea within the GNCP has demonstrated that strong, laterally extensive gold anomalism is present beneath the full 17 km strike length of the nickel-cobalt deposits. The exceptional thickness and grade of the GNCP laterite is interpreted to be directly attributable to deep and intense weathering along BTZ bedrock shear structures, particularly at the eastern contact of the Walter Williams Formation (WWF) laterite host rock with the stratigraphically overlying Siberia Komatiite. These same “laterite” structures in the current studies have had extensive gold anomalism confirmed (see Figure 8).

Figure 8: Gold endowment along the Bardoc Tectonic Zone and the contiguous Boulder-Lefroy Fault, after Hodkiewicz et al. 2005.





*Big Four: Aircore reconnaissance drilling*

Since their discovery, the lateritic deposits of the Goongarrie area have been extensively drilled and assayed for a range of elements, but only sporadically including gold. Where gold assay information is available, the results were generally overlooked by previous explorers.

Work is ongoing to define the likely controls on gold mineralisation at each known occurrence, which is utilising geochemical data in conjunction with interpretation of Ardea's proprietary high-resolution magnetic datasets and digitisation of historic data where available. Collation and integration of these datasets has enabled the design of follow up drill programs to test gold anomalies at depth.

As well as the main focus gold targets, 2019 sterilisation aircore drilling has identified geological settings prospective for nickel sulphide (Scotia nickel sulphide mine immediately east of Ardea GNCP tenure), Volcanogenic Massive Sulphide (VMS) of the Jaguar-Bentley style, nickel laterite in olivine cumulate facies of the Siberia Komatiite, magnesite neutraliser in WWF and Siberia Komatiite, scandium-vanadium laterite and Rare Earth Elements in alkaline volcanics.

### Ghost Rocks gold

The Ghost Rocks project area is located northwest of historic gold mining town Menzies (see Figure 7). Several prospect areas have been identified. Lady Isobel is associated with the BTZ at the northeast contact of the Ghost Rocks WWF nickel laterite. The Lady Isobel line of lode includes a major, historic underlay shaft, with Ardea mullock assays of up to 5.3g/t Au (Ardea Prospectus).

The Twelve Mile Base Metal Prospect has returned up to 0.6% Ni with 14.3% Cu in historic 1969 and 1974 rock-chip samples. A soil auger drilling and rock chip sampling program has been completed by Ardea, with low-order gold targets defined. Further work is being planned.

Additional tenure has been secured through purchases and application for open ground as it became available.

### Mulga Plum gold and VMS base metal-sulphur

The Mulga Plum Prospect is a gold-base metal-sulphur VMS target located 40km NE of Menzies between Ardea's Menzies and Aubils projects (see Figure 7). The properties are subject of a three year option with a prospector.

A surface mapping program commenced to assist with delineating controls on gold mineralisation and to delimit drill hole orientation for a shallow RC drilling program to confirm near-surface gold mineralisation and the potential for a resource to be defined. Ardea sampling of old workings returned up to 3g/t Au.



## Windanya gold

Windanya is a historical gold mining centre south of the Scotia Dam laterite that was operational in the 1900s. Today relic shafts, dumps, battery sands and a large tailings dam remain. Field work at Windanya has included mapping and auger drill sampling of workings, dumps and tailings dams. The gold mineralisation appears to be hosted on the contacts between a large quartz blow on a mafic/ultramafic contact. Several high-grade rock chip results, up to 20.50 g/t Au were returned highlighting project prospectivity.

Additional work has received statutory approval for follow-up on the gold potential of this project area.

## Taurus gold

A series of historical gold workings adjoining the Bulong laterite are being assessed. Initial sampling around old gold workings and tailings from battery sands has returned encouraging results up to 3g/t Au, with up to 150g/t Au recorded in historic drilling.

## Perrinvale nickel sulphide

The Ardea exploration target is based on recent nickel sulphide discoveries immediately west of Perrinvale made by St George Mining. Regional magnetic data highlights that the feature which hosts the St George Mining nickel sulphide discoveries, has an east to northeast strike and extends into Perrinvale. The nickel sulphide prospects are overlain by transported cover, so geophysical methods such as moving loop Electro Magnetic (EM) surveys were utilised for geological interpretation and to facilitate drill hole targeting.

Any nickel sulphide occurrence located at Perrinvale could be potential GNCP autoclave feed, to provide additional sulphur and nickel units to the reaction vessel.

## Mt Zephyr

The Mt Zephyr-Darlot East metallogenic model for Ardea's 910km<sup>2</sup> tenement holding is:

- The gold structural target is the shallow east-dipping Celia Lineament and 10km to the east (from north to south localises the Jupiter, Wallaby, Sunrise Dam gold mining centres).
- Syenite-host, Ardea assaying confirms an alkaline igneous association with distinctive Ba-Sr-Ce-La-Nd association, alteration is dominantly pyrite with subordinate sericite, and alteration chemistry dominantly anomalous As-Mo-W.

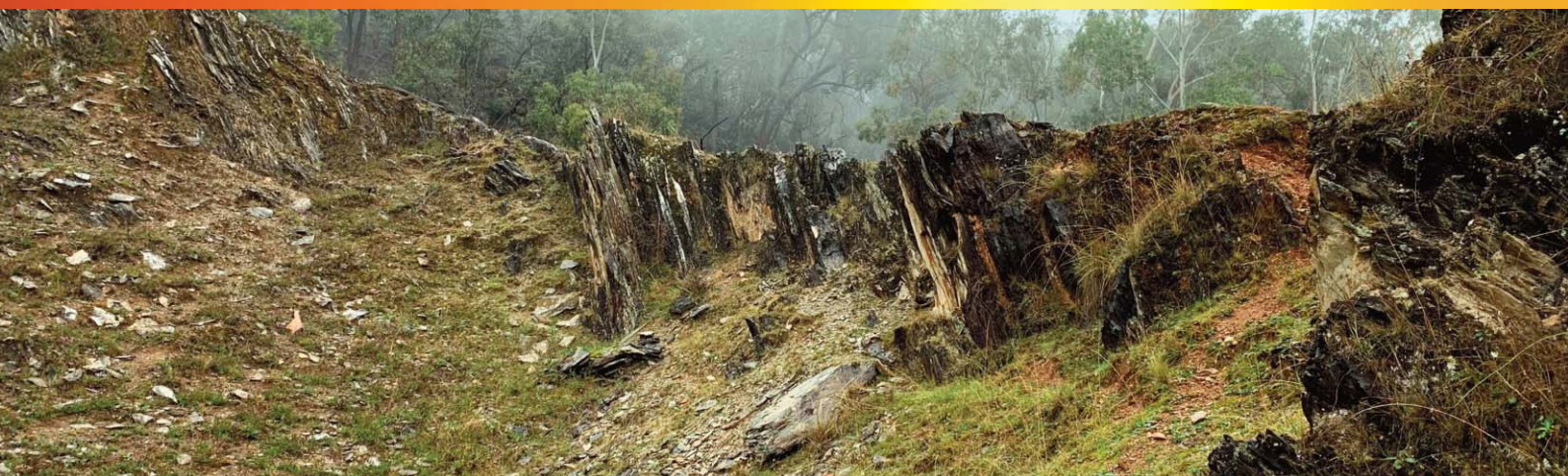
The Mt Zephyr project continues to be assessed to plan optimum follow-up work. With multiple targets defined at the Gale Gold, Jones A Nickel Sulphide and Dunn's Line Prospects. Ardea needs to consider the best strategy for this quality tenement portfolio. Current preference is to introduce a joint venture partner with excess gold plant production capacity, a strong balance sheet and track record of exploration success, which will generate cash whilst protecting Ardea's tight capital structure.

## Bedonia gold and nickel sulphide

The metallogenic model at Bedonia is nickel sulphide and Platinum Group Metals (PGM) associated with the Proterozoic-aged Jimberlana Dyke, with mineralisation at a historic prospect, Mordicus, as the proof of concept. Field programs by Ardea have identified targets at the Cleanthes and Lila gold prospects (historic drilling up to 2.7g/t Au) located on the Cunderlee Fault at the Albany Fraser Province western boundary.

Soil auger drilling programs have been designed and heritage clearance programs have been sought.





Lewis Ponds: Sulphide units exposed

## NSW Gold and Base Metals projects (100% Ardea)

Ardea has incorporated a wholly owned subsidiary, **Godolphin Resources Limited** (Godolphin) for the spin out of its central NSW projects, through an Initial Public Offering. The Godolphin tenure has multiple drill targets variously adjoining or along structure of Australia's truly elite gold-base metal operations and development projects including Cadia-Ridgeway gold-copper, Northparkes copper-gold, McPhillamys gold and of particular significance, the recent Boda-Kaiser gold-copper discovery (502m at 0.5g/t Au and 0.2% Cu).

Godolphin will go to the market with a large contiguous land holding covering regionally significant gold and base metal mineralised structures in a region that hosts some of the largest and lowest cost bulk mining gold and base metal operations in Australia (being Cadia-Ridgeway, Northparkes, Cowal).

Godolphin's development focus will be the Mount Aubrey epithermal gold and Lewis Ponds gold-silver-zinc projects associated with the Lachlan Transverse Zone (LTZ) of the Lachlan Fold Belt (LFB).

The proposed transaction is subject to various conditions, including approval by Ardea Shareholders at an Extraordinary General Meeting (EGM) proposed for Q4 2019 ahead of Prospectus issue and listing. The Ardea Board is committed to unlocking the significant value held in the LFB assets and believes that this is best achieved through the ASX listing of a focused, standalone gold and base metal exploration and development company, with dedicated funding and management team. An experienced, well-regarded Board has been appointed and exploration group established at Orange, central NSW.

The derivation of the Godolphin name is from the Godolphin-Narragal Fault, a crustal-scale structure that hosts significant mineral deposits along its entire strike length, including the 60km of strike held by Godolphin.

Since its listing in 2017, Ardea has become the second largest mineral tenement holder in NSW with Godolphin now holding some 3,216km<sup>2</sup>, with tenure being associated with the key LFB metallogenic provinces being the LTZ and Gilmore Suture. This dominant land position has been acquired through detailed project scale and regional data compilation and analysis. The work has highlighted the prospectivity of the Godolphin tenements and remarkably, the fact that this area is under-explored by modern standards.

Work completed thus far by Ardea has advanced its NSW projects by defining JORC-compliant resources for the Mount Aubrey, Yeoval and Lewis Ponds projects.

Table 2: 2019 Mineral Resource Estimate (JORC 2012). A full breakdown of the resources is presented in the Directors' Report Section of the Annual Report. Some rounding may occur.

Table 2 Project	Tonnes (Mt)	Au (g/t)	Ag (g/t)	Zn (%)	Pb (%)	Cu (%)	AuEq (g/t)	Cont. Au (Moz)	Cont. AuEq (Moz)
Mount Aubrey	1.21	1.61	-	-	-	-	1.61	0.06	0.06
Yeoval	12.80	0.14	2.20	-	-	0.38	0.56	0.06	0.23
Lewis Ponds	20.24	0.50	33.30	1.5	0.7	0.10	1.80	0.31	1.16
<b>TOTAL</b>	<b>34.25</b>	<b>0.40</b>	<b>20.48</b>	<b>0.9</b>	<b>0.4</b>	<b>0.20</b>	<b>1.32</b>	<b>0.43</b>	<b>1.45</b>



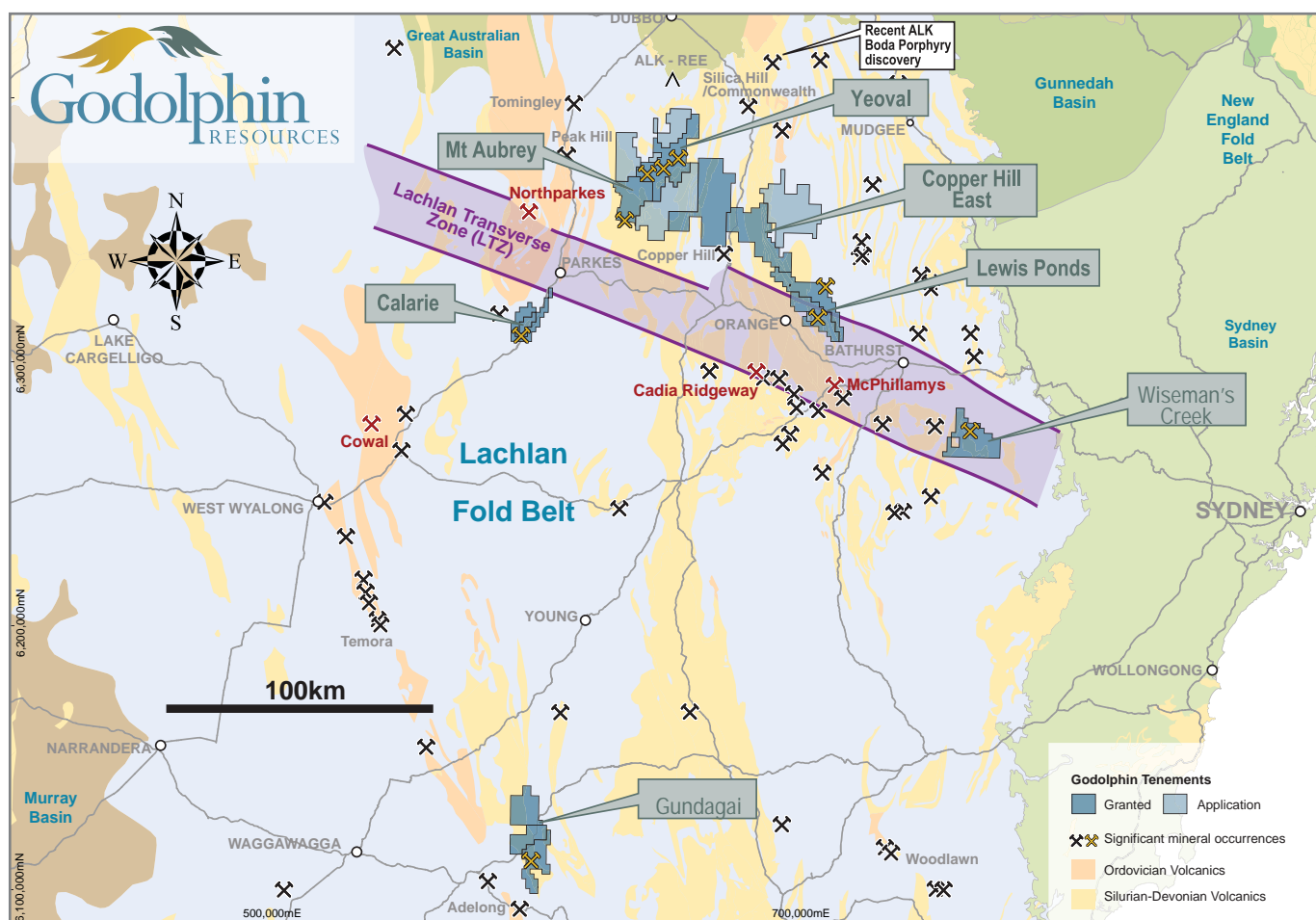


Figure 9: Ardea's projects in the highly prospective Lachlan Fold Belt of NSW. Projection: GDA94 Zone 55.

