



Ardea Resources Limited

ABN 30 614 289 342

2023 ANNUAL REPORT





Ardea Resources Limited



Australian Federal Government - Major Project Status

Corporate Directory

Directors

Mathew Longworth, (Non-Executive Chair)

Andrew Penkethman, (Managing Director
and Chief Executive Officer)

Ian Buchhorn, (Executive Director)

Maree Arnason, (Non-Executive
Director) (Appointed 10 Jul 2023)

Company Secretary

Sam Middlemas

Registered and Business Office

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Email: info@ardearesources.com.au

Website

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Auditor

Dry Kirkness (Audit) Pty Ltd
(formerly Butler Settineri (Audit) Pty Ltd)
50 Colin Street
Perth WA 6005 Australia

Share Registry

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Sydney NSW 2001
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Tel: +61 2 9698 5414 (international)
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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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KNP Goongarrie Hub Ore Reserve & Feasibility Study Defines +40 Year Operation with Strong Financial Metrics

Cover: KNP Goongarrie Hub has access to high-quality infrastructure with the Goldfields Highway, rail line and power infrastructure passing through the project area. Inside cover: 3.5Mtpa Plant Base Case incorporates proven hydrometallurgical technologies and will be located south east of Goongarrie South deposit, and only 2km from Goldfields Highway and Rail line.



Chairman's Letter to Shareholders 2023

Dear Shareholders,

It is a pleasure to be able to share with you Ardea Resources Limited (**Ardea** or the **Company**) 2023 Annual Report.

The 2023 financial year has been transformational for the Company as the Ardea Team have delivered on objectives, including the following milestones:

1. The Kalgoorlie Nickel Project (**KNP** or **Project**) Mineral Resource Estimate now exceeding 6 Million Tonne Contained Nickel (ASX release 30 June 2023).
2. Completion of the KNP Goongarrie Hub Ore Reserve and Pre-Feasibility Study (**PFS**) which has defined a +40 Year Operation with Strong Financial Metrics (ASX release 5 July 2023).
3. KNP Goongarrie Hub – Non-binding Memorandum of Understanding (**MOU**) with Sumitomo Metal Mining, Mitsubishi Corporation, and Mitsui & Co. Ltd (**Japanese Consortium** or **Consortium**) which demonstrates the high calibre of the Strategic Partners with whom Ardea has been engaging (ASX release 5 July 2023).

The Ardea Team are working closely with the Japanese Consortium to define a scope of work for the Definitive Feasibility Study (**DFS**) and jointly complete this undertaking, with the Consortium funding the DFS upon the parties agreeing on the DFS scope before the end of the September Quarter 2023.

Following the completion of the DFS, Ardea and the Consortium will work towards making a Final Investment Decision (**FID**) and securing project development funding, with a focus on Australian and foreign Export Credit Agency (**ECA**) long tenor, low interest rate debt.

The Consortium will look to ultimately earn a significant interest in a joint venture which will develop and operate the KNP Goongarrie Hub and will have certain off-take rights. The final binding terms of a proposed joint venture are currently being negotiated between Ardea and the Consortium.

The outlook for nickel continues to be incredibly strong with demand growth expected to increase to over 6Mt of contained nickel by 2040. This growth outlook is unprecedented, given that nickel demand was around 2.2Mt in 2020. The strong demand is being driven by traditional uses of nickel in the stainless steel sector and also by the rapidly growing lithium-ion battery sector. The majority of lithium-ion battery (**LIB**) producers that Ardea has been engaging with are moving towards higher nickel content cathodes to create higher charge density batteries with longer battery life and greater range in electric vehicles. This development is expected to result in even higher demand for nickel, particularly from 2030 onwards.

Demand for cobalt to 2030 is forecast to rise by more than 200,000t with the market size more than doubling relative to 2020 to 400,000t according to the Cobalt Institute's Cobalt Market Report.

Governments and private investment into Critical Minerals projects via the green energy transition continue to accelerate with the EU Commission noting that the energy transition is set to triple by 2023 from US\$1 trillion last year. The US Inflation Reduction Act (**IRA**) is providing US\$500 billion into green energy new spending and tax concessions. This forecast spend will see a greatly increased demand for Critical Minerals.

A key feature in favour of the KNP is our location in the Eastern Goldfields of Western Australia, with all KNP tenements located within 150km of the City of Kalgoorlie-Boulder allowing the Company to work with the supportive community and have direct access to key infrastructure, skilled service providers and experienced work force.

By completing an equity raise to institutional and sophisticated investors to raise \$16,000,000 before costs, the Company is well funded to progress DFS workstreams (ASX release 30 August 2023).

All of these factors contribute to the future outlook for Ardea being compelling and I would like to thank all stakeholders for their unwavering belief and support for the Company, as we continue to unlock the full value of our strategic resource base and tenement position.

Finally, I would like to thank our dedicated team of employees, directors, and consultants for their hard work which has enabled us to achieve so much and look forward to the next exciting stage of the Company's evolution.



Mat Longworth, Chairman



Activities Report

Environmental, Social and (Corporate) Governance

Environmental, Social and (Corporate) Governance (**ESG**) considerations are at the forefront of Ardea's operations. Project designs and work practices are based on the Company minimising the project development footprint and CO₂ green-house gas emissions when in production. The proposed flowsheet has been enhanced for CO₂ mitigation in the neutralisation circuit through introducing an Atmospheric Leach (**AL**) circuit to assist in neutralising the High Pressure Acid Leach (**HPAL**) discharge. The AL circuit facilitates upgrade of the site acid plant utilisation and allows Ardea to generate its own site power requirements off-grid, without relying on fossil fuel for power generation.

Responsible sourcing of materials, through mechanisms such as mandatory reporting of CO₂ footprints for all batteries sold is essential. Traceability is also being implemented with raw materials used in batteries that must be procured according to Organisation for Economic Co-operation and Development (**OECD**) guidelines for sustainable sourcing.

Ardea enjoys strong support from local groups and residents in which we operate, primarily the City of Kalgoorlie-Boulder and the Shire of Menzies as well as nearby First Nations communities. The benign environmental setting, being the Great Western Woodlands, allows excellent post-mining rehabilitation and reforestation. Ardea's in-pit tailings disposal strategy, incorporating tailings disposal, waste rock back fill, stockpiled topsoil and finally progressive revegetation, minimises land disturbance and accelerates rehabilitation, concurrent with operations.

Critically, at the Goongarrie Hub, mining and processing has no land-use conflict with agricultural activity which occurs in multiple peer nickel laterite centres.

During the past year, Ardea has continued to engage with stakeholders who are supportive of the Goongarrie Hub development and is looking forward to the contributions the operation can make to the local community through increased skilled job opportunities, training and enhancing community contributions.

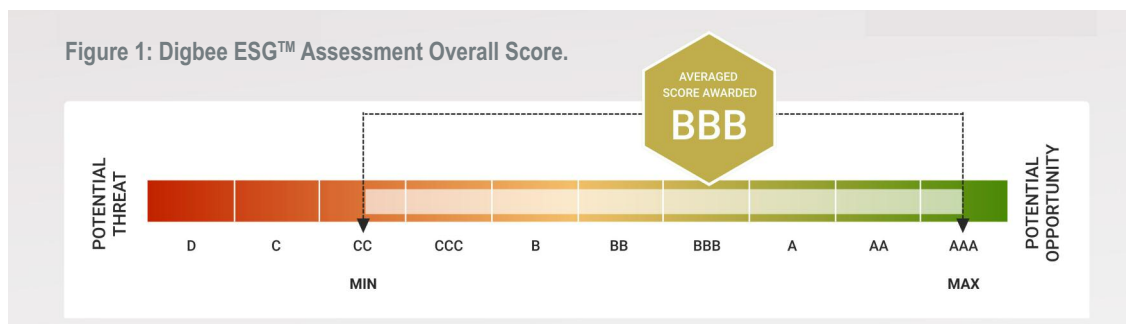
In having a West Kalgoorlie Operations Office, Ardea maintains a permanent presence and regular engagement with the local populace within which the Company operates.



The Great Western Woodlands environment, within which the KNP is located, allows excellent post-mining rehabilitation and reforestation. Ardea maintains close relationships with the Department of Mines, Industry Regulation and Safety (DMIRS) and the Department of Biodiversity, Conservation and Attractions (DBCA).

ESG Compliance

Internationally accredited Digbee ESG have awarded Ardea an overall ESG rating of “BBB” for both corporate and the Kalgoorlie Nickel Project. For an emergent development company such as Ardea, BBB is a meritorious outcome and an excellent platform to achieve AAA as the Company grows (Figure 1).