Work programs completed include land-holder access agreements, digitally capturing historic exploration data, geological mapping and soil auger geochemistry, leading to the definition of an exceptional portfolio of drill-ready targets across granted Godolphin tenure.

### Comparison to other deposits of the Lachlan Fold Belt

The Ardea concept to incorporate lower-grade, disseminated mineralisation into a potential bulk mining operation with Dense Media Separation upgrade of feed grades, is consistent with major operations in the central Lachlan Fold Belt, which are all low grade, bulk excavation-based mines. Gold equivalent (AuEq) values are compared for published endowments of major mining centres as a proxy for contained metal value to enable direct comparison between deposits and show the inherent value of the mineral assemblage within the Lewis Ponds resource and the comparatively high gold grade of the Mount Aubrey resource.

**Table 3** Grade comparison to other deposits of the Lachlan Fold Belt

<b>Lewis Ponds</b>	indicated & inferred	20.24Mt	1.80 Au eq*	20.24 Mt @ 0.5g/t Au, 33.3g/t Ag, 1.5% Zn, 0.7% Pb, & 0.1% Cu	4
<b>Mount Aubrey</b>	inferred	1.21Mt	1.61 Au eq*	1.21 Mt @ 1.61 g/t Au, 62.4 Koz Au	3
McPhillamys	indicated & inferred	69.8Mt	1.02 Au eq*	69.8 Mt @ 1.02 g/t Au, 2.293 Moz Au	2
Cowal	global	240.6Mt	0.96 Au eq*	240.6 Mt @ 0.96 g/t Au, 7.415 Moz Au	2
Northparkes	global	487.5Mt	0.79 Au eq*	487.5 Mt @ 0.56 % Cu, 0.18 g/t Au, and 1.75 g/t Ag	2
Cadia Valley	global	3170.0Mt	0.65 Au eq*	3170 Mt @ 0.37 g/t Au, 0.68 g/t Ag and 0.26 % Cu	2
Copper Hill	inferred	215.0Mt	0.57 Au eq*	215 Mt @ 0.24 g/t Au and 0.31 % Cu	1

Source references –1: NSW Dept of Industry, Resources & Environment, "Copper opportunities in NSW", Dec 2015. 2: NSW Dept of Industry, Resources & Environment, "Gold opportunities in NSW", Jul 2016. 3: Mount Aubrey Resource Update 28 August 2019. 4: Lewis Ponds Resource Update, 3 Sep 2019. Gold equivalents (AuEq) were defined using the following values (21 June 2019 US\$ price, recovery): Zn (\$2585/t, 80%), Au (\$1393/oz, 100%), Ag (\$15.50, 80%), Pb (\$1915/t, 80%), Cu (\$5960/t, 80%). Au equiv. = Au(g/t) + 0.011Ag(g/t) + 0.577Zn(%) + 0.428Pb(%) + 1.331Cu(%). Gold equivalence is subjective thus indicative only and is used to allow comparisons between major deposits of the region. Figures rounded off, so slight figure rounding discrepancies are possible.





*Mount Aubrey: volcanic breccia. This is called “mill-rock” in Canada, because when you are standing on it, you can hear the ore processing mill working away.*

## Lewis Ponds gold-base metal project – Lewis Ponds, Ophir, Copper Hill East, Mt Bulga and Caledonian gold-base metal project

These projects cover a 50km strike length of the highly prospective Godolphin-Narragal Fault, which hosts significant orogenic shear-hosted gold deposits including the McPhillamys 2.3Moz gold deposit some 20km south of Lewis Ponds and Volcanogenic Massive Sulphide (VMS) base metal deposits notably at Lewis Ponds and Mt Bulga.

*Table 4: Lewis Ponds September 2019 Mineral Resource Estimate (JORC 2012). A full breakdown of the resources is presented in the Directors’ Report Section of the Annual Report. Some rounding may occur.*

The Lewis Ponds data base compilation has been completed and integrated with historic and recent mapping data to update the geological model to form the basis for a resource update of:

Table 4 Category	Tonnes (Mt)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Pb (%)
Indicated	7.95	0.3	26.2	0.1	1.1	0.4
Inferred	12.29	0.6	37.8	0.1	1.7	0.8
<b>Total</b>	<b>20.24</b>	<b>0.5</b>	<b>33.3</b>	<b>0.1</b>	<b>1.5</b>	<b>0.7</b>

At Copper Hill East, the geological setting is favourable, being Macquarie Arc andesite (Fairbridge Volcanics). The aim is to locate gold-copper porphyry style intrusives comparable to Boda (50km north along structure) and Cadia Ridgeway (50km south along structure). A coincident magnetic high and copper geochemical anomaly has been defined by Ardea with drill hole targeting planned post the listing of Godolphin.

## Mount Aubrey epithermal gold-silver project

Mount Aubrey is located at the east contact of the highly mineralised Macquarie Arc Ordovician andesites some 30km northeast of Parkes and 30km southeast of the historic Peak Hill epithermal gold mine.

Mount Aubrey was acquired by Ardea as an epithermal gold system. Gold mineralisation is typically hosted by 0.5–3m thick chalcedonic epithermal quartz veins and stockworks. Three small pits mined the deposit in the late 1980s and were then back-filled in 1991 when the gold price was ~US\$350 per ounce. Mining only extended to a maximum depth of 40 metres and was limited to free dig material (the then landowner wouldn’t allow blasting).

Ardea has defined a maiden inferred mineral resource of 1.21Mt at 1.61g/t gold for 62,200 ounces. A full breakdown of the resources is presented in the Directors’ Report Section of the Annual Report.





*Gundagai: gold in quartz vein*

Only one kilometre of a seven-kilometre mineral system has been tested by drilling and where this limited drilling was undertaken, the average hole depth was only 42m. Drilling of this compelling target has received statutory approval and is set to commence immediately after Godolphin lists on ASX, with the expectation that additional ounces will be defined quickly and cost effectively.

## Yeoval Porphyry copper-gold-molybdenum-rhenium

Yeoval is located within the Macquarie Arc, 60km northeast of the Northparkes copper-gold mine. With four new tenement applications making Yeoval contiguous with Mount Aubrey and Copper Hill East, the Yeoval project now covers an area of 1,314km<sup>2</sup>. Yeoval is intensely mineralised with more than 60 historic copper workings trending in a north-easterly direction along a 20km strike. The Godolphin exploration model is a large tonnage porphyry copper-gold-molybdenum-rhenium system. Ardea has defined a maiden inferred resource of 12.8Mt at 0.38% copper, 0.14g/t gold, 2.20g/t silver and 120g/t molybdenum. A full breakdown of the resource is presented in the Directors' Report Section of the Annual Report.

## Wiseman's Creek gold-copper project

Wiseman's Creek is located 35km southeast of Bathurst, NSW, around the logging town of Oberon. Epithermal gold mineralisation within the tenure is hosted largely within Late Silurian to Early Devonian-aged sediments, with geology through the centre of the tenure comprising the andesitic Ordovician-aged Rockley Volcanics (equivalent units host the Cadia and Northparkes gold-copper operations).

## Gundagai gold-copper project

The Gundagai tenements are located 315km southwest of Sydney. Several old gold workings hosted by mineralised porphyry units exist in the Ardea tenure, with historic RC drilling at the Big Ben prospect returning up to 20 metres at 1.58g/t gold within a quartz-limonite-pyrolusite stockwork system. The Big Ben mineralised system is open to the south, under alluvial cover. Previous historic soil sampling located a >100ppb Au anomaly associated with and to the east of the Big Ben mineralisation.

Promising visual indications of gold mineralisation were noted around some of the historic Emu workings.

# 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 on 21 October 2013 and 31 July 2014, October 2016, 2016 Heron Resources Annual Report and 6 January 2017;
2. KNP Cobalt Zone Study on 7 August 2017, PFS 28 March 2018 and Expansion Study 24 July 2018;
3. Goongarrie Nickel Cobalt Project, Supplementary Prospectuses 10 February 2017, Ardea Annual Report November 2017, ASX announcements 28 June 2017, 4 July 2017, 28 August 2017, 14 March 2018, 24 July 2018, 8 October 2018;
4. Yeoval Resource Update, 15 August 2019.
5. Mount Aubrey Resource Update, 28 August 2019.
6. Lewis Ponds Resource Update, 3 September 2019.

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 are subject to new work programs, notably drilling, metallurgy and JORC Code 2012 resource estimation as applicable.

The information in this report that relates to Exploration Results and Resource Estimates for the Goongarrie Nickel Cobalt Project is based on information originally compiled by previous and current full-time employees of Heron Resources Limited and current full-time employees of Ardea Resources Limited. The Exploration Results, Resource Estimates 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 industry benchmarking 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 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.

The information in this report that relates to Mineral Resources for Mount Aubrey, Yeoval and Lewis Ponds is based on information compiled or reviewed by Johan Lambrechts, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Lambrechts 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 being 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 Lambrechts consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## ASX CHAPTER 5 COMPLIANCE AND PFS CAUTIONARY STATEMENT

The Company has concluded that it has a reasonable basis for providing the forward-looking statements and forecast financial information included in this announcement. The detailed reasons for that conclusion are outlined throughout this announcement and all material assumptions, including the JORC modifying factors, upon which the forecast financial information is based are disclosed in this announcement. This announcement has been prepared in accordance with the JORC Code (2012) and the ASX Listing Rules.

The actual results could differ materially from a conclusion, forecast or projection in the forward-looking information. Certain material factors were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information.

The Goongarrie Nickel Cobalt Project is at the PFS phase and although reasonable care has been taken to ensure that the facts are accurate and/or that the opinions expressed are fair and reasonable, no reliance can be placed for any purpose whatsoever on the information contained in this document or on its completeness. Actual results and developments of projects and the scandium market development may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.

A key conclusion of the PFS and Expansion Study, which are based on forward looking statements, is that the Goongarrie Nickel Cobalt Project is considered to have positive economic potential.

The Mineral Resource used for the PFS was classified under JORC 2012 Guidelines and announced by the Company on 14 March 2018. The cut-off grades adapted for the PFS and reported in Table 3.1 of the PFS are the basis of the production target assumed for the PFS.

The Company believes it has a reasonable basis to expect to be able to fund and further develop the Goongarrie Nickel Cobalt Project. However, there is no certainty that the Company can raise funding when required.





The Directors present their report on Ardea Resources Limited and the entities it controlled at the end of and during the year ended 30 June 2019 ("financial period").

## DIRECTORS & SENIOR MANAGEMENT

The names and details of the Directors and Senior Management of Ardea Resources Limited during the financial period and until the date of this report are:

**Katina Law** – B.Com., CPA, MBA, GAICD

### Executive Chair

Appointed 7 November 2016

Katina Law has over 25 years experience in the mining industry covering corporate and site based roles across several continents. Over the past ten years she has worked with a number of ASX-listed resources companies in strategic, financial advisory and general management roles. She has worked on a number of development and evaluation projects which were later subject to corporate transactions including the Deflector gold and copper project and the King Vol polymetallic zinc project. Ms Law was Executive Director and CEO of East Africa Resources Limited from 2012 to 2015. Ms Law has also held senior positions at Newmont Mining Corporation's head office in Denver, USA and at LionOre International based in Perth. Ms Law has a Bachelor of Commerce degree from UWA, is a Certified Practising Accountant and has an MBA from London Business School.

She is currently a non-executive Director of headspace and is Chair of ASX listed Yandal Resources Limited (1 July 2018 to present). Ms Law has no other public company directorships.

**Ian Buchhorn** – BSc (Hons), Dipl. Geosci (Min. Econ), MAusIMM

### Executive Director

Appointed 17 August 2016

Ian Buchhorn is a Mineral Economist and Geologist with over 30 years experience. He was the founding Managing Director of Heron Resources Limited for a period of 11 years until early 2007 and returned to that role in October 2012 after a period as Executive Director. Mr Buchhorn previously worked with a number of international mining companies and has worked on nickel, bauxite and industrial mineral mining and exploration, gold and base metal project generation and corporate evaluations. For the last 25 years Mr Buchhorn has acquired and developed mining projects throughout the Eastern Goldfields of Western Australia and has operated as a Registered Mine Manager.

During the three years prior to the end of this financial period, Mr Buchhorn has been a Director of Heron Resources Limited (17 February 1995 to 2 June 2017), RBR Group Limited (19 August 2005 to 19 April 2018) and Golden Cross Resources Limited (3 March 2014 to 13 July 2016).

**Wayne Bramwell** – BSc, GradDipBus. MSc, GAICD

### Non-Executive Director

Appointed 29 January 2018

Wayne Bramwell is an experienced mining executive with over 25 years of international and Australian project evaluation and development expertise across the base metals, precious metals and bulk commodity sectors.

Mr Bramwell holds a Bachelor of Science (Mineral Science - Extractive Metallurgy), Graduate Diploma of Business, Master of Science (Mineral Economics) and is a Graduate of the Australian Institute of Company Directors (GAICD). He is a former Chairman of the Bentley Branch of the WA School of Mines Alumni (WASMA) and Director of resources sector consultancy firm, Sabre Ventures Pty Ltd.

During the three years prior to the end of this financial period, Mr Bramwell has been a Director of Kasbah Resources Limited (31 October 2005 to 8 February 2017) and the Chief Executive Officer of Artemis Resources Limited (June 2018 to June 2019).



**Andrew Penkethman** – BSc, FAusIMM, MAIG

**Chief Executive Officer**

Appointed 1 April 2019

Andrew Penkethman is a resources sector executive and geologist with 25 years experience in the resources industry. His technical skills include project evaluation, early stage and near mine exploration, resource development, feasibility study management, permitting, stake holder engagement and mine development across open pit and underground operations within Australia and overseas. Commodities experience includes gold, base metals, battery minerals and energy commodities over a range of geological settings.

Mr Penkethman's technical expertise is complimented by over 13 years in executive roles with a strong corporate focus including strategic partner processes, joint venture management, financial modelling, and project acquisition and divestment. Mr Penkethman has ASX, AIM and TSX equity markets experience. He holds a Bachelor of Science degree from the University of Wollongong, is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists.

## COMPANY SECRETARY

**Robert (Sam) Middlemas** – B.Com., PGradDipBus. CA

Mr Middlemas was appointed Company Secretary and Chief Financial Officer on 20 October 2016. He is a chartered accountant with more than 20 years experience in various financial, board and company secretarial roles with a number of listed public companies operating in the resources sector. He is the principal of a corporate advisory company which provides financial and secretarial services specialising in capital raisings and initial public offerings. Previously Mr Middlemas worked for an international accountancy firm. His fields of expertise include corporate secretarial practice, financial and management reporting in the mining industry, treasury and cash flow management and corporate governance.

## PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial period consisted of mineral exploration and development in Western Australia and New South Wales.

There have been no significant changes in these activities during the financial period.

## DIVIDENDS

No dividend has been paid and no dividend is recommended for the current financial period.

## REVIEW OF OPERATIONS AND ACTIVITIES

The Consolidated Entity recorded an operating loss after income tax for the Financial Period ended 30 June 2019 of \$1,487,734 (2018 - \$3,814,139).

Ardea is a mineral exploration and development group, currently focussed on its nickel, cobalt and scandium Goongarrie project and gold and nickel sulphide exploration in Western Australia and gold, silver, zinc, copper and lead mineralisation in NSW.

Ardea's strategy for ultimate growth is to combine the following elements:

- Ongoing commitment to the identification and review of projects/corporate opportunities that have the capacity to successfully develop into a profitable mine.
- Maximise the commercial value of the existing tenement portfolio through the ongoing establishment and maintenance of suitable joint ventures and other alternate funding arrangements where appropriate.

Ardea's major projects are as follows:

- Nickel, gold and other base metals in WA within a quality tenement portfolio covering approximately 3,500km<sup>2</sup>
- Gold and base metals in NSW, within a quality tenement portfolio covering 3,216km<sup>2</sup>





## Western Australia

### Kalgoorlie Nickel Project (KNP) and Goongarrie Nickel Cobalt Project (GNCP)

The key objective for Ardea is commissioning a nickel-cobalt mining operation at Goongarrie within the KNP.

The KNP is comprised of a series of major undeveloped nickel-cobalt laterite deposits, totalling 773.0 Mt at 0.70% nickel and 0.05% cobalt which is located within 150 km of the regional mining city of Kalgoorlie-Boulder, WA. With total contained nickel metal tonnages of over 5.4Mt and total contained cobalt metal tonnages of over 400,000t, the KNP is a globally significant battery metal resource and the largest deposit of its kind in Australia. The resource category breakdown is as follows:

Table 5 – Resource Estimate for the KNP based on a 0.5 % nickel cut-off. Note that all values have been rounded appropriate to their deemed accuracy, so totalling values may not appear accurate. A full breakdown of the resources is presented in Table 6 next page.

Resource Category	Quantity (Mt)	Nickel (%)	Cobalt (%)	Contained nickel (t)	Contained cobalt (t)
Measured	9.6	1.02	0.10	98,800	9,700
Indicated	232.9	0.75	0.06	1,759,700	141,200
Inferred	530.5	0.68	0.05	3,600,000	254,400
<b>KNP Total Resources</b>	<b>773.0</b>	<b>0.70</b>	<b>0.05</b>	<b>5,458,400</b>	<b>405,400</b>

Since listing in February 2017, Ardea drilling focused on geometallurgical research and expanding higher grade resources to recover samples for Pre-Feasibility Study (PFS) and Expansion Study metallurgy and bench and pilot-scale testing.

#### Drilling

On the GNCP, Ardea have now completed 50,561m of drilling since listing in February 2017. During the 2019 financial year Ardea completed 273 drill holes for 14,433 metres for GNCP resource definition and 265 air core drill holes for 4,876 metres for gold targetting and sterilisation drilling around infrastructure sites.

#### Metallurgy

Significant metallurgical test work has been completed on samples obtained from drilling. This work has included the successful completion of a pilot plant program which produced high specification nickel and cobalt sulphate, which is the preferred product for use in cathodes for Electric Vehicle and Static Storage batteries.

#### Approvals

Referral to EPA is linked to the Strategic Partner Process and finalising project scale and scope.

#### Definitive Feasibility Study, Goongarrie

The completion of the Definitive Feasibility Study is linked to the Strategic Partner process, to agree on projects scale and end product specification. Feasibility Study work completed to date supports a robust project development:

- Pre-Feasibility Study, lodged 28 March 2018, based on a production rate up to 1.5Mtpa;

Case	Pre-tax NPV <sub>8</sub>	Post-tax NPV <sub>8</sub>	IRR	Payback
1.0Mtpa PFS	A\$1.43 billion	A\$1.04 billion	25 %	5.3 years
1.5Mtpa PFS	A\$1.93 billion	A\$1.40 billion	25 %	5.6 years

- Expansion Study, lodged 24 July 2018, based on a production rate up to 2.25Mtpa;

Case	Pre-tax NPV <sub>8</sub>	Post-tax NPV <sub>8</sub>	IRR	Payback
2.25Mtpa ES	A\$3.1 billion	A\$2.3 billion	27 %	5.1 years

- Initial Ore Reserve of 40.1Mt at 0.82% Ni and 0.09% Co, within a Goongarrie resource of 215.6Mt at 0.71% Ni and 0.06% Co.
- Pilot testing R&D was completed on a 7.5 tonne bulk drill core sample, returning metal extractions of up to 94% as predicted from 2017 batch tests. High specification nickel and cobalt sulphate crystal production was confirmed.



Table 6 – Resource breakdown of the overall KNP resource, based on a nickel cut-off of 0.5 %. Note that all values have been rounded appropriate to their deemed accuracy, so totalling values may not appear accurate.

Region	Camp	Prospect	Resource Category	Size (Mt)	Nickel (%)	Cobalt (%)	Contained nickel (t)	Contained cobalt (t)	Estimation method	Estimate source	Study period
KNP WEST	Goongarrie	Goongarrie South	Measured	5.8	1.08	0.14	62,900	7,900	Krige	HGMC	2071 PFS
			Indicated	51.4	0.78	0.08	403,800	42,800	Krige	HGMC	2071 PFS
			Inferred	25.8	0.63	0.07	161,500	17,500	Krige	HGMC	2071 PFS
		Highway	Indicated	52.9	0.66	0.04	349,100	22,200	Krige	Heron	Post 2010 PFS
			Inferred	34.1	0.64	0.04	218,100	12,900	Krige	Heron	Post 2010 PFS
		Ghost Rocks	Inferred	47.3	0.66	0.04	312,900	19,900	Krige	Heron	Post 2010 PFS
		Goongarrie Hill	Inferred	53.6	0.60	0.04	323,700	19,800	Krige	Heron	Post 2010 PFS
		Big Four	Indicated	34.2	0.71	0.08	241,700	28,700	Krige	HGMC	2071 PFS
			Inferred	7.6	0.61	0.09	46,700	6,800	Krige	HGMC	2071 PFS
		Scotia	Inferred	11.2	0.77	0.08	86,200	9,000	Krige	Snowden	Pre 2010 PFS
		Goongarrie subtotal	Measured	5.8	1.08	0.14	62,900	7,900			
			Indicated	138.5	0.72	0.07	994,600	93,700			
			Inferred	179.6	0.64	0.05	1,149,200	85,900			
	Siberia	Siberia South	Inferred	96.5	0.65	0.03	631,100	33,200	Krige	Snowden	Pre 2010 PFS
		Siberia North	Indicated	10.0	0.64	0.05	64,000	5,100	Krige	Snowden	Post 2010 PFS
		Siberia North	Inferred	53.3	0.65	0.04	349,000	23,100	Krige	Snowden	Post 2010 PFS
		Black Range	Inferred	20.1	0.75	0.10	149,000	20,000	Krige	Snowden	Pre 2010 PFS
		Siberia subtotal	Indicated	10.0	0.64	0.05	64,000	5,100			
			Inferred	170.0	0.67	0.05	1,130,800	77,000			
KNP WEST	TOTAL	Measured	5.8	1.08	0.14	62,900	7,900				
		Indicated	148.5	0.71	0.07	1,058,600	98,800				
		Inferred	349.5	0.65	0.05	2,280,000	162,900				
KNP EAST	Bulong	Taurus	Inferred	14.2	0.84	0.05	119,000	7,300	Krige	Snowden	Pre 2010 PFS
		Bulong East	Indicated	15.9	1.06	0.06	168,000	8,800	Krige	Snowden	Pre 2010 PFS
			Inferred	24.0	0.79	0.05	189,100	12,700	Krige	Snowden	Pre 2010 PFS
		Bulong subtotal	Indicated	15.9	1.06	0.06	168,000	8,800			
			Inferred	38.2	0.81	0.05	308,100	20,000			
	Hampton	Kalpini	Inferred	75.0	0.73	0.04	549,700	32,600	Krige	Snowden	Pre 2010 PFS
		Hampton subtotal	Inferred	75.0	0.73	0.04	549,700	32,600			
	KNP EAST	TOTAL	Indicated	15.9	1.06	0.06	168,000	8,800			
			Inferred	113.2	0.76	0.05	857,800	52,700			
KNP YERILLA	Yerilla	Jump Up Dam	Measured	3.8	0.94	0.05	35,900	1,800	Krige	Snowden	2009 PFS
			Indicated	41.6	0.78	0.04	326,700	18,000	Krige	Snowden	2009 PFS
			Inferred	18.4	0.63	0.03	116,400	6,300	Krige	Snowden	2009 PFS
		Boyce Creek	Indicated	26.8	0.77	0.06	206,400	15,500	Krige	Heron	2009 PFS
		Aubils	Inferred	49.4	0.70	0.07	345,800	32,600	Krige	Heron	2009 PFS
	KNP YERILLA	TOTAL	Measured	3.8	0.94	0.05	35,900	1,800			
			Indicated	68.4	0.78	0.05	533,000	33,500			
			Inferred	67.8	0.68	0.06	462,200	38,900			
KNP OVERALL		Measured	9.6	1.03	0.10	98,800	9,700				
		Indicated	232.9	0.76	0.06	1,759,700	141,200				
		Inferred	530.5	0.68	0.05	3,600,000	254,400				
		GRAND TOTAL	Global	773.0	0.71	0.05	5,458,400	405,400			

## Strategic Partner Search

KPMG Australia Corporate Finance's Metals and Mining team is running a competitive process to identify and attract one or more strategic partners to support the development of the GNCP. Interest remains high in securing nickel and cobalt off-take, but any commitment must be linked to a project financing commitment. Discussions are continuing with interested parties.





## WA Gold-Nickel Exploration

Ardea's GNCP is unique among the world's lateritic nickel-cobalt deposits in that it has developed on ultramafic rocks that are within and a part of a major, crustal-scale gold-mineralised structure being the Bardoc Tectonic Zone (BTZ). The BTZ hosts, from south to north, the Paddington, Goongarrie, Comet Vale and Menzies gold mining centres.

Drilling at the BTZ within the GNCP has defined significant results, such as, ABFA0245: 6m at 2.0g/t Au from surface and ABFA0188: 24m at 0.8g/t Au from 12m. Strong, laterally extensive gold anomalism is present beneath the full 15km strike length of the nickel-cobalt orebodies of the GNCP. Historical data compilation and detailed structural interpretation over the BTZ is a current focus for the Company so that follow up exploration can be planned which accounts for the considerable gold potential of this under explored area.

Exploration drilling at Mt Zephyr identified a number of gold and base metal targets. The standout drill result was, AMZR0006: 96.00m @ 0.3 g/t Au from 2m within granitoid host-rock. This result shows parallels to the Jupiter and Wallaby gold deposits to the south which are also bulk tonnage systems located within granites, up-dip on the Celia Lineament.

Gold and base metal target generation and ranking is being undertaken at BTZ, Mulga Plum, Taurus, Kalpini and Bedonia.

Several nickel sulphides targets have been identified such as the Cathedrals Belt on the western margin of the highly prolific Eastern Goldfields Province, which is Australia's newest recognised nickel belt. Ardea completed a moving loop electromagnetic (MLEM) survey over selected portions of the Cathedrals Belt East Extension in late September 2019. The methodology of the geophysical survey is similar to the technique utilised successfully throughout the Cathedrals Belt to the west to define mineralised EM conductors. Definition of any such conductors will require drill testing.

Other nickel sulphide targets such as Emu Lake east of Silver Swan have well defined EM targets with drill testing commenced in September 2019 with disseminated sulphides intersected in what is more likely a Volcanogenic Massive Sulphide (VMS) setting. Additional targets continue to be defined and ranked for future exploration.

## New South Wales

Ardea has significantly progressed the spin-out of its Lachlan Fold Belt (LFB) gold and base metal tenements into a new Initial Public Offering (IPO) named Godolphin Resources Limited (Godolphin).

Godolphin will offer existing Ardea shareholders, and new subscribers to the IPO, exposure to a publicly-listed company with a portfolio of mineral assets in the highly prospective LFB region of NSW. The Ardea Board is committed to unlocking the significant value held in these assets, and believe that this is best achieved through the ASX listing of a focused, standalone gold and base metal exploration and development company, with dedicated funding and a specialist board and management team.

Godolphin Resources Limited has been registered as a wholly-owned subsidiary of Ardea with title to the NSW assets being transferred to Godolphin.

Since its listing in 2017, Ardea has become the second largest mineral tenement holder in NSW with 3,216km<sup>2</sup>, with tenure being associated with the key LFB metallogenic provinces being the Lachlan Traverse Zone (LTZ) and Gilmore Suture. The dominant land position has been acquired based on detailed project scale and regional data compilation and analysis. This work has been carried out by the dedicated exploration team based in Orange with support from Ardea management. The work has highlighted the prospectivity of the Godolphin tenements and remarkably the fact that this area is under explored by modern standards.

Work completed thus far by Ardea has advanced its NSW projects by defining new and updated Mineral Resource Estimates (JORC 2012) in August 2019 for Mount Aubrey (Inferred) and Yeoval (Inferred) and for Lewis Ponds (Inferred and Indicated) in September 2019. A summary of these Mineral Resource estimates is shown in Table 7, below.