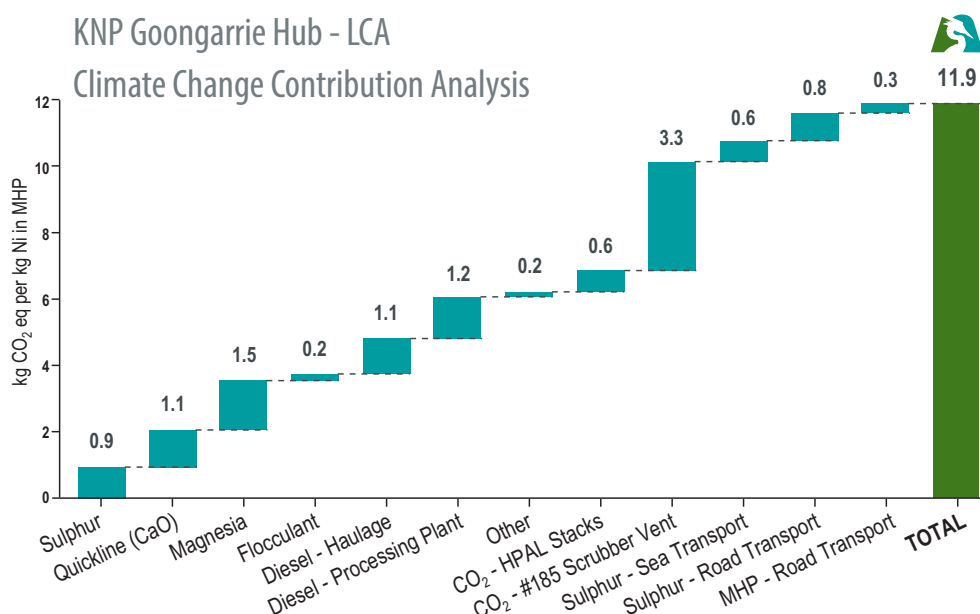


Following feedback from Digbee, Ardea is currently working on aspects of its ESG rating that require improvement and will provide Digbee with Ardea’s annual reporting update due for the September Quarter 2023. Ardea envisions a positive improvement to the score attained in 2022.

During the year, Life Cycle Assessment (LCA) consultancy and technology company, Minviro, completed a cradle-to-gate LCA of the Goongarrie Hub. Using the KNP Goongarrie Hub’s mass and energy data produced for the 2023 PFS, the expected environmental impacts of Ardea’s nickel and cobalt-containing MHP product have been quantified. The LCA has also undergone third party review and is published in accordance with ISO 14040/2006 and 14044/2006 standards.

Minviro reported that the KNP Goongarrie Hub climate change impact is expected to be 11.9kg CO₂ eq. per kg nickel in MHP based on Ardea’s Scope 1, 2 and upstream Scope 3 emissions (Figure 2). Ardea’s maiden LCA is deemed relatively low for an HPAL operation primarily due to the use of Mineralised Neutraliser (MN) rather than importing and using nickel-barren calcrete to neutralise acid waste streams. This is also due to the generation of on-site electricity from steam generated as a by-product of burning sulphur within the sulphuric acid plant.

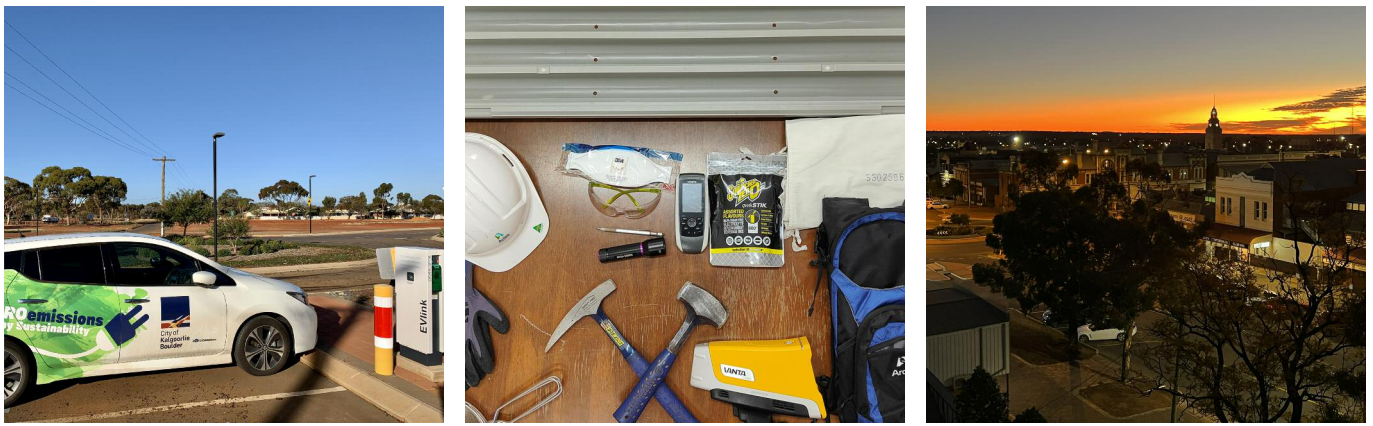
Figure 2: Minviro 2023 climate change contribution analysis of Ardea’s Goongarrie Hub.



Source: Minviro 2023 LCA Assessment for Ardea Resources

There were nil incidents or Lost Time Injuries (**LTI**) recorded during the year. A major requirement for Ardea during the 2023 financial year was to address its obligations under Western Australia's new Workplace Health and Safety Act 2020 (**WHS**) and Regulations which commenced in 2022. An important component of the WHSA is for Ardea to instigate, utilise and comply with the new Mine Safety Management System (**MSMS**). This MSMS is an overarching framework that brings a mine's policies, systems, procedures and plans together to help create a safe operation. Ardea has completed this important requirement and is fully compliant.

On 30 May 2023 Ardea representatives attended a seminar held by the Association of Mining and Exploration Companies (**AMEC**) on the changes that occurred during the Work Health and Safety (Mines) Regulations WA 2022 in line with the transitional arrangements now ending and requiring to be in place in the workplace. These changes included the provision of a Mine Safety Management Plan (**MSMP**) that forms the main requirements for the MSMS. Ardea is also working towards the process of upskilling personnel into required statutory positions (AQF level 5). This will include an examination held by the Department of Mines Industry Regulation and Safety (**DMIRS**).



Clockwise from top left: City of Kalgoorlie-Boulder Electric Vehicle charging station; Part of Ardea exploration field kit; KNP is strategically located close to the City of Kalgoorlie-Boulder; Ardea field support vehicle.

Corporate Objectives

Strategy

Ardea's priority is KNP nickel-cobalt laterite project development, commencing with the Goongarrie Hub, as a strategic, long life operation producing battery minerals for the LIB supply chain to further advance the transition to a low carbon future.

Development of the Goongarrie Hub will capitalise on the premium goethite ore type and infrastructure-rich location, as highlighted in the recently completed Goongarrie Hub PFS which demonstrated a compelling development opportunity.

Once the Goongarrie Hub is in operation, the development of the Kapini and Yerilla Hubs can be considered to unlock further value.

Complementary exploration opportunities in nickel sulphides and Critical Minerals within Ardea's strategic KNP tenement holding will also be pursued, to maximise the value creation from the Company's internal pipeline of projects.

Strategic Partner Process

Ardea's Strategic Partner strategy is linked to DFS and project development funding to enable the KNP Goongarrie Hub to be developed and realise its full potential as a long life (>40 years) source of nickel-cobalt, from the premier resources operating jurisdiction, being the Eastern Goldfields of Western Australia.

Ardea is working closely with Sumitomo Metal Mining Co., Ltd, Mitsubishi Corporation, and Mitsui & Co., Ltd, the Consortium (ASX release 5 July 2023), to define a scope of work for the DFS and jointly complete this undertaking, with the Consortium funding the DFS upon the parties agreeing on the DFS scope before the end of the September Quarter 2023.

Following the completion of the DFS, Ardea and the Consortium will work towards making a Final Investment Decision and securing project development funding, with a focus on Australian and foreign Export Credit Agency (**ECA**) long tenor, low interest rate debt.

The Consortium will look to ultimately earn a significant interest in a joint venture which will develop and operate the KNP Goongarrie Hub and will have certain off-take rights. The final binding terms of a proposed joint venture are currently being negotiated between Ardea and the Consortium.

Ardea and the Consortium have agreed certain exclusivity arrangements, which end before the end of the December Quarter 2023 (unless extended by agreement between Ardea and the Consortium), subject to transaction timelines being met.

Under the exclusivity provisions, Ardea may continue discussions with other interested parties that had already commenced due diligence under the Strategic Partner process until the Consortium completes its due diligence, with expected completion before the end of the September Quarter 2023 (unless extended by agreement between Ardea and the Consortium).

Multiple potential Partners have been waiting for Ardea to complete the KNP Goongarrie Hub PFS and are now accelerating their due diligence and working with Ardea in trying to secure nickel-cobalt off-take from the KNP Goongarrie Hub.

Ardea continues to work with the preferred Partner(s) to refine the scope of work for the DFS, so that the final DFS flowsheet and end-product specifications meet the Partners' needs.

Nickel Market Commentary

The market outlook for nickel remains positive and the investment fundamentals continue to strengthen.

The Shanghai Futures Exchange is now reportedly accepting class 1 nickel produced from laterite nickel matte and sulphate products.

As at late June 2023, nickel LME stocks were around 39,000 tonnes, down from 55,380 tonnes at the start of the year.



Demand for cobalt is forecast to rise by more than 200,000t to 2030 with the market size doubling relative to 2022 to 400,000t according to the Cobalt Institute's Cobalt Market Report.

Governments and private investment into Critical Minerals projects via the green energy movement continue to accelerate with the EU Commission noting that the energy transition is set to triple by 2023 from US\$1 trillion last year. The US IRA is providing US\$500 billion into new spending and tax concessions. This forecast spend will see a greatly increased demand for Critical Minerals.

Mineral demand for use in Electric Vehicle (EV) and battery storage is expected to grow at least thirty times to 2040. Battery demand was 353kt Ni in 2022 which was 12% of total nickel demand, but forecast to command 41% of primary demand by 2033 (source: Fastmarkets May 2023). Lithium sees the fastest growth, with demand growing by over 40 times in the Sustainable Development Scenario by 2040, followed by graphite, cobalt and nickel at around 20-25 times (Figure 3). Of note is the scarcity of nickel-cobalt resources compared to other Battery Minerals, such as lithium and graphite.

Current producers of nickel will not meet demand forecasts and higher nickel prices will be required to enable new investments to come online. These fundamentals underpin the global significance of the KNP and its international recognition, given the strategic scale of the resource, industry leading low-carbon flowsheet and location in the premium mineral resources operating jurisdiction in the World (Figure 4).

With Ardea's KNP hosting one of the largest nickel-cobalt resources in the developed World, **854Mt at 0.71% Ni and 0.045% Co for 6.1Mt of contained nickel and 386kt of contained cobalt** (ASX release 30 June 2023), Ardea is in a prime position to provide essential supplies of sustainably-sourced nickel and cobalt, along with other Critical Minerals (notably scandium).

Figure 3:(right) International Energy Agency (IEA), Total nickel demand by scenario, 2020-2040, IEA, Paris.

Primary supply requirements for nickel by scenario, 2020-2040

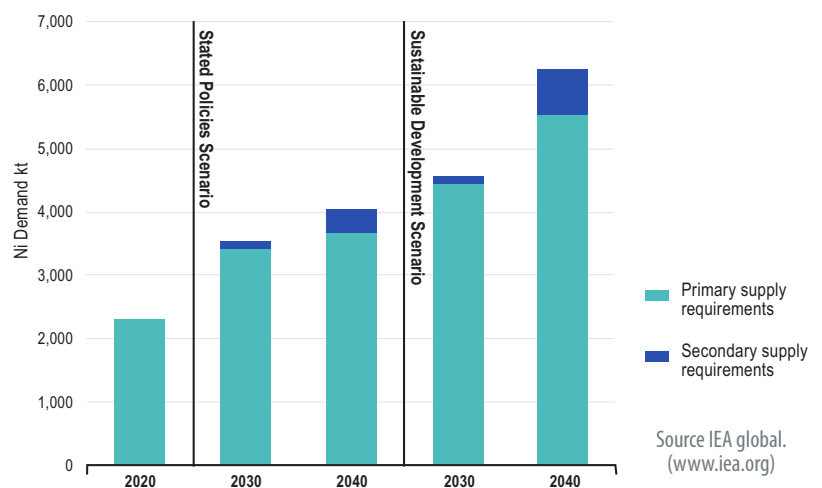
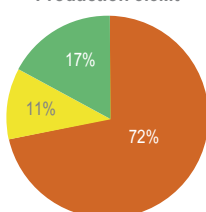


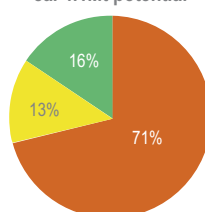
Figure 4: (below) Overlaying the critical demand for nickel is the ethical and risk considerations. The map above shows that 84% of nickel projects are considered medium/high risk countries. Ardea's KNP project is in the enviable, premier, and low risk mining jurisdiction of Western Australia.

84% of nickel projects are in medium / high risk countries

2022 Refined Nickel Production 3.3Mt



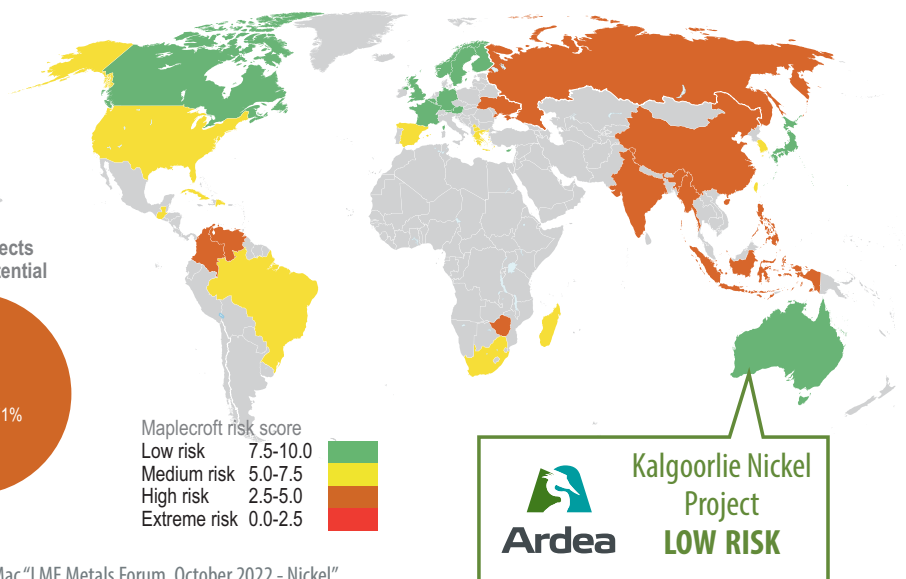
Nickel Projects ca. 4.1Mt potential



Maplecroft risk score
 Low risk 7.5-10.0
 Medium risk 5.0-7.5
 High risk 2.5-5.0
 Extreme risk 0.0-2.5



Source WoodMac "LME Metals Forum, October 2022 - Nickel"



Kalgoorlie Nickel Project - Goongarrie Hub

Overview

The Goongarrie Hub is located 70km northwest of the mining centre the City of Kalgoorlie-Boulder and is the premium ore feed within the broader KNP (Figure 5). Resources from the Goongarrie, Highway and Siberia North laterite nickel-cobalt deposits are planned to be the base load feed for a process operation located at Goongarrie South.

The resources at Goongarrie are dominantly the premium goethite style and extend continuously over 25km of strike and at Highway, 30km north, over a continuous strike length of 6km. All Goongarrie Hub mineral resources are located on granted mining leases with Native Title Agreements in place and tenure 100%-controlled by Ardea.

The Project also has ready access to high-quality infrastructure with the Goldfields Highway, rail line and power infrastructure passing through the project area (Figure 6). The gas pipeline is located some 25km to the east and there are three port options, these being Esperance, Fremantle and Kwinana, that are well serviced by the KNP road and rail network.

Significantly, the KNP is located on the rail connection to the developing battery hub at the Port of Kwinana industrial area immediately south of Perth, as well as east to Port Augusta and developing low-carbon energy hubs on the eastern Australia seaboard.

Ardea is actively engaged with Commonwealth and State agencies and statutory authorities who are coordinating the push for a downstream battery industry within Australia through “Team Australia” and the State of Western Australia through “Team WA”.

All the LIB feedstocks, including nickel and cobalt, are available in Australia, and WA in particular, at the scales required for World-significant green energy centres of excellence.