*Table 7: Summary of Mineral Resources (JORC (2012) contained within Godolphin tenements. A full breakdown of the resources is presented in Table 8, 9 and 10 below. Some rounding may occur.*

Project	Tonnes (Mt)	Au (g/t)	Ag (g/t)	Zn (%)	Pb (%)	Cu (%)	AuEq (g/t)	Cont. Au (Moz)	Cont. AuEq (Moz)
<b>Mount Aubrey</b>	1.21	1.61	-	-	-	-	1.61	0.06	0.06
<b>Yeoval</b>	12.80	0.14	2.20	-	-	0.38	0.56	0.06	0.23
<b>Lewis Ponds</b>	20.24	0.50	33.30	1.5	0.7	0.10	1.80	0.31	1.16
<b>TOTAL</b>	<b>34.25</b>	<b>0.40</b>	<b>20.48</b>	<b>0.9</b>	<b>0.4</b>	<b>0.20</b>	<b>1.32</b>	<b>0.43</b>	<b>1.45</b>



Table 8: Mount Aubrey August 2019 Mineral Resource Estimate (JORC 2012). Some rounding may occur.

Mount Aubrey Category	Cut-off (Au g/t)	Tonnes (Mt)	Au (g/t)	Cont Au (oz)
Inferred	≥ 0.50	1.21	1.61	62,400
<b>Total</b>		<b>1.21</b>	<b>1.61</b>	<b>62,400</b>

Table 9: Yeoval August 2019 Mineral Resource Estimate (JORC 2012). \*Based on a 0.2% Cu cut-off. Some rounding may occur.

Yeoval Category	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Mo (g/t)
Inferred	12.8	0.38	0.14	2.20	120
<b>Total</b>	<b>12.8</b>	<b>0.38</b>	<b>0.14</b>	<b>2.20</b>	<b>120</b>

Table 10: Lewis Ponds September 2019 Mineral Resource Estimate (JORC 2012). Some rounding may occur.

Lewis Ponds Category	Tonnes (Mt)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Pb (%)
Indicated	7.95	0.3	26.2	0.1	1.1	0.4
Inferred	12.29	0.6	37.8	0.1	1.7	0.8
<b>Total</b>	<b>20.24</b>	<b>0.5</b>	<b>33.3</b>	<b>0.1</b>	<b>1.5</b>	<b>0.7</b>

Work programs completed on the NSW projects include digitally capturing and verifying historic exploration data, geological mapping and soil auger geochemistry leading to the definition of walk-up drill targets on all granted tenure.

These targets include multiple Boda gold-copper porphyry style targets (Alkane Resources ASX release 9 September 2019, KSDD003, 502m @ 0.48g/t gold and 0.2% copper from 211 metres). The nearest Godolphin tenement is about 25km SW across structure from Alkane's Boda prospect. The favourable host rock volcanics for this type of gold-copper porphyry target extend from Cadia Ridgeway, about 110km to the south of Boda, northwards through Godolphin's Copper Hill East project, located approximately mid-way between the two, 50km to the south of Boda. Ardea have defined a coincident magnetic high and surface geochemical copper target defined from auger sampling, ready for follow up exploration post listing of Godolphin.

## CORPORATE AND FINANCIAL POSITION

As at 30 June 2019 the Consolidated Entity had cash reserves of \$11.2 million (2018 - \$19.2 million).

## RISK MANAGEMENT

The Board is responsible for the oversight of the Consolidated Entity's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management with the CEO having ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk to the Consolidated Entity are highlighted in the Business Plan presented to the Board by the CEO each year.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of operations and the financial position of the Consolidated Entity.

### EARNINGS/LOSS PER SHARE

	2019 Cents	2018 Cents
Basic loss per share	(1.41)	(4.49)
Diluted loss per share	(1.41)	(4.49)





## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors the following significant changes in the state of affairs of the Consolidated Entity that occurred during the financial period under review:

- During the year there were 1,155,011 IPO Options exercised at 25 cents and converted into fully paid ordinary shares which raised total funds of \$288,753.

## OPTIONS/PERFORMANCE RIGHTS OVER UNISSUED CAPITAL

### *Unlisted Options*

During the financial period and to the date of this report the following options were on issue as follows:

<i>Number of Options on Issue</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
5,008,582	25 cents each	9 February 2020

The above options represent unissued ordinary shares of the Company under option as at the date of this report. These unlisted options do not entitle the holder to participate in any share issue of the Company.

The holders of unlisted options are not entitled to any voting rights until the options are exercised into ordinary shares.

The names of all persons who currently hold options granted are entered in a register kept by the Company pursuant to Section 168(1) of the Corporations Act 2001 and the register may be inspected free of charge. No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

During the year there were 1,155,011 of these IPO Options exercisable at 25 cents any time prior to 9 February 2020 converted into fully paid ordinary shares which raised total funds of \$288,753, and subsequent to the financial year end a further 6,146,429 IPO Options have been exercised raising a further \$1,536,608.

### *Performance Rights*

During the year the Company issued a further 830,000 Performance Rights to Directors and Employees under the Ardea Performance Rights Plan that was approved at the 2017 AGM and 430,000 Performance Rights lapsed following Employees leaving the Company. Subsequent to the end of the financial year a further 1,941,000 new Performance Rights were issued and a further 170,000 Performance Rights lapsed.

## CORPORATE STRUCTURE

Ardea Resources Limited (ACN 614 289 342) is a Company limited by shares that was incorporated on 17 August 2016 and is domiciled in Australia.

## EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen since the end of the financial period any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Consolidated Entity to affect substantially the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years except for the exercise of 6,146,429 IPO 25 cent options which has raised \$1,536,608.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Consolidated Entity are included elsewhere in this Annual Report. Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors, to do so would be likely to prejudice the business activities of the Consolidated Entity.

## ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity holds various exploration licences and similar tenure to regulate its exploration activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities. So far as the Directors are aware there has been no known breach of the Consolidated Entity's licence conditions and all exploration activities comply with relevant environmental regulations.



## INFORMATION ON DIRECTORS

As at the date of this report the Directors' interests in shares and unlisted performance rights of the Consolidated Entity are as follows:

Director	Title	Directors' Interests in Ordinary Shares	Directors' Interests in Performance Rights
Katina Law	Executive Chair Appointed on 7 November 2016	1,008,046	600,000
Ian Buchhorn	Non-Executive Director Appointed on 17 August 2016	12,511,440	600,000
Wayne Bramwell	Non-Executive Director Appointed on 29 January 2018	-	450,000

## DIRECTORS' MEETINGS

The number of meetings of the Consolidated Entity's Directors held in the period each Director held office during the financial period and the numbers of meetings attended by each Director were:

Director	Board of Directors' Meetings	
	Meetings Attended	Meetings held while a director
Katina Law	10	10
Ian Buchhorn	10	10
Wayne Bramwell	10	10

In addition to the above there were 2 Audit Committee Meetings and 1 Remuneration Committee Meeting held with the full board in attendance at each Meeting.

## REMUNERATION REPORT

Recommendation 8.1 of the *ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd edition)* states that the Board should establish a Remuneration Committee. The Board has formed the view that given the number of Directors on the Board, this function could be performed just as effectively with full Board participation. Accordingly it was resolved that there would be no separate Board sub-committee for remuneration purposes.

This report details the amount and nature of remuneration of each Director of the Consolidated Entity and executive officers of the Consolidated Entity during the period.

### Overview of Remuneration Policy

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and the executive team. The broad remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide the Managing Director (or CEO) and the executive team with a remuneration package consisting of a fixed and variable component that together reflects the person's responsibilities, duties and personal performance. An equity based remuneration arrangement for the Board and the executive team was put in place following the 2017 AGM approval. The remuneration policy is to provide a fixed remuneration component and short term incentive payments with a specific equity related component, with performance conditions. The Board believes that this remuneration policy is appropriate given the stage of development of the Consolidated Entity and the activities which it undertakes and is appropriate in aligning Director and executive objectives with shareholder and business objectives.

The remuneration policy in regard to setting the terms and conditions for the Managing Director (or CEO) has been developed by the Board taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.





Directors receive a superannuation guarantee contribution required by the government, which is currently 9.5% per annum and do not receive any other retirement benefit. Some individuals, however, have chosen to sacrifice part or all of their salary to increase payments towards superannuation.

All remuneration paid to Directors is valued at cost to the Consolidated Entity and expensed. Options and Performance Rights are valued using either the Black-Scholes methodology or the Binomial model. In accordance with current accounting policy the value of these options is expensed over the relevant vesting period.

### **Non-Executive Directors**

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting and was approved at a maximum of \$500,000 at the 2017 AGM. Actual remuneration paid to the Consolidated Entity's Non-Executive Directors is disclosed below. Remuneration fees for Non-Executive Directors are not linked to the performance of the Consolidated Entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Consolidated Entity and it is intended all will receive options or performance rights.

### **Senior Executives and Management**

The Consolidated Entity aims to reward executives with a level of remuneration commensurate with their position and responsibilities within the Consolidated Entity so as to:

- Reward executives for Consolidated Entity and individual performance against targets set by reference to appropriate benchmarks;
- Reward executives in line with the strategic goals and performance of the Consolidated Entity; and
- Ensure that total remuneration is competitive by market standards.

### **Structure**

Remuneration consists of the following key elements:

- Fixed remuneration;
- Issuance of unlisted options/performance rights; and
- Short term incentive payments.

### **Fixed Remuneration**

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis including any employee benefits eg. motor vehicles) as well as employer contributions to superannuation funds.

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Remuneration packages for the staff who report directly to the Managing Director (or equivalent) are based on the recommendation of the Managing Director (or equivalent), subject to the approval of the Board in the annual budget setting process.

### **Service Agreements**

Mr Andrew Penkethman was appointed as Chief Executive Officer on 1 April 2019 and is employed under an executive services agreement on a salary of \$280,000 plus statutory superannuation and short and long term incentives. He was awarded 1,200,000 Performance Rights in 3 equal tranches by the board on 7 July 2019 under the Employee Share Option Scheme that was approved at the 2017 AGM. The agreement is subject to a mutual 3 month notice period.

Mr Ian Buchhorn was appointed as an Executive Director - Technical on 8 September 2017 and is employed under an executive services agreement on a salary of \$330,000 plus statutory superannuation and short and long term incentives. He was awarded 900,000 Performance Rights in 3 equal tranches that were approved by shareholders at the 2017 AGM. The first tranche of these converted into fully paid ordinary shares in 2018 following achievement of the first performance hurdle. The agreement is subject to a mutual 3 month notice period.



Details of the nature and amount of each element of the remuneration of each Director and Executive Officer of Ardea Resources Limited paid/accrued during the financial period are as follows:

	Primary	Post Employment	Equity Compensation	
	Base Salary /Fees	Motor Vehicle /Bonus	Super- annuation Contributions	Performance Rights
	\$	\$	\$	\$
<b>2018/2019</b>				
<b>Directors</b>				
K Law – Executive Chair <sup>(i)</sup>	195,000	0	0	68,562
I Buchhorn – Executive <sup>(ii)</sup>	330,000	0	31,350	68,562
W Bramwell – Non-Executive <sup>(iii)</sup>	60,000	0	5,700	34,281
<b>Executives</b>				
A Penkethman – CEO <sup>(iv)</sup>	66,769	0	6,650	0
S Middlemas - Company Secretary <sup>(v)</sup>	100,550	0	0	34,281
<b>2017/2018</b>				
<b>Directors</b>				
K Law – Executive Chair <sup>(i)</sup>	76,955	0	0	501,446
I Buchhorn – Executive <sup>(ii)</sup>	212,500	0	20,187	501,446
W Bramwell – Non-Executive <sup>(iii)</sup>	20,000	0	1,900	0
B Clark – former Managing Director <sup>(vi)</sup>	79,441	0	7,546	0
M Painter – former Managing Director <sup>(vii)</sup>	250,080	0	23,757	668,595
<b>Executives</b>				
S Mitchell – Technical GM <sup>(viii)</sup>	213,333	0	20,266	250,723
S Middlemas - Company Secretary <sup>(v)</sup>	133,710	0	0	250,723

- (i) Ms Law was appointed Non-Executive Chair on 7 November 2016, and moved into an executive role in July 2018. All fees are paid to her Consulting Company Fitzroy Consulting Services. Ms Law was awarded 900,000 Performance Rights in 3 equal tranches, with the first tranche converting into fully paid ordinary shares in 2018 following the achievement of the first hurdle.
- (ii) Mr Buchhorn was appointed as a Non-Executive Director on 17 August 2016 and moved to an Executive Director on 8 September 2017.
- (iii) Mr Bramwell was appointed as a Non-Executive Director on 29 January 2018. He was awarded 450,000 Performance Rights in 2 equal tranches on the same terms and conditions as the other Class B and C Performance Rights on 4 December 2018.
- (iv) Mr Penkethman was appointed CEO on 1 April 2019.
- (v) Mr Middlemas was appointed Company Secretary on 20 October 2016. All fees for providing Company Secretarial services were paid to Sparkling Investments Pty Limited. He was awarded 450,000 Performance Rights in 3 equal tranches, with the first tranche converting into fully paid ordinary shares in 2018 following the achievement of the first hurdle.
- (vi) Mr Clarke was appointed Managing Director on 3 April 2018 and resigned on 30 June 2018.
- (vii) Mr Painter was appointed Managing Director on 7 November 2016, and resigned from that position on 3 April 2018 – he continues with the Company as General Manager – Exploration, but ceased to be a KMP.
- (viii) Ms Mitchell was appointed General Manager Technical on 1 November 2017 and ceased her employment with the Company on 26 January 2019.

Other than the Directors and executive officers disclosed above there were no other executive officers who received emoluments during the financial period ended 30 June 2019.





### Performance Rights issued during the current financial period

During the current financial year the Company issued a further 830,000 Performance Rights to Directors and Employees under the Ardea Performance Rights Plan that was approved at the 2017 AGM. The Performance Rights convert into fully paid ordinary shares for \$Nil consideration upon the attainment of the following performance hurdles:

**Class 'B' Performance Rights:** upon the Company's Shares reaching a 30 day VWAP which is equal to or greater than \$2.37 per Share; and continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 1 February 2019, prior to 30 November 2019.

**Class 'C' Performance Rights:** upon: completion of the Definitive Feasibility Study in relation to the KNP Cobalt Zone; and continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 1 February 2020, prior to 30 November 2020.

During the financial year 430,000 Performance rights lapsed following employees leaving the Company.

Subsequent to year end, there have been two new Class's of Performance Rights created with the following performance hurdles:

**Class 'D' Performance Rights:** upon the Company's Shares reaching a 30 day VWAP which is equal to or greater than \$0.60 per Share; and continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 30 November 2021, prior to 31 December 2021.

**Class 'E' Performance Rights:** upon the Company's Shares reaching a 30 day VWAP which is equal to or greater than \$0.77 per Share; and continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 30 November 2022, prior to 31 December 2022.

On 7 July 2019 the Company issued a further 1,941,000 new Performance rights and 170,000 Performance Rights lapsed leaving at total of 5,161,000 Performance Rights on issue as at the date of this report.