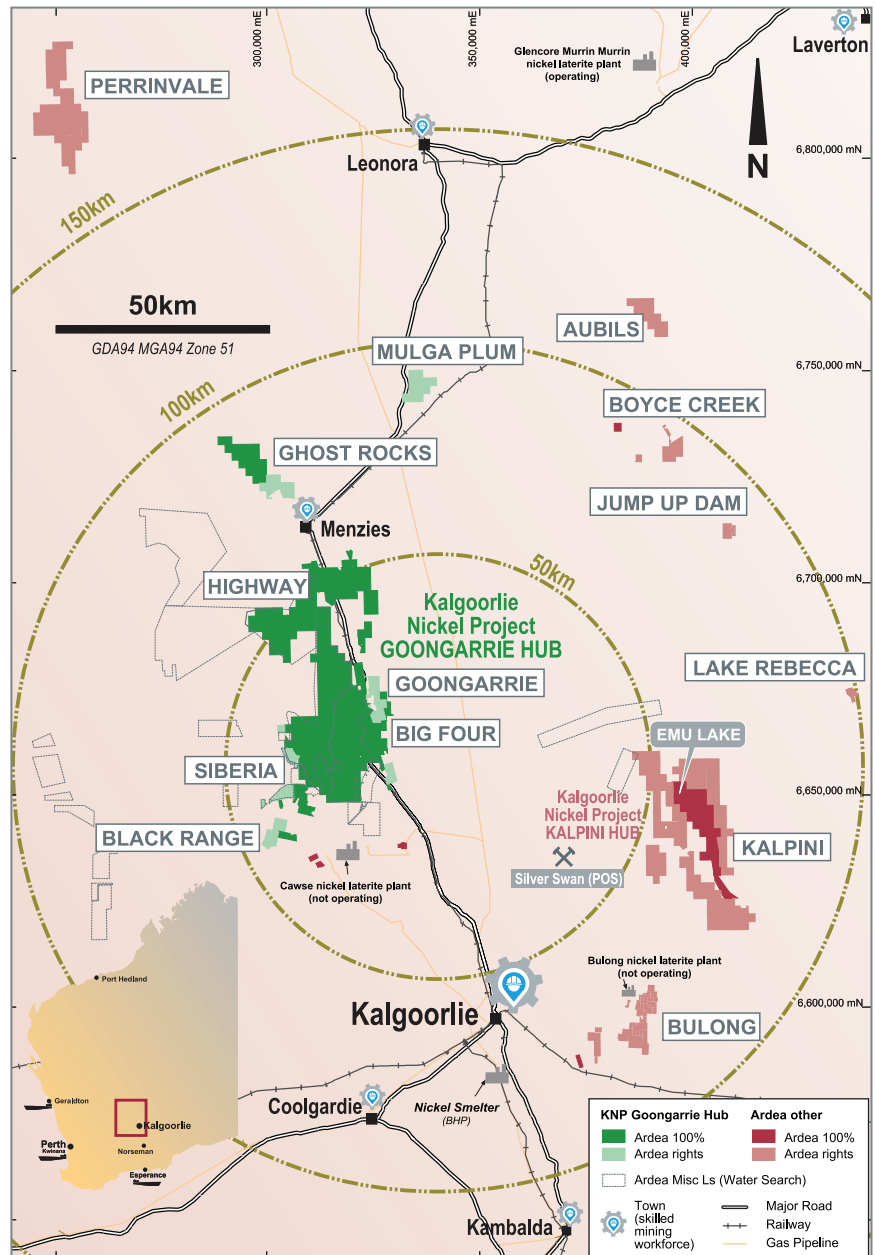
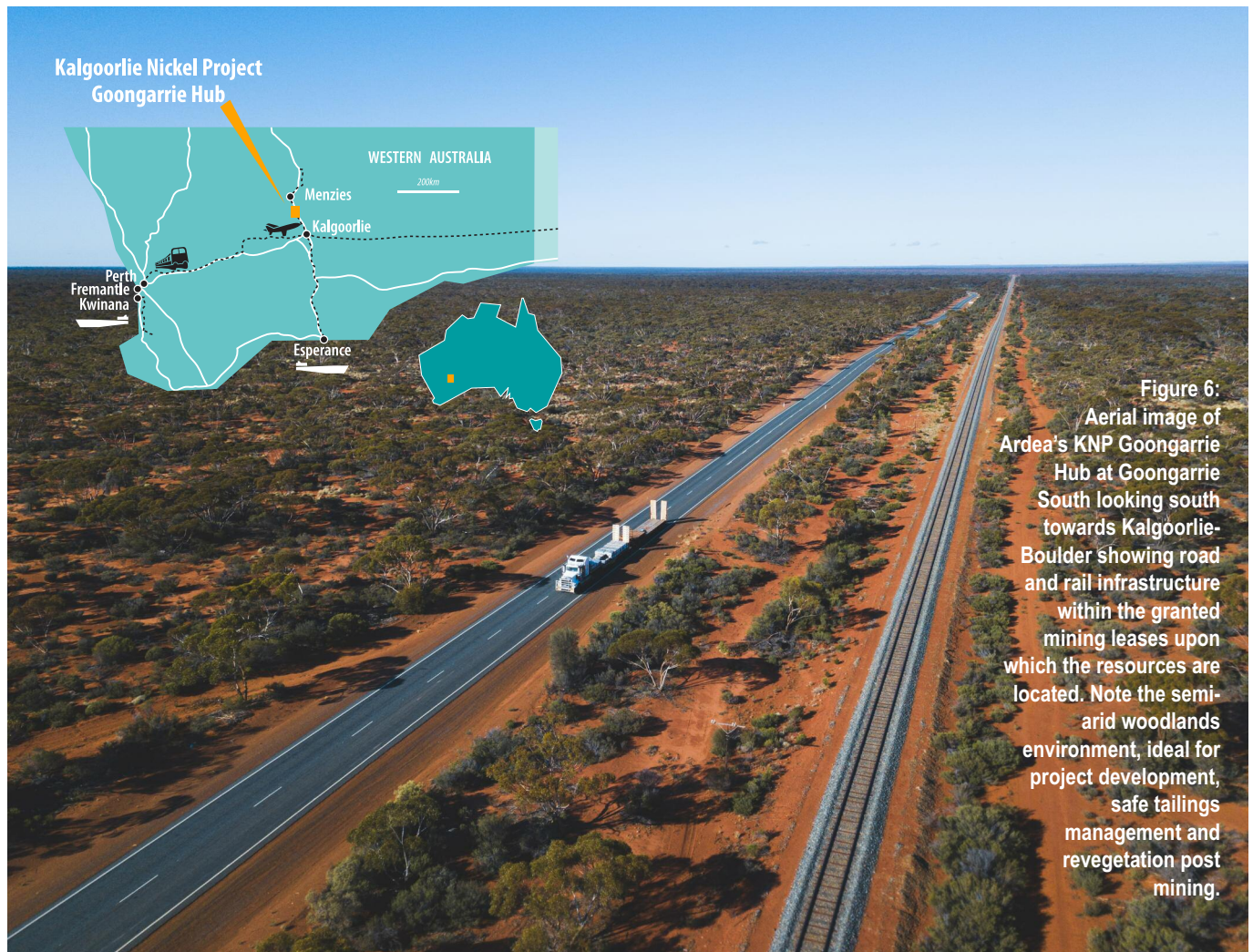


Figure 5: KNP location plan. Projection GDA94 Zone 51.



Project Funding

The KNP Goongarrie Hub technical and economic fundamentals provide a strong platform for Ardea to source traditional financing through debt and equity markets, in addition to pursuing other financing strategies should this be to the benefit of Shareholders. Whilst no formal funding discussions have commenced, the Company has engaged with multiple financial institutions, including Export Credit Agencies from Australia and abroad, and these financial institutions have expressed a high level of future interest in being involved in funding the KNP Goongarrie Hub. Typical project development financing would involve a combination of debt and equity. Initial indications from financiers are that the debt component of the funding requirement would be significantly greater than the equity funding requirement.

The Company is running a Strategic Partner process to select a preferred partner or consortium of partners to provide input into the DFS scope of work, fund this undertaking and also to work with Ardea on securing future project development funding. Now that Ardea have concluded the KNP Goongarrie Hub PFS, interest in this process is at an all-time high, as multiple companies express strong interest in securing nickel-cobalt off-take. Project off-take rights will only be awarded to selected Strategic Partner(s) that commit to making a substantial equity investment in the KNP Goongarrie Hub Project.

Feasibility Programs

Ardea's focus remains on development of the KNP Goongarrie Hub.