The Performance Rights issued during the financial year were valued using a hybrid employee share option pricing model that simulates the Company's share price at the expiry date.

The variables used to value the Performance Rights are as follows:

Item	Class B	Class C
Underlying Security Spot Price	\$0.656	\$0.656
Exercise Price	Nil	Nil
Share Price Barrier	\$2.37	Nil
Grant Date	4 Dec 2019 2017	4 Dec 2019
Expiration Date	30 Nov 2019	30 Nov 2020
Life of Rights (years)	1	2
Volatility	100%	100%
Risk free rate	2.033%	2.033%

The likelihood of achieving each of the Performance hurdles was then considered leading to a value for the Class B Performance Rights of 25.75 cents (total - \$106,863) and value of Class C Performance Rights of \$Nil. These values will be expensed over the life of the Performance rights, and will be reassessed at each audit period to ensure the underlying assumptions remain, with adjustments to be made with the changing conditions.

### Other Transactions with Directors

The Company rents office and storage facilities in Kalgoorlie from an entity associated with Executive Director Ian Buchhorn on normal arms length commercial terms. Total rent paid for the financial year was \$81,856, (2018 - \$74,997).

The Company uses Indigenous Professional Services Pty Ltd (an entity associated with Executive Chair Katina Law) to provide HR consulting work on normal arms length commercial terms. Total paid during the financial year was \$67,375 (2018 - \$121,550).



## Director and KMP Movement in Shares

The aggregate numbers of shares and options of the Company held directly, indirectly or beneficially by Directors and Executive Officers of the Consolidated Entity or their personally-related entities are as follows:

### -----Ordinary Shares-----

2019	Opening	Purchases/ (in specie distribution)	Disposals	Closing	Performance Rights <sup>(1)</sup> 30 June 2019
Ms K Law	1,008,046		-	1,008,046	600,000
Mr I Buchhorn	11,851,440		-	11,851,440	600,000
Mr W Bramwell	-	-	-	-	450,000
Mr S Middlemas	538,046		-	538,046	300,000
<b>2018</b>					
Ms K Law	500,000	508,046	-	1,008,046	600,000
Mr I Buchhorn	8,379,098	3,472,342	-	11,851,440	600,000
Mr W Bramwell	-	-	-	-	-
Mr B Clark	-	-	-	-	-
Mr M Painter	130,000	464,023	-	594,023	800,000
Ms S Mitchell	-	186,711		186,711	300,000
Mr S Middlemas	260,000	278,046	-	538,046	300,000

(1) Directors and Staff were issued Performance Rights during the two years in three equal tranches subject to a number of performance hurdles, the first performance hurdle was met on 28 March 2018 and the first tranche of fully paid ordinary shares were issued – the balance of the Performance Rights are subject to additional performance hurdles.

## INDEMNIFYING OFFICERS AND AUDITOR

During the year the Company paid an insurance premium to insure certain officers of the Consolidated Entity. The officers of the Consolidated Entity covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Consolidated Entity. The insurance policy does not contain details of the premium paid in respect of individual officers of the Consolidated Entity. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Consolidated Entity has not provided any insurance for an auditor of the Consolidated Entity.

## AUDITORS' INDEPENDENCE DECLARATION

Section 370C of the *Corporations Act 2001* requires the Consolidated Entity's auditors Butler Settneri (Audit) Pty Limited, to provide the Directors of the Consolidated Entity with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is attached and forms part of this Directors' Report.

## NON-AUDIT SERVICES

The external auditors have not undertaken any non-audit work during the financial year.





## PROCEEDINGS ON BEHALF OF THE CONSOLIDATED ENTITY

No person has applied for leave of Court to bring proceedings on behalf of the Consolidated Entity or intervene in any proceedings to which the Consolidated Entity is a party for the purpose of taking responsibility on behalf of the Consolidated Entity for all or any part of those proceedings. The Consolidated Entity was not party to any such proceedings during the year.

## CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Consolidated Entity support and have adhered to the principles of corporate governance. The Consolidated Entity's corporate governance practices have been disclosed in Appendix 4G in accordance with ASX listing rule 4.7.3 at the same time as the annual report is lodged with the ASX. Further information about the Company's corporate governance practices is set out on the Company's web site at [www.ardearesources.com.au/corporate-governance](http://www.ardearesources.com.au/corporate-governance). In accordance with the recommendations of the ASX, information published on the web site includes codes of conduct and other policies and procedures relating to the Board and its responsibilities.

DATED at Perth this 26th day of September 2019

Signed in accordance with a resolution of the Directors



**Katina Law**  
**Executive Chair**

### 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 on 21 October 2013 and 31 June 2014, October 2016, 2016 Heron Resources Annual Report and 6 January 2017 in accordance with JORC 2012;
2. KNP Cobalt Zone Study on 6 January 2017 in accordance with JORC 2012
3. Pre-Feasibility Study based on a production rate of 1.5Mtpa lodged on 28 March 2018.
4. Expansion Study based on a production rate up to 2.25Mtpa lodged on 24 July 2018.
5. Yeoval Resource Update, on 15 August 2019 in accordance with JORC 2012.
6. Mount Aubrey Resource Update, on 28 August 2019 in accordance with JORC 2012.
7. Lewis Ponds Resource Update, on 3 September 2019 in accordance with JORC 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, notably drilling, metallurgy and JORC Code 2012 resource estimation as applicable.

The information in this report that relates to Exploration Results and Resource Estimates for the Kalgoorlie Nickel Project and Goongarrie Nickel Cobalt Project is based on information originally compiled by previous and current full-time employees of Heron Resources Limited and current full-time employees of Ardea Resources Limited. The Exploration Results, Resource Estimates 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 information in this report that relates to Mineral Resources for Yeoval, Mount Aubrey and Lewis Ponds is based on information compiled or reviewed by Johan Lambrechts, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Lambrechts 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 being 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 Lambrechts consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The exploration and industry benchmarking 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 release and consents to the inclusion in this report of the information in the form and context in which it appears.





## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Ardea Resources Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ardea Resources Limited and the entities it controlled during the year.

BUTLER SETTINERI (AUDIT) PTY LTD

LUCY P GARDNER  
Director

Perth

Date: 26 September 2019

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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	NOTES	2019 \$	2018 \$
Other income	2	333,044	208,696
Employee expenses		3,012,183	2,343,097
Insurance expenses		112,356	50,228
Secretarial fees		93,260	133,710
Corporate expenses		248,449	215,644
Computer support services		83,973	89,563
Depreciation	3	103,484	41,375
Rent		152,451	153,006
Share Based Payments		417,300	2,495,476
Employee costs recharged to capitalised exploration		(3,116,518)	(2,244,057)
Other expenses		713,840	744,793
Loss before income tax		(1,487,734)	(3,814,139)
Income tax	5	-	-
Net loss attributable to members of the Consolidated Entity's	14	(1,487,734)	(3,814,139)
Other Comprehensive Loss net of tax		-	-
Total Comprehensive Loss		(1,487,734)	(3,814,139)
Basic earnings/(loss) per share (cents per share)	19	(1.41) cents	(4.49) cents
Diluted earnings/(loss) per share (cents per share)	19	(1.41) cents	(4.49) cents

*The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Consolidated Entity's accompanying notes.*



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	NOTES	2019 \$	2018 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		11,188,295	19,157,517
Other receivables	6	1,986,917	3,544,892
Other assets	7	15,443	10,555
<b>TOTAL CURRENT ASSETS</b>		<b>13,190,655</b>	<b>22,712,964</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment and motor vehicles	8	618,232	652,603
Investments	9	10,000	10,000
Capitalised mineral exploration expenditure	10	24,461,801	16,238,635
<b>TOTAL NON-CURRENT ASSETS</b>		<b>25,090,033</b>	<b>16,901,238</b>
<b>TOTAL ASSETS</b>		<b>38,280,688</b>	<b>39,614,202</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	391,114	964,511
Provisions	12	239,949	218,385
<b>TOTAL CURRENT LIABILITIES</b>		<b>631,063</b>	<b>1,182,896</b>
<b>TOTAL LIABILITIES</b>		<b>631,063</b>	<b>1,182,896</b>
<b>NET ASSETS</b>		<b>37,649,625</b>	<b>38,431,306</b>
<b>EQUITY</b>			
Contributed equity	13(a)	39,897,118	39,608,365
Share Option Reserve	15	3,588,776	3,171,476
Accumulated losses	14	(5,836,269)	(4,348,535)
<b>TOTAL EQUITY</b>		<b>37,649,625</b>	<b>38,431,306</b>

*The above Consolidated Statement of Financial Position should be read in conjunction with the Consolidated Entity's accompanying notes.*



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from year ended 30 June 2019

	Notes	Contributed Equity \$	Share Option Reserve \$	Losses \$	Total \$
<b>BALANCE AT 30 JUNE 2017</b>		12,482,548	676,000	(534,396)	12,624,152
Total Comprehensive Income		-	-	(3,814,139)	(3,814,139)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>					
Shares issued during the period	13(b)	27,482,636	-	-	27,482,636
Less share issue costs		(356,819)	-	-	(356,819)
Performance Rights issued to staff		-	2,495,476	-	2,495,476
<b>BALANCE AT 30 JUNE 2018</b>		39,608,365	3,171,476	(4,348,535)	38,431,306
<b>BALANCE AT 30 JUNE 2018</b>		39,608,365	3,171,476	(4,348,535)	38,431,306
Total Comprehensive Income		-	-	(1,487,734)	(1,487,734)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>					
Shares issued during the year	13(b)	288,753	-	-	288,753
Performance Rights issued to staff		-	417,300	-	417,300
<b>BALANCE AT 30 JUNE 2019</b>		39,897,118	3,588,776	(5,836,269)	37,649,625

*The above Consolidated statement of changes in equity should be read in conjunction with the Consolidated Entity's accompanying notes.*





# CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 30 June 2019

	NOTES	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Interest received		353,721	158,323
Payments to suppliers and employees (inclusive of goods and services tax)		(1,687,963)	(1,501,531)
<b>Net cash used in operating activities</b>	20(a)	(1,334,242)	(1,343,208)
<b>Cash flows from investing activities</b>			
Payments for exploration and evaluation		(9,823,166)	(9,351,278)
Research and development refund received		2,968,545	-
Proceeds (Payments) for plant and equipment		(69,112)	(336,533)
<b>Net cash used in investing activities</b>		(6,923,733)	(9,687,811)
<b>Cash flows from financing activities</b>			
Proceeds from the issue of shares		288,753	27,478,391
Costs of shares issued		-	(352,574)
<b>Net cash provided by financing activities</b>		288,753	27,125,817
<b>Net increase (decrease) in cash held</b>		(7,969,222)	16,094,798
<b>Cash at the beginning of the financial period</b>		19,157,517	3,062,719
<b>Cash at the end of the financial period</b>		11,188,295	19,157,517

*The above Consolidated Statement of Cash Flows should be read in conjunction with the Consolidated Entity's accompanying notes.*



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial report of the Company, Ardea Resources Limited and its controlled entities ("Ardea" or "Consolidated Entity"), are stated to assist in a general understanding of the financial report. These policies have been consistently applied as presented, unless otherwise indicated.

Ardea Resources Limited is a Company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the official list of the Australian Securities Exchange. The financial statements are presented in Australian dollars which is the Consolidated Entity's functional currency.

### (a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001.

Ardea Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial report was authorised for issue by the Directors.

### (b) Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. None of the balances reported have been derived from estimates.

### (c) Basis of Consolidation

#### *Controlled Entities*

The consolidated financial statements comprise the financial statements of Ardea Resources Limited and its subsidiaries as at 30 June.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. The subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity and ceases to be consolidated from the date on which control is transferred out of the consolidated entity.

The acquisition of the subsidiaries have been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of the subsidiaries for the period from their acquisition.

### (d) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred asset or liability is recognised in relation to those temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable



that future taxable amounts will be available to utilise those temporary differences and losses.

Current and future tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**(e) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Interest income*

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

**(f) Cash and Cash Equivalents**

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis.

**(g) Employee Entitlements**

Liabilities for wages and salaries, annual leave and other current employee entitlements expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

**(h) Property, Plant and equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

*Property, plant and equipment and Motor Vehicles*

Property, Plant and equipment, and Motor Vehicles are stated at cost less accumulated depreciation and any impairment in value.

The carrying values of property, plant and equipment and Motor Vehicles are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

*Depreciation*

Depreciable non-current assets are depreciated over their expected economic life using either the straight line or the diminishing value method. Profits and losses on disposal of non-current assets are taken into account in determining the operating loss for the year. The depreciation rate used for each class of assets is as follows:

- Plant & equipment and Motor Vehicles                      20 - 33%

**(i) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. GST incurred is claimed from the ATO when a valid tax invoice is provided. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.





**(j) Payables**

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**(k) Contributed Equity**

Issued capital is recognised as the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

**(l) Exploration and Evaluation Expenditure**

Mineral exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest and is subject to impairment testing. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Where a mineral resource has been identified and where it is expected that future expenditures will be recovered by future exploitation or sale, the impairment of the exploration and evaluation is written back and transferred to development costs. Once production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Costs of site restoration and rehabilitation are recognised when the Consolidated Entity has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Exploration and evaluation assets are assessed for impairment if:

- (i) sufficient data exists to determine technical feasibility and commercial viability, and
- (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then re-classified from intangible assets to mining property and development assets within property, plant and equipment.

**(m) Earnings per Share**

Basic earnings per share ("EPS") are calculated based upon the net loss divided by the weighted average number of shares. Diluted EPS are calculated as the net loss divided by the weighted average number of shares and dilutive potential shares.

**(n) Leases**

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis over the term of the lease.



**(o) Share-based payment transactions**

The Company provides benefits to employees (including Directors and consultants) of the Consolidated Entity in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("Equity-settled transactions").

There is currently a plan in place to provide these benefits being an Employee Share Option Plan ("ESOP") which provides benefits to Directors, consultants and senior executives.

The cost of these equity-settled transactions is measured by reference to fair value at the date at which they are granted. The fair value is determined by an external valuer using either the Black-Scholes or Binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Ardea Resources Limited ("market conditions").

The cost of equity settled securities is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

Where the Consolidated Entity acquires some form of interest in an exploration tenement or an exploration area of interest and the consideration comprises share-based payment transactions, the fair value of the equity instruments granted is measured at grant date. The cost of equity securities is recognised within capitalised mineral exploration and evaluation expenditure, together with a corresponding increase in equity.

**(p) Financial risk management**

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework, to identify and analyse the risks faced by the Consolidated Entity. These risks include credit risk, liquidity risk and market risk from the use of financial instruments. The Consolidated Entity has only limited use of financial instruments through its cash holdings being invested in short term interest bearing securities. The primary goal of this strategy is to maximise returns while minimising risk through the use of accredited Banks with a minimum credit rating of A1 from Standard & Poors. The Consolidated Entity has no debt, and working capital is maintained at its highest level possible and regularly reviewed by the full board.

**(q) Financial instruments***Recognition, initial measurement and derecognition*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

*Classification and subsequent measurement of financial assets*

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

*Classification and measurement of financial liabilities*

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

**(r) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods, and have not been adopted by the Consolidated Entity. The Consolidated Entity's assessment of the impact of these new standards and interpretations is that they will have no material impact and will only effect disclosure provisions in future full year accounts.



	2019 \$	2018 \$
<b>2. OTHER INCOME</b>		
Other Income		
Interest	333,044	208,696
<b>3. EXPENSES</b>		
Contributions to employees superannuation plans	249,601	178,544
Depreciation - Plant and equipment	103,484	41,375
Provision for employee entitlements	77,673	92,107
<b>4. AUDITORS' REMUNERATION</b>		
<b>Audit – Butler Settineri (Audit) Pty Limited</b>		
Audit and review of the financial statements	29,705	28,347
<b>5. INCOME TAX</b>		
No income tax is payable by the Consolidated Entity as it has incurred losses for income tax purposes for the year, so current tax, deferred tax and tax expense is \$Nil.		
<b>(a) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Loss from continuing operations	(1,487,734)	(3,814,139)
Tax at the tax rate of 27.5%	(409,127)	(1,048,888)
Tax effect of amounts which are deductible in calculating taxable income:		
Non-deductible expenses	44,798	654,258
Other allowable expenditure	-	-
Deferred tax asset not brought to account	364,329	394,630
Income tax expense	-	-
<b>(b) Tax losses</b>		
Unused tax losses for which no deferred tax asset has been recognised	13,534,000	5,630,308
Potential tax benefit at 27.5%	3,721,850	1,548,335
<b>(c) Unbooked Deferred Tax Assets and Liabilities</b>		
Unbooked deferred tax assets comprise:		
Provisions/Accruals/Other	201,031	148,278
Tax losses available for offset against future taxable income	13,534,000	5,630,308
	13,735,031	5,778,586
<b>Unbooked deferred tax liabilities comprise:</b>		
Capitalised mineral exploration and evaluation expenditure	9,912,025	3,783,147
<b>(d) Franking credits balance</b>		
The Consolidated Entity has no franking credits available as at 30 June 2019.		





	2019 \$	2018 \$
<b>6. OTHER RECEIVABLES</b>		
<b>Current</b>		
GST recoverable	40,317	331,509
Bonds and guarantees	90,000	90,000
R&D Receivable	1,600,000	3,035,642
Interest Receivable and Other	256,600	87,741
	<b>1,986,917</b>	<b>3,544,892</b>
<b>7. OTHER ASSETS</b>		
<b>Current</b>		
Prepayments	15,443	10,555
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>		
Plant and office equipment		
At cost	248,550	213,683
Accumulated depreciation	(162,063)	(117,980)
	<b>86,487</b>	<b>95,703</b>
Motor Vehicles		
At cost	243,314	209,068
Accumulated depreciation	(76,515)	(17,114)
	<b>166,799</b>	<b>191,954</b>
Property and buildings		
At cost	377,680	377,680
Accumulated depreciation	(12,734)	(12,734)
	<b>364,946</b>	<b>364,946</b>
	<b>618,232</b>	<b>652,603</b>

Included in the Property and buildings above is an amount of \$366,735 relating to the company's assets in New South Wales which are being considered for disposal by the consolidated entity to a new company, Godolphin Resources Limited, by means of an IPO process. These assets have not been reclassified as held-for-sale as the potential disposal is subject to shareholder approval and a successful capital raising under the IPO Process.



## 8. PROPERTY, PLANT AND EQUIPMENT cont

	2019 \$	2018 \$
<b>Reconciliation</b>		
Reconciliation of the carrying amounts for each class of plant and equipment and Properties and Buildings are set out below:		
<i>Plant and office equipment</i>		
Carrying amount at beginning of the period	95,703	3,445
Additions	34,867	116,519
Depreciation	(44,083)	(24,261)
Carrying amount at the end of the year	86,487	95,703
<i>Motor Vehicles</i>		
Carrying amount at beginning of the year	191,954	-
Additions	34,246	209,068
Depreciation	(59,401)	(17,114)
Carrying amount at the end of the year	166,799	191,954
<i>Property and buildings</i>		
Carrying amount at beginning of the year	364,946	354,001
Additions	-	10,945
Depreciation	-	-
Carrying amount at the end of the year	364,946	364,946

## 9. INVESTMENTS

**Non-Current**

Investment in Newamu	10,000	10,000
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**Particulars in relation to the controlled entities**

Ardea Resources Limited is the parent entity.

Name of Controlled entity	Class of Shares	Equity Holding	
		2019	2018
TriAusMin Pty Ltd ACN 062 002 475	Ordinary	100%	100%
Atriplex Pty Ltd ACN 113 719 207	Ordinary	100%	100%
Yerilla Nickel Pty Ltd ACN 123 249 810	Ordinary	100%	100%
Ardea Exploration Pty Ltd ACN 137 889 279	Ordinary	100%	100%
Kalgoorlie Nickel Pty Ltd ACN 137 889 199	Ordinary	100%	100%



## 10. CAPITALISED MINERAL EXPLORATION EXPENDITURE

### Non-Current

*In the exploration phase*

	2019 \$	2018 \$
Cost brought forward	16,238,635	9,331,853
Exploration Properties purchased	-	-
Add: Expenditure incurred during the year (at cost)	9,823,167	9,942,424
R&D Refund receivable	(1,600,000)	(3,035,642)
Exploration expenditure written off	-	-
	<b>24,461,802</b>	<b>16,238,635</b>

The recoupment of costs carried forward is dependent on the successful development and/or commercial exploitation or alternatively sale of the respective areas of interest.

Included in the capitalised mineral exploration expenditure above is an amount of \$6,692,419 relating to the company's assets in New South Wales which are being considered for disposal by the consolidated entity to a new company, Godolphin Resources Limited, by means of an IPO process. These assets have not been reclassified as held-for-sale as the potential disposal is subject to shareholder approval and a successful capital raising under the IPO Process.

## 11. TRADE AND OTHER PAYABLES

### Current (Unsecured)

	2019 \$	2018 \$
Trade creditors	367,114	943,511
Other creditors and accruals	24,000	21,000
	<b>391,114</b>	<b>964,511</b>

Included within trade and other creditors and accruals is an amount of \$100,930 (2018 - \$778,86) relating to exploration expenditure.

## 12. PROVISIONS

### Current

Employee entitlements	<b>239,949</b>	<b>218,385</b>
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	2019 \$	2018 \$
<b>13. CONTRIBUTED EQUITY</b>		
<b>(a) Ordinary Shares</b>		
106,145,424 (2018 - 104,990,413)		
fully paid ordinary shares	<b>39,897,118</b>	39,608,365

**(b) Share Movements during the Year**

	2019		2018	
	Number of Shares	\$	Number of Shares	\$
Beginning of the financial period	<b>104,990,413</b>	<b>36,608,365</b>	67,000,747	12,482,548
<b><i>New share issues during the period</i></b>				
IPO Options exercised at 25c/share	<b>1,155,011</b>	<b>288,753</b>	-	-
Share Purchase Plan at 72.5 cents/share	-	-	6,091,188	4,416,111
Placement at 72.5 cents/share	-	-	7,647,850	5,544,691
Loyalty Options exercised at 77c/share	-	-	22,755,628	17,521,834
Performance rights issued to staff	-	-	1,495,000	-
Less costs of issues	-	-	-	(356,819)
	<b>106,145,424</b>	<b>39,897,118</b>	104,990,413	39,608,365

**(c) Unlisted Options**

At the end of the financial year the following options have been issued to Investors and unrelated parties – there were no options issued during the current financial year:

Number of Options on Issue	Exercise Price	Expiry Date
11,155,011	25 cents each	9 February 2020

The above options represent unissued ordinary shares of the Company under option as at the end of the financial year. These unlisted options do not entitle the holder to participate in any share issue of the Company. During the year 1,155,011 IPO Options were exercised at 25 cents each. Since the end of the financial year a further 6,146,429 IPO Options were exercised at 25 cents each, with 5,008,582 Options remaining on issue at the date of this report.

**(d) Share Based Payments**

During the current financial year there were a number of Share Based payments made to Directors and Employees with 830,000 Performance Rights, (2018 – 4,485,000) issued during the period and there were 430,000 Performance Rights (2018 – Nil) that lapsed. There were no shares issued during the period from the conversion of Performance Rights (2018 – 1,495,000). Subsequent to year end there have been a further 1,941,000 Performance Rights issued and 170,000 have lapsed.



**13. CONTRIBUTED EQUITY cont****(e) Terms and Conditions of Contributed Equity****Ordinary Shares**

The Company is a public Company limited by shares. The Company was incorporated in Perth, Western Australia.

The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held.

Ordinary shares which have no par value, entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

**(f) Capital Risk Management**

Due to the nature of the Consolidated Entity's activities, being mineral development and exploration, the Consolidated Entity does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Consolidated Entity's capital risk management is the current working capital position against the requirements to meet exploration programmes and corporate overheads. The Consolidated Entity's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Consolidated Entity at 30 June 2019 are as follows:

	2019 \$	2018 \$
Cash and cash equivalents	11,188,295	19,157,517
Trade and other receivables	1,966,917	3,544,892
Other assets	15,443	10,555
Trade and other payables	(391,114)	(964,511)
Provisions	(239,949)	(218,385)
Working capital position	<u>12,539,592</u>	<u>21,530,068</u>

**14. ACCUMULATED LOSSES**

Accumulated losses at the beginning of the period	4,384,535	534,396
Net loss attributable to members	1,487,734	3,814,139
Accumulated losses at the end of the year	<u>5,836,269</u>	<u>4,348,535</u>

**15. RESERVES****Share Option/Performance Rights Reserve**

Balance at the beginning of the period	3,171,476	676,000
Add: Amounts expensed in current period	417,300	2,495,476
Balance at the end of the period	<u>3,588,776</u>	<u>3,171,476</u>

**Share Option reserve**

The share option reserve comprises any equity settled share based payment transactions.



## 16. RELATED PARTIES

Full remuneration and other transaction details for Directors and Executives are included in the Directors Report where the information has been audited as indicated.

## 17. EXPENDITURE COMMITMENTS

### (a) Exploration

The Consolidated Entity has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Consolidated Entity's exploration programmes and priorities. As at balance date, total exploration expenditure commitments on tenements held by the Consolidated Entity have not been provided for in the financial statements and those which cover the following twelve month period amount to \$3,600,812 (2018 - \$2,202,480). These obligations are also subject to variations by farm-out arrangements or sale of the relevant tenements.

	2019 \$	2018 \$
<b>(b) Operating Lease Commitments</b>		
Total operating lease expenditure contracted for at balance date but not provided for in the financial statements, payable:		
Not later than one year	89,577	89,577
Between one and five years	35,999	125,576
	<b>125,576</b>	<b>215,153</b>

The operating lease relates to the Consolidated Entity's registered office premises in West Perth, which was entered into on 20 April 2017 for a period of 3 years.

### (c) Capital Commitments

The Consolidated Entity had no capital commitments at 30 June 2019.

## 18. SEGMENT INFORMATION

The Consolidated Entity operates predominantly in one segment involved in the mineral exploration and development industry in Australia.





	2019 \$	2018 \$
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## 19. EARNINGS/ (LOSS) PER SHARE

The following reflects the loss and share Data used in the calculations of basic and diluted earnings/ (loss) per share:

Earnings/ (loss) used in calculating basic and diluted earnings/ (loss) per share	(1,487,734)	(3,814,139)
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	2019 Number of Shares	2018 Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings/ (loss) per share:	105,368,690	84,985,876
<i>Effect of dilutive securities</i>		
Share options*	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings/ (loss) per share	105,368,690	84,985,876

Basic and Diluted loss per share (cents per share)	1.41 cents	4.49 cents
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\*Non-dilutive securities

As at balance date, 11,155,011 unlisted options which represent potential ordinary shares were not dilutive as they would decrease the loss per share.

	2019 \$	2018 \$
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## 20. NOTES TO THE STATEMENT OF CASH FLOWS

### (a) Reconciliation of the loss from ordinary activities after income tax to the net cash flows used in operating activities

Loss from ordinary activities after income tax	(1,487,734)	(3,814,139)
<i>Non-cash items:</i>		
Depreciation	103,484	41,375
Accrued Interest	20,677	(50,373)
Performance Rights	417,300	2,495,476
<i>Change in operating assets and liabilities:</i>		
Decrease (Increase) in prepayments	(181,065)	(7,842)
Decrease (Increase) in receivables	344,930	(234,359)
Increase in trade creditors and accruals	(629,506)	139,288
Increase in employee entitlements	77,672	87,366
Net cash outflows used in operating activities	(1,334,242)	(1,343,208)

### (b) Non Cash Financing and Investing Activities

Full details of the Non Cash impact of the Performance Rights has been disclosed in the Remuneration Report.



## 21. FINANCIAL INSTRUMENTS

The Consolidated Entity's activities expose it to a variety of financial risks and market risks. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity.

### (a) Interest Rate Risk

The Consolidated Entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market, interest rates and the effective weighted average interest rates on those financial assets, is not significant. Cash and cash equivalents are the only assets effected and the average interest rate received is 2.38% (2018: 2.50%).

### (b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and in the notes to the financial statements.

The Consolidated Entity does not have any material credit risk exposure to any single debtor or group of debtors, under financial instruments entered into by it, and hence no credit loss allowance is required.

### (c) Commodity Price Risk and Liquidity Risk

At the present state of the Consolidated Entity's operations it has minimal commodity price risk and limited liquidity risk due to the level of payables and cash reserves held. The Consolidated Entity's objective is to maintain a balance between continuity of exploration funding and flexibility through the use of available cash reserves.

### (d) Net Fair Values

For assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The Consolidated Entity has no financial assets where the carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

## 22. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

### *Employee Entitlements*

The aggregate employee entitlement liability is disclosed in Note 12.

### *Superannuation Commitments*

The Consolidated Entity contributes to individual employee accumulation superannuation plans at the statutory rate of the employees' wages and salaries, in accordance with statutory requirements, to provide benefits to employees on retirement, death or disability.