On 5 July 2023 ASX Release 'KNP Goongarrie Hub Ore Reserve and Feasibility Study Defines +40 Year Operation with Strong Financial Metrics' provided multiple PFS Highlights, including:

- Ore Reserve – **194.1Mt at 0.70% Ni and 0.05% Co for 1.36Mt of contained nickel and 99,000t of contained cobalt¹**
- Mining optimisation studies have projected production of approximately **30,000t of nickel and 2,000t of cobalt per year for more than 40 years**. Year 1 to 5 (post ramp up) production >34ktpa nickel and >3ktpa cobalt¹
- Conventional low-cost open pit mining methods result in mining costs comprising less than 12% of total operating cost with a very low strip ratio at an average of 1.5 for the first 35 years of mine life¹
- The project generates²:
 - o Pre-tax NPV₇ of A\$7,625M and IRR of 30%
 - o Post-tax NPV₇ of A\$4,980M and IRR of 23%
 - o Average **Annual EBITA of A\$800M**
 - o **Project pay back within 3.1 years**
- Direct cash cost after Co by-products of US\$3,763/t Ni in MHP during the first five years of operation, and US\$5,763/t Ni in MHP over life of mine ²
- Total capital cost of A\$3,117M, including process plant and infrastructure cost of A\$2,264M and sulphuric acid, steam, and power plant cost of \$574M ²
- LCA is expected to be 11.9 kg CO₂ equivalent per kg nickel in MHP based on Ardea's Scope 1, 2 and upstream Scope 3 emissions³
- In-pit tailings disposal minimises environmental footprint and enables mine site rehabilitation, concurrent with steady-state mine operation.

The PFS developed the engineering and design definition for the KNP Goongarrie Hub to an expected accuracy of +/-25%. The base case design features two x 1.5Mtpa Goethite HPAL autoclaves. Acid, heat and energy balance is facilitated with the AL circuit with 0.3Mtpa Mineralised Neutraliser Fines, 0.15Mtpa Grind AL and 0.05Mtpa Bene AL feed.

The KNP flowsheet follows a proven hydrometallurgical route for treating nickel and/or cobalt laterite ore. It produces mixed nickel-cobalt hydroxide precipitate (**MHP**) filter cake, from goethite and minor saprolite ores. The process flow diagram is represented in Figure 7.

Ardea's project management philosophy in planning for the next KNP Goongarrie Hub project phases recognises the need for the necessary groundwork ahead of project execution, with examples of the philosophy planned to be adopted including:

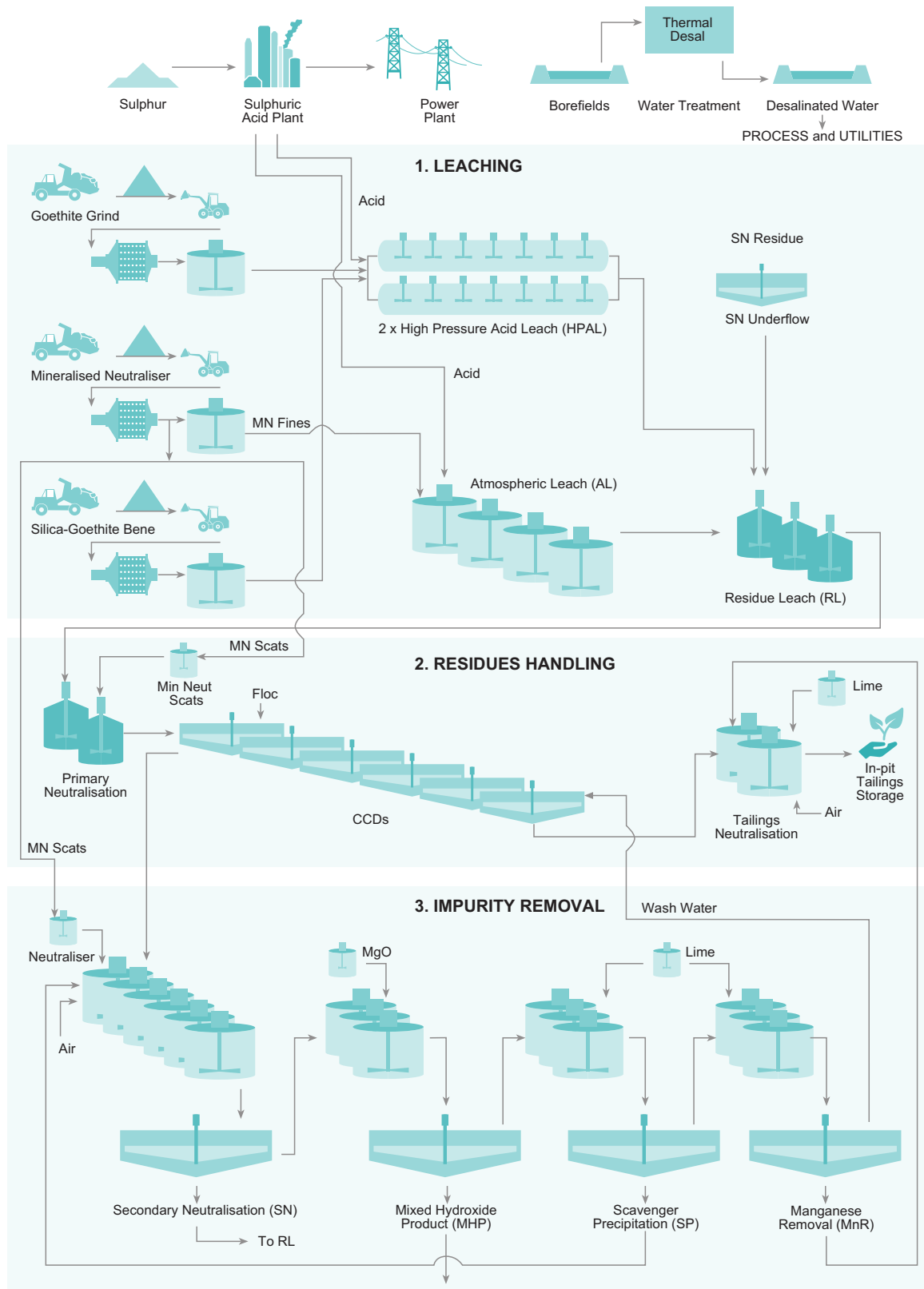
- Staged study and delivery strategy.
- A high level of engineering targeted in the DFS.
- Engagement of key equipment package vendors during the DFS to provide initial engineering and input to the DFS.
- The design and construction of supporting infrastructure prior to the main process plant construction.

¹ See Section 5 of the 5 July 2023 PFS release for detailed Ore Reserve table and Appendix 1.

² See Section 14 of the 5 July 2023 PFS release for detailed notes on the financial metrics which include inputs of US\$25,000/t nickel price, US\$60,000/t cobalt price and exchange rate of 0.67 AUD:USD. Direct cash cost excludes royalties and includes third party freight charges and cobalt credit.

³ See Section 13 of the 5 July 2023 PFS release for discussion on Life Assessment Cycle





Sustainable Ni & Co Products for Battery / EV Market



Figure 7: Goongarrie Hub process flowsheet.

Resource Modelling

The Total Mineral Resource inventory for the KNP has been updated to reflect the most recent resource estimates available for all of Ardea's nickel laterite deposits and was released to the ASX during the year ('Kalgoorlie Nickel Project Mineral Resource Estimate Exceeds 6 Million Tonne Contained Nickel', 30 June 2023). The main purpose of this update was to classify the MN as part of the Mineral Resource Estimate (**MRE**), to allow this material to be included in the Ore Reserve.

As part of the PFS, the Goongarrie Hub MRE was re-evaluated to consider the MN that is captured within optimised open pits, with a grade of less than the 0.5% nickel MRE reporting grade. Once this material has been screened, the coarse magnesium-rich magnesite saprock has been demonstrated to be a viable source of neutraliser and the fine goethite and magnesian clay-rich fraction a viable source of AL feed (Ardea ASX releases 16 November 2022 and 15 June 2023).

This extra neutralising material contributes additional project value through its magnesite component being used in the leaching circuit for acid neutralisation, to which it adds nickel-cobalt units at nil extra cost. Additionally, the MN Fines component contribute to the nickel-cobalt production as the dominant feed for the AL circuit.

The current PFS optimisation is based on two 1.5Mtpa HPAL autoclaves, along with 0.5Mtpa AL plant feed. The majority of the AL feed will be generated from MN Fines, so pit designs are now essentially agnostic to AL Material Type requirements.

The PFS assumes a feed allocation ranking approximately as follows: 69% Grind/HPAL; 17% Beneficiation/HPAL; 8% MN Fines (to Grind/AL circuit); 4% Grind/AL and 2% Beneficiation/AL (which being volumetrically minor can be blended with Beneficiation/HPAL circuit).

The MN is the largest source of nickel units to the AL Pregnant Liquor Solution (**PLS**).

The PFS identified that the quantity of MN required for neutralisation could not be supplied using the 0.5% Ni cut-off used for estimating the Goongarrie Hub MRE. Therefore, it was necessary to consider lower grade material to meet supply requirements.

Key specifications for the MN were:

- Loss on ignition (LOI) >25% and Ni >0.3%, or
- LOI >25% and Ni >0.2% and Si ≤ 23%

As this specification was based on the characteristics of the material that demonstrated acid neutralising capacity and not nickel economics, each deposit contained surplus requirements. The preferred source of MN was defined as a subset of this Material Type using pit optimisation and scheduling analysis undertaken as part of the PFS.

Compared to traditional nickel laterite operations that transport limestone from the Nullarbor Plains or from Esperance lime sands, the MN cost per tonne benefits have a significant influence on pit optimisations, such that pits may be driven deeper in order to access the saprock MN.

A detailed summary of the MN captured in optimised open pits, with a grade of less than the 0.5% Ni, is provided in the section below in Table 1. These estimates represent only the MN within lower grade material and are not included in the Mineral Resources inventory reported at greater than 0.5% Ni cut-off grade, which is shown in Table 2 and Table 3.

Only the deposits in the Goongarrie Hub considered in the PFS, referred to as the PFS subset are included in the MN tables below. Other Goongarrie Hub deposits (Ghost Rocks, Siberia South and Black Range), the Kalpini Hub deposits, the Yerilla Hub deposits and Bulong deposits have not been included.

Results are based on previously reported resource models at Goongarrie Hub (Ardea ASX releases 15 February and 16 June 2021).



Table 1 - KNP Goongarrie Hub PFS subset nickel, cobalt and scandium Mineralised Neutraliser Material MRE below 0.5% Ni cutoff grade. Minor discrepancies may occur due to rounding of appropriate significant figures.

| Deposit | Resource Category | Tonnes (Mt) | Ni-Co Resources | | | | Sc Resources | |
|--------------------|-------------------|-------------|-----------------|--------------|-------------------|-------------------|--------------|-------------|
| | | | Ni (%) | Co (%) | Contained Ni (kt) | Contained Co (kt) | Tonnes (Mt) | Sc (ppm) |
| Goongarrie South | Measured | 0.1 | 0.42 | 0.033 | 0.2 | 0.0 | 0.1 | 49.5 |
| | Indicated | 2.2 | 0.38 | 0.029 | 8.4 | 0.7 | 2.2 | 8.2 |
| | Inferred | 0.6 | 0.35 | 0.039 | 2.2 | 0.2 | 0.6 | 22.9 |
| | <i>Subtotal</i> | <i>2.9</i> | <i>0.37</i> | <i>0.031</i> | <i>10.9</i> | <i>0.9</i> | <i>2.9</i> | <i>11.2</i> |
| Goongarrie Hill | Indicated | 0.1 | 0.42 | 0.021 | 0.6 | 0.0 | 0.0 | 14.8 |
| | Inferred | 1.1 | 0.39 | 0.018 | 4.2 | 0.2 | 0.0 | 10.9 |
| | <i>Subtotal</i> | <i>1.2</i> | <i>0.40</i> | <i>0.018</i> | <i>4.7</i> | <i>0.2</i> | <i>0.0</i> | <i>11.7</i> |
| Big Four | Indicated | 0.8 | 0.37 | 0.035 | 2.8 | 0.3 | 0.6 | 24.2 |
| | Inferred | 0.9 | 0.36 | 0.027 | 3.2 | 0.2 | 0.6 | 16.3 |
| | <i>Subtotal</i> | <i>1.7</i> | <i>0.36</i> | <i>0.031</i> | <i>6.1</i> | <i>0.5</i> | <i>1.2</i> | <i>20.2</i> |
| Scotia Dam | Indicated | 0.3 | 0.34 | 0.032 | 0.8 | 0.1 | 0.3 | 8.0 |
| | Inferred | 0.0 | 0.37 | 0.024 | 0.1 | 0.0 | 0.0 | 9.8 |
| | <i>Subtotal</i> | <i>0.3</i> | <i>0.34</i> | <i>0.031</i> | <i>0.9</i> | <i>0.1</i> | <i>0.3</i> | <i>8.2</i> |
| Highway | Indicated | 31.8 | 0.38 | 0.014 | 119.5 | 4.6 | 0.1 | 26.4 |
| | Inferred | 0.5 | 0.39 | 0.019 | 2.0 | 0.1 | 0.0 | 29.5 |
| | <i>Subtotal</i> | <i>32.3</i> | <i>0.38</i> | <i>0.014</i> | <i>121.4</i> | <i>4.7</i> | <i>0.1</i> | <i>27.2</i> |
| Siberia North | Indicated | 0.0 | - | - | - | - | - | - |
| | Inferred | 0.0 | - | - | - | - | - | - |
| | <i>Subtotal</i> | <i>0.0</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> |
| Combined PFS | Measured | 0.1 | 0.42 | 0.033 | 0.2 | 0.0 | 0.1 | 49.5 |
| Deposits | Indicated | 35.2 | 0.38 | 0.016 | 132.1 | 5.6 | 3.1 | 11.6 |
| | Inferred | 3.1 | 0.37 | 0.025 | 11.7 | 0.8 | 1.3 | 19.4 |
| Grand Total | | 38.4 | 0.37 | 0.017 | 144.0 | 6.4 | 4.5 | 14.3 |

The MRE for the Goongarrie Hub PFS subset deposits covered in the table above, reported above a 0.5% Ni cut-off grade, are provided in Table 2.



Photo above: Highway Drillhole AHID0012 showing Mineralised Neutraliser - comprised of goethite (brown) and magnesite saprock fragments (white).

Table 2 - KNP Goongarrie Hub PFS subset nickel, cobalt and scandium MRE using a greater than 0.5% Ni cut-off grade. Minor discrepancies may occur due to rounding of appropriate significant figures.

| Deposit | Resource Category | Ni-Co Resources | | | | | Sc Resources | |
|-----------------------|-------------------|-----------------|-------------|--------------|-------------------|-------------------|--------------|-----------|
| | | Tonnes (Mt) | Ni (%) | Co (%) | Contained Ni (kt) | Contained Co (kt) | Tonnes (Mt) | Sc (ppm) |
| Goongarrie South | Measured | 18 | 0.94 | 0.085 | 172 | 15 | 18 | 40 |
| | Indicated | 82 | 0.71 | 0.049 | 587 | 40 | 53 | 23 |
| | Inferred | 10 | 0.64 | 0.033 | 61 | 3 | 6 | 24 |
| | <i>Subtotal</i> | <i>110</i> | <i>0.75</i> | <i>0.053</i> | <i>820</i> | <i>59</i> | <i>77</i> | <i>27</i> |
| Goongarrie Hill | Indicated | 40 | 0.65 | 0.037 | 260 | 15 | 11 | 16 |
| | Inferred | 29 | 0.60 | 0.025 | 178 | 7 | 2 | 16 |
| | <i>Subtotal</i> | <i>69</i> | <i>0.63</i> | <i>0.032</i> | <i>438</i> | <i>22</i> | <i>13</i> | <i>16</i> |
| Big Four | Indicated | 49 | 0.71 | 0.047 | 345 | 23 | 32 | 24 |
| | Inferred | 14 | 0.68 | 0.043 | 95 | 6 | 3 | 24 |
| | <i>Subtotal</i> | <i>63</i> | <i>0.70</i> | <i>0.046</i> | <i>440</i> | <i>29</i> | <i>35</i> | <i>24</i> |
| Scotia Dam | Indicated | 11 | 0.71 | 0.065 | 82 | 7 | 11 | 25 |
| | Inferred | 5 | 0.72 | 0.043 | 37 | 2 | 1 | 22 |
| | <i>Subtotal</i> | <i>17</i> | <i>0.72</i> | <i>0.058</i> | <i>118</i> | <i>10</i> | <i>12</i> | <i>25</i> |
| Highway | Indicated | 71 | 0.70 | 0.038 | 491 | 27 | 19 | 27 |
| | Inferred | 21 | 0.67 | 0.040 | 142 | 8 | 3 | 26 |
| | <i>Subtotal</i> | <i>92</i> | <i>0.69</i> | <i>0.038</i> | <i>633</i> | <i>35</i> | <i>22</i> | <i>26</i> |
| Siberia North | Indicated | 14 | 0.72 | 0.042 | 102 | 6 | - | - |
| | Inferred | 72 | 0.74 | 0.034 | 532 | 24 | - | - |
| | <i>Subtotal</i> | <i>86</i> | <i>0.73</i> | <i>0.035</i> | <i>634</i> | <i>30</i> | - | - |
| Combined PFS Deposits | Measured | 18 | 0.94 | 0.085 | 172 | 15 | 18 | 40 |
| | Indicated | 267 | 0.70 | 0.044 | 1,867 | 118 | 126 | 23 |
| | Inferred | 151 | 0.69 | 0.034 | 1,045 | 51 | 14 | 23 |
| Grand Total | | 437 | 0.71 | 0.042 | 3,083 | 184 | 158 | 25 |

The KNP global Mineral Resource Estimate (using a 0.5% Ni cut-off grade) now stands at **854Mt at 0.71% Ni and 0.045% Co for 6.1Mt of contained nickel and 386kt of contained cobalt** (Table 3). All the resources are constrained within optimised “blue sky” pit shells using appropriate nickel and cobalt prices, mining and processing costs and pit slope parameters to determine the material that could potentially be economically mined in the future. The Mineral Resource has been estimated and reported in accordance with the guidelines of the 2012 edition of the Australia Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves the JORC Code (2012).