Accordingly no actuarial assessments of the plans are required.

## 23. CONTINGENT LIABILITIES

There were no material contingent liabilities not provided for in the financial statements of the Consolidated Entity as at 30 June 2019 other than:

### *Native Title and Aboriginal Heritage*

Native title claims have been made with respect to areas which include tenements in which the Consolidated Entity has an interest. The Consolidated Entity is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Consolidated Entity or its projects. Agreement is being negotiated with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Consolidated Entity has an interest.



## 24. EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Consolidated Entity to affect substantially the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years.

	2019 \$	2018 \$
<b>25. PARENT COMPANY</b>		
<b>(a) Financial Position</b>		
<b>Assets</b>		
Total current assets	13,190,655	22,712,964
Total non-current assets	25,090,033	16,901,238
<b>Total Assets</b>	<b>38,280,688</b>	<b>39,614,202</b>
<b>Liabilities</b>		
Total current liabilities	631,063	1,182,896
Total Liabilities	631,063	1,182,896
<b>Net Assets</b>	<b>37,649,625</b>	<b>38,431,306</b>
<b>Equity</b>		
Issued capital	39,897,118	39,608,365
Reserves	3,588,776	3,171,476
Accumulated losses	(5,836,269)	(4,348,535)
<b>Total Equity</b>	<b>37,649,625</b>	<b>38,431,306</b>
<b>Total comprehensive loss for the year</b>	<b>1,487,734</b>	<b>3,814,139</b>

Ardea Resources Limited has not entered into any deed of cross guarantee with its wholly-owned subsidiaries, had no contingent liabilities at 30 June 2019 and no capital commitments at 30 June 2019.



## DIRECTORS' DECLARATION

In the opinion of the Directors of Ardea Resources Limited ("the Consolidated Entity"):

- (a) the financial statements and notes, set out on pages 35 to 52, are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards in Australia and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2019 and of its performance, as represented by the results of its operations, for the financial year to 30 June 2019.
- (b) there are reasonable grounds to believe that Ardea Resources Limited will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Managing Director and the Company Secretary for the year to 30 June 2019.

This declaration is made in accordance with a resolution of the Directors.

Signed at Perth this 26th day of September 2019.



**Katina Law**  
**Executive Chair**







### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARDEA RESOURCES LIMITED

#### Report on the financial report

#### Opinion

We have audited the financial report of Ardea Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2019 the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for opinion

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period.

These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Key Audit Matter

##### Capitalised mineral exploration expenditure (refer note 10)

The Group operates as an exploration entity and as such its primary activities entail expenditure focussed on the exploration for and evaluation of economically viable mineral deposits. These activities currently include the Kalgoorlie Nickel Project in WA and the Lewis Ponds Project in NSW.

#### How our audit addressed the key audit matter

Our audit procedures included:

- ensuring the Group's continued right to explore for minerals in the relevant exploration areas including assessing documentation such as exploration and mining licences;
- enquiring of management and the directors as to the Group's intentions and strategies for future exploration activity and reviewing budgets and cash flow forecasts;

All exploration and evaluation expenditure incurred has been capitalised and recognised as an asset in the Statement of Financial Position. The closing value of this asset is \$24,461,802 as at 30 June 2019.

The carrying value of capitalised mineral exploration assets is subjective and is based on the Group's intention and ability, to continue to explore the asset. The carrying value may also be affected by the results of ongoing exploration activity indicating that the mineral reserves and resources may not be commercially viable for extraction. This creates a risk that the asset value included within the financial statements may not be recoverable.

#### **Research and Development Tax Incentive** (refer notes 6 and 10)

Management has applied judgements, assumptions and estimates in determining the R&D Tax Incentive refund recognised for the 2019 year.

#### **Share based payments – performance rights** (refer note 13 and 15)

During the 2018 and 2019 years the Group has awarded performance rights to key management personnel and employees.

These rights vest subject to the achievement of specific performance milestones.

The Group used both the Black-Scholes and Binomial models in valuing the rights based on the milestones attaching to each tranche of rights awarded.

The share based payment expense for the year arising as a result of awarding these rights is \$417,300.

#### **Deferred Taxation** (refer note 5)

The Company relies on the use of an expert to prepare the taxation disclosures which are included in the financial statements.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the period ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

- assessing the results of recent exploration activity to determine whether there are any indicators suggesting a potential impairment of the carrying value of the asset;
- assessing the Group's ability to finance the planned exploration and evaluation activity; and
- assessing the adequacy of the disclosures made by the Group in the financial report.

Our audit procedures included:

- evaluating the assumptions, methodologies and conclusions used by the Group in preparing the R&D Tax Incentive estimate; and
- assessing the adequacy of the disclosures made by the Group in the financial report

Our audit procedures included;

- assessing the assumptions used in the valuation of the performance rights;
- assessing the recognition of the value of the performance rights;
- assessing the accuracy of the share based payment expense for the year; and
- assessing the adequacy of the disclosures made by the Group in the financial report.

In accordance with Australian Auditing Standards, we relied on the work of management's expert with respect to the assumptions used in the calculation of deferred taxes. Our audit procedures included:

- examining the qualifications, objectivity and experience of management's expert;
- evaluating the assumptions, methodologies and conclusions used by the Group in preparing their estimate of deferred taxes; and
- assessing the adequacy of the disclosures made by the Group in the financial report.



Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Directors' responsibilities for the financial report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significant in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh public interest benefits of such communication.

### **Report on the remuneration report**

#### **Opinion**

We have audited the remuneration report included on pages 28-32 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of Ardea Resources Limited, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

#### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001.

Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER  
Director

Perth

Date: 26 September 2019





# Shareholder Information

The following additional information was applicable at 24 September 2019

## 1. Distribution of Fully Paid Ordinary Shareholders is as follows:

Size of Holding	Number of Holders	Shares Held	%
1 - 1,000	1,958	804,707	0.72
1,001 - 5,000	1,362	3,523,332	3.14
5,001 - 10,000	460	3,581,650	3.19
10,001 - 100,000	670	21,010,204	18.71
100,001 -	122	83,371,960	74.25
	<b>4,572</b>	<b>112,291,853</b>	<b>100.00</b>

- a) There were 1,669 shareholders who held less than a marketable parcel.
- b) The twenty largest shareholders hold 49.6% of the issued fully paid capital of the Company.

## 2. Substantial Shareholders of Fully Paid Ordinary Shareholders are as follows:

Holder	Number of Shares	%
Ian Buchhorn and Associates	11,851,440	11.29
B O'Shannassy and Associates	8,926,335	8.50

## 3. Voting Rights

In accordance with the Company's constitution, voting rights are on the basis of a show of hands, one vote for every registered holder and on a poll, one vote for each share held by registered holders.

## 4. Top 20 Shareholders of Fully Paid Ordinary Shares

	Number of Shares	%
1 Citicorp Nom PL	8,317,145	7.41%
2 J P Morgan Nom Aust Ltd	5,606,727	4.99%
3 BNP Paribas Nom PL <IB Au Noms Retail>	5,415,145	4.82%
4 Hazurn PL <Buchhorn S/F A/C>	5,393,938	4.80%
5 Josco PL <O'Shannassy Fam A/C>	5,383,809	4.79%
6 HSBC Custody Nom Aust Ltd	3,083,990	2.75%
7 Dupuy Olivier + Julie <Enerjee S/F A/C>	2,301,622	2.05%
8 Jones Iwan + Joyce C <I & J Jones S/F A/C>	2,300,000	2.05%
9 Kurana PL <Buchhorn Unit Acco>	2,178,346	1.94%
10 BNP Paribas Noms PL <DRP>	2,031,334	1.81%
11 Merrill Lynch Aust Nom PL	2,005,663	1.79%
12 B & J O'Shannassy Mgmt PL <Josco PL S/F No1 A>	1,906,936	1.70%
13 Josco PL <O'Shannassy Fam A/C>	1,666,664	1.48%
14 Neweconomy Com Au Nom PL <900 A/C>	1,392,188	1.24%
15 Spadaro Martin + K <Spadaro Fam A/C>	1,325,000	1.18%
16 Buchhorn Pamela Jean	1,156,553	1.03%
17 Latsod PL <Dostal S/F A/C>	1,150,000	1.02%
18 Buckley Martin <M Buckley Fam A/C>	1,141,456	1.02%
16 Heron Resources Ltd	1,000,000	0.89%
20 Johnston David Anthony	990,002	0.88%
<b>TOTAL</b>	<b>55,746,518</b>	<b>49.64%</b>



**5. Unlisted Options**

Number of Options on Issue	Exercise Price	Expiry Date	No. of Holders
5,008,582 <sup>a)</sup>	25 cents each	9 February 2020	1

a) The holder is Heron Resources Limited.

**6. Share Buy-Backs**

There is no current on-market buy-back scheme.

**7. Business Objectives**

Ardea Resources Limited has used cash and cash equivalents held at the time of listing in a way consistent with its stated business objectives.

**8. Stock Exchanges**

The Securities of the Company are not quoted on any other stock exchanges.



# Tenement Schedule as at 30 Sept 2019

Tenement	Location	Ardea Interest (%)	Status	Note	Tenement	Location	Ardea Interest (%)	Status	Note
<b>Ardea Western Australia Projects</b>									
<b>Goongarrie Nickel Cobalt Project</b>									
E24/0196	GOONGARRIE	100%	LIVE		M24/0541	GOONGARRIE	100%	LIVE	
E24/0209	GOONGARRIE	100%	LIVE		M24/0731	GOONGARRIE	100%	LIVE	3, 7
E24/0211	GOONGARRIE	100%	PENDING		M24/0732	GOONGARRIE	100%	LIVE	3, 7
E29/0934	GOONGARRIE	100%	LIVE		M24/0744	GOONGARRIE	100%	LIVE	7
E29/1028	GOONGARRIE	100%	LIVE		M24/0778	GOONGARRIE	100%	LIVE	3
E29/1038	GOONGARRIE	100%	LIVE		M29/0167	GOONGARRIE	100%	LIVE	
E29/1039	GOONGARRIE	100%	PENDING		M29/0202	GOONGARRIE	100%	LIVE	
E29/1045	GOONGARRIE	100%	LIVE		M29/0272	GOONGARRIE	100%	LIVE	
E29/1048	GOONGARRIE	100%	LIVE		M29/0278	GOONGARRIE	100%	LIVE	
E29/1060	GOONGARRIE	100%	PENDING		M29/0423	GOONGARRIE	100%	LIVE	
E29/1061	GOONGARRIE	100%	PENDING		M29/0424	GOONGARRIE	100%	PENDING	
E30/0500	GOONGARRIE	100%	LIVE		M29/0426	GOONGARRIE	100%	PENDING	
E30/0501	GOONGARRIE	100%	PENDING		P24/5260	GOONGARRIE	100%	PENDING	
E30/0502	GOONGARRIE	100%	PENDING		P24/5328	GOONGARRIE	100%	PENDING	
G29/0025	GOONGARRIE	100%	PENDING		P24/5329	GOONGARRIE	100%	PENDING	
L24/0239	GOONGARRIE	100%	LIVE		P29/2265	GOONGARRIE	100%	LIVE	
L29/0134	GOONGARRIE	100%	LIVE		P24/5265	GOONGARRIE-CARR BOYD	100%	LIVE	
L29/0135	GOONGARRIE	100%	LIVE		P24/5169	GOONGARRIE-WINDANYA	100%	LIVE	
L30/0067	GOONGARRIE	100%	LIVE		M24/0919	GOONGARRIE-SCOTIA	100% Ni Lat	LIVE	9
L30/0068	GOONGARRIE	100%	LIVE		M24/0959	GOONGARRIE-SCOTIA	100% Ni Lat	LIVE	9
<b>GNCP Expansion Siberia</b>									
E24/0203	SIBERIA	100% Ni Lat	LIVE	5	M24/0757	BLACK RANGE	100% Ni Lat	LIVE	5
E29/0889	SIBERIA	100% Ni Lat	LIVE	5	M24/0973	BLACK RANGE	100% Ni Lat	PENDING	5
M24/0634	SIBERIA	100% Ni Lat	LIVE	1, 5	P24/4395	BLACK RANGE	100% Ni Lat	LIVE	5
M24/0660	SIBERIA	100% Ni Lat	LIVE	5	P24/4396	BLACK RANGE	100% Ni Lat	LIVE	5
M24/0663	SIBERIA	100% Ni Lat	LIVE	5	P24/4400	BLACK RANGE	100% Ni Lat	LIVE	5
M24/0664	SIBERIA	100% Ni Lat	LIVE	5	P24/4401	BLACK RANGE	100% Ni Lat	LIVE	5
M24/0665	SIBERIA	90% Ni Lat	LIVE	2, 5	P24/4402	BLACK RANGE	100% Ni Lat	LIVE	5
M24/0683	SIBERIA	100% Ni Lat	LIVE	5	P24/4403	BLACK RANGE	100% Ni Lat	LIVE	5
M24/0686	SIBERIA	100% Ni Lat	LIVE	5	<b>GNCP Expansion Highway</b>				
M24/0772	SIBERIA	100% Ni Lat	LIVE	5	E29/1082	HIGHWAY	100%	PENDING	
M24/0797	SIBERIA	100% Ni Lat	LIVE	5	E29/1083	HIGHWAY	100%	PENDING	
M24/0915	SIBERIA	100% Ni Lat	LIVE	5	M29/0214	HIGHWAY	100%	LIVE	
M24/0916	SIBERIA	100% Ni Lat	LIVE	5	P29/2501	HIGHWAY	100%	LIVE	
P24/5235	SIBERIA	100%	LIVE		P29/2559	HIGHWAY	100%	PENDING	
P24/5236	SIBERIA	100%	LIVE		P29/2560	HIGHWAY	100%	PENDING	
P29/2484	SIBERIA	100%	LIVE		P29/2561	HIGHWAY	100%	PENDING	
P29/2485	SIBERIA	100%	LIVE		P29/2562	HIGHWAY	100%	PENDING	



Tenement	Location	Ardea Interest (%)	Status	Note	Tenement	Location	Ardea Interest (%)	Status	Note
<b>GNCP Expansion Ghost Rocks</b>					<b>P29/2513</b>	GHOST ROCKS	100%	LIVE	
<b>E29/0941</b>	GHOST ROCKS	100%	LIVE		<b>P29/2514</b>	GHOST ROCKS	100%	LIVE	
<b>E29/0981</b>	GHOST ROCKS	100%	LIVE		<b>P29/2515</b>	GHOST ROCKS	100%	LIVE	
<b>P29/2511</b>	GHOST ROCKS	100%	LIVE		<b>P29/2538</b>	GHOST ROCKS	100%	PENDING	
<b>P29/2512</b>	GHOST ROCKS	100%	LIVE		<b>P29/2539</b>	GHOST ROCKS	100%	PENDING	
<b>Kalpini Hub GNCP Expansion</b>					<b>P25/2454</b>	KALPINI-BULONG	100%	LIVE	
<b>E27/0524</b>	KALPINI	100%	LIVE		<b>P25/2455</b>	KALPINI-BULONG	100%	LIVE	
<b>E27/0606</b>	KALPINI	100%	LIVE		<b>P25/2456</b>	KALPINI-BULONG	100%	LIVE	
<b>E27/0607</b>	KALPINI	100%	LIVE		<b>P25/2457</b>	KALPINI-BULONG	100%	LIVE	
<b>E28/1224</b>	KALPINI	100%	LIVE		<b>P25/2458</b>	KALPINI-BULONG	100%	LIVE	
<b>M27/0395</b>	KALPINI	100%	LIVE		<b>P25/2459</b>	KALPINI-BULONG	100%	LIVE	
<b>M27/0506</b>	KALPINI	100%	PENDING		<b>P25/2460</b>	KALPINI-BULONG	100%	LIVE	
<b>M28/0199</b>	KALPINI	100%	LIVE		<b>P25/2461</b>	KALPINI-BULONG	100%	LIVE	
<b>M28/0201</b>	KALPINI	100%	LIVE		<b>P25/2482</b>	KALPINI-BULONG	100%	LIVE	
<b>M28/0205</b>	KALPINI	100%	LIVE		<b>P25/2483</b>	KALPINI-BULONG	100%	LIVE	
<b>E27/0278</b>	KALPINI-PIONEER	100% Ni Lat	LIVE	8	<b>P25/2484</b>	KALPINI-BULONG	100%	LIVE	
<b>E28/1746</b>	KALPINI-PIONEER	100% Ni Lat	LIVE	8	<b>P25/2559</b>	KALPINI-BULONG	100%	LIVE	
<b>E28/2483</b>	KALPINI-PIONEER	100% Ni Lat	LIVE	8	<b>P25/2560</b>	KALPINI-BULONG	100%	LIVE	
<b>E25/0578</b>	KALPINI-BULONG	100%	PENDING		<b>P25/2561</b>	KALPINI-BULONG	100%	LIVE	
<b>M25/0059</b>	KALPINI-BULONG	100%	LIVE		<b>P25/2609</b>	KALPINI-BULONG	100%	LIVE	
<b>M25/0134</b>	KALPINI-BULONG	100%	LIVE		<b>P25/2613</b>	KALPINI-BULONG	100%	PENDING	
<b>M25/0145</b>	KALPINI-BULONG	100%	LIVE		<b>P25/2614</b>	KALPINI-BULONG	100%	PENDING	
<b>M25/0151</b>	KALPINI-BULONG	100%	LIVE		<b>P25/2615</b>	KALPINI-BULONG	100%	PENDING	
<b>M25/0161</b>	KALPINI-BULONG	100%	LIVE		<b>M31/0488</b>	KALPINI-LAKE REBECCA	100%	PENDING	
<b>M25/0171</b>	KALPINI-BULONG	100%	LIVE		<b>P31/2038</b>	KALPINI-LAKE REBECCA	100%	LIVE	
<b>M25/0187</b>	KALPINI-BULONG	100%	LIVE		<b>P31/2039</b>	KALPINI-LAKE REBECCA	100%	LIVE	
<b>M25/0209</b>	KALPINI-BULONG	100%	LIVE		<b>P31/2040</b>	KALPINI-LAKE REBECCA	100%	LIVE	
<b>Yerilla Hub GNCP Expansion</b>					<b>M15/1101</b>	WA REGIONAL	pre-empt Ni Lat	LIVE	10
<b>E39/1954</b>	YERILLA-AUBILS	100%	LIVE	7	<b>M15/1263</b>	WA REGIONAL	pre-empt Ni Lat	LIVE	10
<b>E31/1092</b>	YERILLA-BOYCE CREEK	100%	LIVE	6	<b>M15/1264</b>	WA REGIONAL	pre-empt Ni Lat	LIVE	10
<b>E31/1169</b>	YERILLA-BOYCE CREEK	100%	LIVE		<b>M15/1323</b>	WA REGIONAL	pre-empt Ni Lat	LIVE	10
<b>E31/1208</b>	YERILLA-BOYCE CREEK	100%	PENDING		<b>M15/1338</b>	WA REGIONAL	pre-empt Ni Lat	LIVE	10
<b>E31/1213</b>	YERILLA-BOYCE CREEK	100%	PENDING		<b>E27/0300</b>	WA REGIONAL	100% Ni Lat	LIVE	11
<b>M31/0483</b>	YERILLA-BOYCE CREEK	100%	LIVE	6					
<b>M31/0475</b>	YERILLA-JUMP UP DAM	100%	LIVE	6					
<b>M31/0477</b>	YERILLA-JUMP UP DAM	100%	LIVE	6					
<b>M31/0479</b>	YERILLA-JUMP UP DAM	100%	LIVE	6					





Tenement	Location	Ardea Interest (%)	Status	Note	Tenement	Location	Ardea Interest (%)	Status	Note
<b>Kookynie Gold-Nickel</b>					<b>Bedonia Gold-Nickel</b>				
E40/0350	KOOKYNIE	option for 100%	LIVE		E63/1827	BEDONIA	100%	LIVE	
E40/0357	KOOKYNIE	option for 100%	LIVE		E63/1828	BEDONIA	100%	LIVE	
<b>Mt Zephyr Gold-Nickel</b>					E63/1856	BEDONIA	100%	LIVE	
E37/1271	MT ZEPHYR	100%	LIVE		E63/1857	BEDONIA	100%	LIVE	
E37/1272	DARLOT EAST	100%	LIVE		E63/1928	BEDONIA	100%	LIVE	
E37/1273	DARLOT EAST	100%	LIVE		E63/1929	BEDONIA	100%	LIVE	
E37/1274	MT ZEPHYR	100%	LIVE		E63/1974	BEDONIA	100%	PENDING	
E39/1706	MT ZEPHYR	100%	LIVE		E63/1976	BEDONIA	100%	PENDING	
E39/1854	MT ZEPHYR	100%	LIVE		<b>Donnelly River Graphite</b>				
E39/1985	MT ZEPHYR	100%	LIVE		E70/4804	DONNELLY RIVER	100%	PENDING	
<b>Perrinvale Nickel-Gold</b>									
E29/1006	PERRINVALE	100%	LIVE						
E29/1078	PERRINVALE	100%	PENDING						
<b>Lachlan Fold Belt Ardea</b>									
EL 8557	RESTDOWN LITHIUM	100%	LIVE						

## Lachlan Fold Belt Godolphin Resources Spin-Out

<b>Godolphin Fault Gold-Base Metals</b>					<b>Lachlan Transverse Copper-Gold</b>				
EL 5583	LEWIS PONDS	100%	LIVE	4	EL 8554	WISEMAN'S CREEK	100%	LIVE	
EL 8323	OPHIR	100%	LIVE		<b>Calarie Gold</b>				
EL 8556	COPPER HILL EAST	100%	LIVE		EL 8555	CALARIE	100%	LIVE	
EL 8890	CUMNOCK	100%	LIVE		EL 8580	CALARIE CENTRAL	100%	LIVE	
ELA 5794	MOUNT BULGA	100%	PENDING		ML 0739	LACHLAN MINE	100%	LIVE	
ELA 5812	CALEDONIAN	100%	PENDING		<b>Gundagai Gold</b>				
<b>Mount Aubrey Gold</b>					EL 8061	GUNDAGAI SOUTH	100%	LIVE	
EL 8532	MOUNT AUBREY	100%	LIVE		EL 8586	GUNDAGAI NORTH	100%	LIVE	
<b>Yeoval Copper-Gold</b>					EL 8889	GUNDAGAI CENTRAL	100%	LIVE	
EL 8538	YEOVAL	100%	LIVE						
ELA 5780	YALLUNDRY/OBLEY	100%	PENDING						

### Notes:

1. Britannia Gold Ltd retained precious metal rights.
2. Impress Ventures Ltd has a 10% equity free-carried interest to a decision to mine.
3. Placer Dome Australia Limited assignee (Norton Goldfields) and Kundana Gold Pty Ltd retain certain gold claw-back rights and royalty payable.
4. Finder's fee with TriAusMin to David Timms on EL5583 sale transaction or production commencement (\$2M cap).
5. Eastern Goldfields (now re-named Ora Banda Mining Ltd) owns gold-silver rights, Ardea owns all non-Au-Ag, in particular Ni-Co-PGM.
6. Ausjade right to tenement ownership and semi-precious minerals (currently in default), Ardea owns all non- semi-precious mineral rights, in particular Ni-Co-PGM-Au.
7. Ausjade right to semi-precious minerals (currently in default), Ardea owns all non- semi-precious mineral rights, in particular Ni-Co-PGM-Au, Ardea registered holder.
8. Pioneer-Northern Star owns gold-nickel sulphide rights and responsible for tenement management, Ardea owns 100% Ni-Co laterite rights.
9. Intermin subsidiary Metaliko owns gold rights and responsible for tenement management, Ardea owns 100% Ni-Co laterite rights.
10. Ramelius assignee owns all mineral rights, Ardea pre-emptive right to Ni-Co laterite.
11. Pioneer and assignee owns all non Ni-Co laterite mineral rights, Ardea owns Ni-Co laterite.



ASIC means Australian Securities and Investments Commission

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate

Australian Registry means Security Transfer Registrars Pty Ltd of 770 Canning Highway, Applecross WA

Ardea or ARL means Ardea Resources Limited (ABN: 30 614 289 342) ARL : ASX is the Ardea code on ASX

Ag means Silver

Au means Gold

Anomaly means a value higher or lower than expected, which outlines a zone of potential exploration interest but not necessarily of commercial significance

Archaean means a period of geological time spanning 3.8 to 2.5 billion years before present

Co means Cobalt

Cu means Copper

Feasibility Study means a study with three progressively more detailed stages:

Scoping Study means a first pass estimate of engineering requirements and costs of a mining operation, processing plant and plant infrastructure. Included in the cost estimates will be infrastructure, tailings disposal, power supply, and owner's costs. The plant design may change as a result of test-work analysis, optimisation studies and engineering improvements performed during execution of the follow-up Pre-feasibility Study. Operating and capital cost estimates are to an order of magnitude accuracy of  $\pm 30\%$ .

Pre-feasibility Study (PFS) means an engineering and cost study of a mining operation, processing plant and plant infrastructure. Included in the cost estimates will be infrastructure, tailings disposal, power supply, and owner's costs. The plant design may change as a result of test-work analysis, optimisation studies and engineering improvements performed during execution of the Pre-feasibility Study. Operating and capital cost estimates are to an accuracy of  $\pm 25\%$ .

Definitive Feasibility Study (DFS) means a feasibility study undertaken to a high degree of accuracy which may be used as a basis for raising finance for the construction of a project. Typically operating and capital cost estimates are to an accuracy of  $\pm 15\text{-}20\%$ . A DFS is the standard of report required by primary debt funders to demonstrate the technical and commercial viability of a project.

GNCP means Goongarrie Nickel Cobalt Project, part of the KNP

Godolphin or GRL means Godolphin Resources Limited (ACN: 633 779 950) a wholly-owned subsidiary of Ardea

KNP means Kalgoorlie Nickel Project, a nickel laterite project located through an arc 30 to 150km north-north west to east of Kalgoorlie

m means metre and km means kilometres

Mt means Million tonnes

Mineralisation means in economic geology, the introduction of valuable elements into a rock body

Ni means Nickel

Nickel Laterite means Nickel occurring as an oxidised hydrated iron oxide, ferruginous clay, smectite clay, chlorite and serpentine assemblage overlying weathered ultramafic rock

Nickel Sulphide means nickel and copper occurring as an un-oxidised sulphide assemblage associated with fresh ultramafic rock

Project means a grouping of prospects within a specific geographic location, often with a common geological setting

Prospect means a target upon which exploration programs are planned or have commenced

Province means a grouping of projects within a geological district defined by a major mineralised crustal structure

RAB means Rotary Air Blast drilling technique in which a sample is returned to surface outside the rod string by compressed air. Sample quality is poor.

RC means Reverse Circulation drilling method employing a rotating or hammering action on a drill bit which returns a sample to the surface inside the rod string by compressed air. Sample quality is very good, particularly if the drill hole is dry.

REE means Rare Earth Elements, notably Neodymium (Nd), Praeseodymium (Pr) and Cerium (Ce).

Sc means Scandium

V means Vanadium



Reserves or Ore Reserves or Mineral Reserves as defined by JORC Code.

Proven or Proved Ore Reserve means the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include Feasibility Studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. The term "economic" implies that extraction of the Ore Reserve has been established or analytically demonstrated to be viable and justifiable under reasonable investment assumptions.

Probable Ore Reserve is the economically mineable part of an Indicated Mineral Resource.

Resource or Mineral Resource means a Mineral Resource as defined by JORC Code and is a concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. Mineral Resources are further sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

Measured Resource means a 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve.

Indicated Resource means an 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve.

Inferred Resource means an 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continue exploration.

JORC (2012 edition) means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and is a professional code of practice that sets minimum standards for Public Reporting of minerals Exploration Results, Mineral Resources and Ore Reserves. The JORC Code provides a mandatory system for the classification of minerals Exploration Results, Mineral Resources and Ore Reserves according to the levels of confidence in geological knowledge and technical and economic considerations in Public Reports.

*Photographs opposite, clockwise from top -*

*- Facing east from Goongarrie Hill to Lake Goongarrie, Ardea has evaluated using the hill for an opencut nickel mine and a wind turbine location, and using pumped hydro from the lake surface as a GNCP renewable energy option - Ardea's "Snowy 2.0" equivalent.*

*- Gossan at Copper Hill East, exactly what you want when you are exploring for the next Boda in the Lachlan Fold Belt.*

*- Ardea aircore reconnaissance drilling doing sterilisation drilling for the GNCP infrastructure.*

*- Will Stewart, Wayne Bramwell, Katina Law and Ian Buchhorn at the Ethel Lupton mining lease. Ethel was Katina's grandmother. Ethel's honeymoon was spent on a camel expedition in the desert out east on the wrong side of Warburton.*

*- A photo shoot of two debonnaire male models wearing the latest fashionable country style shirts? Not correct, its Orange exploration manager, Johan Lambrechts and Ardea's CEO, Andrew Penkethman at Ardea's Copper Hill East prospect, hopefully standing on the next Boda discovery.*