All the Mineral Resource estimates completed prior to the introduction of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012) have been reviewed by Ardea Competent Persons and confirmed to comply with JORC Code (2012) guidelines.

In 2009 Snowden Mining Industry Consultants (**Snowden**) completed a resource model for Siberia North utilising Ordinary Kriging (**OK**), followed by Uniform Conditioning (**UC**). Previously reported MRE tables have included the OK estimates for Siberia North, while the other five deposits at the Goongarrie Hub all utilise OK followed by Local Uniform Conditioning (**LUC**) for estimation and are reported as LUC estimates (Table 3). LUC for nickel laterite is considered to provide the most detailed and appropriate model for open pit mining, including dilution, for the Goongarrie Hub deposits. The UC model at SN was the closest to this in terms of methodology and block size, so was deemed the most appropriate and consistent interim fit. As such, the Total MRE has been updated to reflect the change to UC for Siberia North.



Table 3 - Updated KNP nickel and cobalt MRE based on a greater than 0.5% Ni cut-off grade. Minor discrepancies may occur due to rounding of appropriate significant figures. Legend: LUC – Local Uniform Conditioning; UC – Uniform Conditioning; OK – Ordinary Kriging.

| Camp | Resource Category | Tonnes (Mt) | Ni (%) | Co (%) | Contained Ni (kt) | Contained Co (kt) | Estimation Details Method, Source, Year | |
|--------------------|---------------------|-------------|--------|--------|-------------------|-------------------|---|------------------------------|
| Goongarrie | Goongarrie South | Measured | 18 | 0.94 | 0.085 | 171 | 15 | LUC, Ardea, 2021 |
| | | Indicated | 82 | 0.71 | 0.049 | 584 | 40 | LUC, Ardea, 2021 |
| | | Inferred | 10 | 0.64 | 0.033 | 61 | 3 | LUC, Ardea, 2021 |
| | Highway | Indicated | 71 | 0.69 | 0.038 | 487 | 27 | LUC, Ardea, 2023 |
| | | Inferred | 21 | 0.67 | 0.040 | 141 | 8 | LUC, Ardea, 2023 |
| | Ghost Rocks | Inferred | 47 | 0.66 | 0.042 | 312 | 20 | OK, Snowden, 2004 |
| | Goongarrie Hill | Indicated | 40 | 0.65 | 0.037 | 259 | 15 | LUC, Ardea, 2021 |
| | | Inferred | 29 | 0.60 | 0.025 | 176 | 7 | LUC, Ardea, 2021 |
| | Big Four | Indicated | 49 | 0.71 | 0.047 | 346 | 23 | LUC, Ardea, 2021 |
| | | Inferred | 14 | 0.68 | 0.043 | 96 | 6 | LUC, Ardea, 2021 |
| | Scotia Dam | Indicated | 12 | 0.71 | 0.065 | 82 | 7 | LUC, Ardea, 2021 |
| | | Inferred | 5 | 0.72 | 0.043 | 37 | 2 | LUC, Ardea, 2021 |
| | Goongarrie Subtotal | Measured | 18 | 0.94 | 0.085 | 171 | 15 | |
| | | Indicated | 253 | 0.69 | 0.044 | 1,758 | 112 | |
| | | Inferred | 127 | 0.65 | 0.037 | 823 | 47 | |
| | | Combined | 398 | 0.69 | 0.044 | 2,753 | 175 | |
| Siberia | Siberia South | Inferred | 81 | 0.65 | 0.033 | 525 | 27 | OK, Snowden, 2004 |
| | Siberia North | Indicated | 14 | 0.72 | 0.042 | 102 | 6 | Ni(UC) Co(OK), Snowden, 2009 |
| | | Inferred | 72 | 0.74 | 0.034 | 534 | 25 | Ni(UC) Co(OK), Snowden, 2009 |
| | Black Range | Indicated | 9 | 0.67 | 0.090 | 62 | 8 | OK, HGMC, 2017 |
| | | Inferred | 10 | 0.69 | 0.100 | 68 | 10 | OK, HGMC, 2017 |
| | Siberia Subtotal | Indicated | 24 | 0.70 | 0.061 | 165 | 14 | |
| | | Inferred | 163 | 0.69 | 0.038 | 1,127 | 61 | |
| | | Combined | 186 | 0.69 | 0.040 | 1,292 | 75 | |
| KNP Goongarrie Hub | TOTAL | Measured | 18 | 0.94 | 0.085 | 171 | 15 | |
| | | Indicated | 277 | 0.70 | 0.046 | 1,923 | 127 | |
| | | Inferred | 289 | 0.67 | 0.037 | 1,951 | 108 | |
| | | Combined | 584 | 0.69 | 0.043 | 4,044 | 250 | |
| Bulong | Taurus | Inferred | 14 | 0.84 | 0.051 | 119 | 7 | OK, Snowden, 2007 |
| | Bulong East | Indicated | 16 | 1.06 | 0.055 | 169 | 9 | OK, Snowden, 2004 |
| | | Inferred | 24 | 0.79 | 0.053 | 190 | 13 | OK, Snowden, 2004 |
| | Bulong Subtotal | Indicated | 16 | 1.06 | 0.055 | 169 | 9 | |
| | | Inferred | 38 | 0.81 | 0.052 | 309 | 20 | |
| | | Combined | 54 | 0.88 | 0.053 | 477 | 29 | |
| Hampton | Kalpini | Inferred | 75 | 0.73 | 0.044 | 550 | 33 | OK, Snowden, 2004 |
| | Hampton Subtotal | Inferred | 75 | 0.73 | 0.044 | 550 | 33 | |
| KNP Kalpini Hub | TOTAL | Indicated | 16 | 1.06 | 0.055 | 169 | 9 | |
| | | Inferred | 114 | 0.76 | 0.047 | 859 | 53 | |
| | | Combined | 130 | 0.79 | 0.048 | 1,028 | 62 | |
| Yerilla | Jump Up Dam | Measured | 4 | 0.94 | 0.048 | 36 | 2 | OK, Snowden, 2008 |
| | | Indicated | 42 | 0.78 | 0.043 | 324 | 18 | OK, Snowden, 2008 |
| | | Inferred | 18 | 0.63 | 0.034 | 116 | 6 | OK, Snowden, 2008 |
| | Boyce Creek | Indicated | 27 | 0.77 | 0.058 | 206 | 16 | OK, Snowden, 2009 |
| | Aubils | Inferred | 49 | 0.70 | 0.066 | 346 | 33 | OK, Heron, 2008 |
| KNP Yerilla Hub | TOTAL | Measured | 4 | 0.94 | 0.048 | 36 | 2 | |
| | | Indicated | 68 | 0.78 | 0.049 | 531 | 33 | |
| | | Inferred | 68 | 0.68 | 0.057 | 462 | 39 | |
| | | Combined | 140 | 0.73 | 0.053 | 1,028 | 74 | |
| KNP TOTAL | GRAND TOTAL | Measured | 22 | 0.94 | 0.079 | 207 | 17 | |
| | | Indicated | 361 | 0.73 | 0.047 | 2,622 | 169 | |
| | | Inferred | 471 | 0.70 | 0.043 | 3,272 | 200 | |
| | | Combined | 854 | 0.71 | 0.045 | 6,101 | 386 | |



Ore Reserve

The PFS defined an Ore Reserve estimate within optimised pit shells, of 194.1Mt at 0.70% Ni and 0.05% Co for **1.36Mt contained nickel and 99kt contained cobalt** (Table 4). Other Goongarrie Hub deposits (Ghost Rocks, Siberia South and Black Range) have not been included in the current Ore Reserve and provide potential to extend the mine life.

Table 4 - KNP Goongarrie Hub Ore Reserve Summary consisting of ore above 0.5% Ni as the feed stock for the processing facility, and ore as Mineralised Neutraliser above 0.5% Ni equivalent (Nieq) and Loss on Ignition (LOI) above 25%

| Deposit | Ore \geq 0.5% Ni | | | | | Ore $>$ 0.5% Nieq and LOI $>$ 25% | | | | | Total Ore | | | | |
|--------------------------------|--------------------|-------------|-------------|--------------|-----------|-----------------------------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|--------------|-----------|
| | Mt | Ni (%) | Co (%) | Ni (kt) | Co (kt) | Mt | Ni (%) | Co (%) | Ni (kt) | Co (kt) | Mt | Ni (%) | Co (%) | Ni (kt) | Co (kt) |
| Proven | | | | | | | | | | | | | | | |
| Goongarrie South | 16.7 | 0.96 | 0.09 | 160 | 15 | 0.05 | 0.43 | 0.03 | 0.20 | 0.01 | 16.7 | 0.96 | 0.09 | 160 | 15 |
| Sub-total | 16.7 | 0.96 | 0.09 | 160 | 15 | 0.05 | 0.43 | 0.03 | 0.20 | 0.01 | 16.7 | 0.96 | 0.09 | 160 | 15 |
| Probable | | | | | | | | | | | | | | | |
| Big Four / Scotia Dam | 34.9 | 0.76 | 0.07 | 265 | 23 | 0.8 | 0.38 | 0.04 | 3 | 0 | 35.7 | 0.75 | 0.06 | 268 | 23 |
| Goongarrie South | 33.6 | 0.79 | 0.07 | 265 | 23 | 1.8 | 0.40 | 0.03 | 7 | 1 | 35.4 | 0.77 | 0.07 | 272 | 24 |
| Goongarrie Hill | 15.8 | 0.70 | 0.04 | 110 | 7 | 0.1 | 0.44 | 0.02 | 0 | 0 | 15.9 | 0.70 | 0.04 | 111 | 7 |
| Highway | 54.0 | 0.70 | 0.04 | 380 | 22 | 27.2 | 0.39 | 0.01 | 106 | 4 | 81.2 | 0.60 | 0.03 | 486 | 26 |
| Siberia North | 9.2 | 0.74 | 0.05 | 68 | 4 | - | - | - | - | - | 9.2 | 0.74 | 0.05 | 68 | 4 |
| Sub-total | 147.4 | 0.74 | 0.05 | 1,087 | 79 | 29.9 | 0.39 | 0.02 | 117 | 5 | 177.4 | 0.68 | 0.05 | 1,204 | 84 |
| Proven + Probable Total | | | | | | | | | | | | | | | |
| Big Four / Scotia Dam | 34.9 | 0.76 | 0.07 | 265 | 23 | 0.8 | 0.38 | 0.04 | 3 | 0 | 35.7 | 0.75 | 0.06 | 268 | 23 |
| Goongarrie South | 50.2 | 0.85 | 0.08 | 425 | 38 | 1.9 | 0.40 | 0.03 | 7 | 1 | 52.1 | 0.83 | 0.07 | 432 | 39 |
| Goongarrie Hill | 15.8 | 0.70 | 0.04 | 110 | 7 | 0.1 | 0.44 | 0.02 | 0 | 0 | 15.9 | 0.70 | 0.04 | 111 | 7 |
| Highway | 54.0 | 0.70 | 0.04 | 380 | 22 | 27.2 | 0.39 | 0.01 | 106 | 4 | 81.2 | 0.60 | 0.03 | 486 | 26 |
| Siberia North | 9.2 | 0.74 | 0.05 | 68 | 4 | - | - | - | - | - | 9.2 | 0.74 | 0.05 | 68 | 4 |
| TOTAL | 164.1 | 0.76 | 0.06 | 1,247 | 94 | 30.0 | 0.39 | 0.02 | 117 | 5 | 194.1 | 0.70 | 0.05 | 1,365 | 99 |

Notes:

1. The Ore Reserve is reported in accordance with JORC Code 2012.
2. Ore reserves are reported at a cut-off of 0.5% Ni for primary feed stock to the processing facility, plus mineralised neutraliser as ore at a cut-off of 0.5% Nieq and LOI above 25%.
3. Nieq defined using $\text{Ni} + 2.32 \times \text{Co}$.
4. The Ore Reserve was evaluated using a base price of US\$22,000/t for Ni and US\$51,000/t for Co at 85% payable for a Mixed Hydroxide Precipitate (MHP) product, and an exchange rate 0.69 USD/AUD. In view of forward metal price projections averaging US\$25,000/t Ni, the Ore Reserve can be considered conservative.
5. Ore Reserves account for mining dilution and mining ore loss.
6. Ore Reserves are reported on a Dry Tonnage Basis.
7. Proven Ore Reserves are based on Measured Mineral Resources only and Probable Ore Reserves are based on Indicated Mineral Resources only.
8. The sum of individual amounts may not equal due to rounding.
9. This Ore Reserve estimate is for a subset of the KNP Goongarrie Hub deposits being Goongarrie South, Big Four / Scotia Dam, Goongarrie Hill, Highway and Siberia North.



Mining optimisation studies completed, as part of the PFS have defined production of approximately 30,000t of nickel and 2,000t of cobalt per annum for more than 40 years. This projection comprises the Ore Reserve and the inclusion of a small amount of Inferred Mineral Resource (20Mt or 9% of total MRE) spread over the Life of Mine.

Enhancing previous studies, the updated mine plan uses a selective mining approach to maximise economic extraction of the KNP Goongarrie Hub mineral resource by defining ore types to leverage the variability of the mineralisation. This was achieved by maximising higher value ore streams through the HPAL circuit and diverting to the AL circuit lower value streams that would otherwise be stockpiled for end of project processing.

Processing Research and Development

The Ardea FY2023 Research & Development (**R&D**) is based upon metallurgical experiments aimed at optimising the plant performance, product range and hence revenue streams from the KNP and its Goongarrie Hub.

CSIRO and ARC

Ardea continues to work with industry leading research partners, such as Australia's national science agency CSIRO, and the Australian Research Council (**ARC**). Ardea actively engages with the CSIRO specifically on the Indicator Minerals for Nickel Sulphide Exploration project, including assessing samples provided from the Kalpini, Goongarrie and Highway projects. The potential for the KNP Walter Williams Formation (**WWF**) to host magmatic nickel sulphides will be tested in Q3 CY2023 with a diamond drill hole and down-hole EM survey. Ardea is the largest holder of the WWF in the Eastern Goldfields, as this is the dominant unit that has weathered to form the Goongarrie Hub nickel laterite deposits.

Ardea has also been actively engaged with ARC, and is a sponsor of the ARC Training Centre in Critical Resources for the Future. Ardea expect the outcomes from the Training Centre to have industry-wide benefits regarding the future of Critical Minerals exploration and extraction leading towards an ESG supply in the future, and for training the next generation of geoscientists in this field.

Future Battery Industries – Cooperative Research Centre (FBICRC)

The FBICRC is an independent centre where industry, government and researchers can come together to create the tools, technologies, and skills to grow the role of battery storage in Australia's electricity grids and make Australia a larger downstream player in global battery value chains.

The focus of all Ardea R&D is ultimately aligned with the FBICRC objective of developing Australian autonomous, ESG-compliant, renewable energy supply chains.

Ardea sponsors and works with the FBICRC team on multiple work streams.

Each one of these work streams is aimed at ensuring quality product specifications and ESG compliance for the Australian LIB sector and sustainable and ethical supply from the best-regarded operating jurisdiction in the World, being Western Australia.

Ardea has assembled suitable bulk drill sample material from current Goongarrie Hub drilling plus product from the 2018 PFS Goongarrie pilot run as test material for the planned FBICRC pilot plant.

Mineralised Neutraliser

The key KNP R&D processing break through achieved during 2023 was filing an International PCT Patent Application entitled "Acid Neutraliser Composition" on 13 June 2023 at the World Intellectual Property Office (**WIPO**). The international application, PCT/AU2023/050520, covers Ardea's MN R&D which extends from the earlier Australian Provisional Patent Application filed at IP Australia on 11 November 2022 (see ASX releases of 16 November 2022 and 15 June 2023). The filing of this International PCT Patent Application at WIPO gives Ardea the option to pursue patent protection for its MN in over 150 countries, including Australia, and represents a significant step towards gaining patent protection in countries around the World for this major flowsheet enhancement.



Impetus for the MN experiments was to test whether magnesite could replace the calcitic limestone invariably used for Eastern Goldfields nickel laterite sulphuric acid neutralisation and in so doing save on consumable purchase and transport cost and minimise CO₂ emissions associated with transporting the limestone to site.

Scandium and Rare Earth Elements

Key experiments relate to sustainability enhancements for the KNP HPAL and AL flowsheets. In terms of potential by-product revenue streams, opportunities involving the Critical Minerals cobalt, scandium, the Platinum Group Elements (**PGE**) - Ru, Rh, Os (due to excessive assay cost, using 500ppb Pt-Pd as a pathfinder in pulp re-assay) and the rare earth elements (**REE**) neodymium, praseodymium, terbium and dysprosium, used in magnets for EV motors and wind-turbine generators.

Highly sought Critical Minerals documented within the KNP lateritic enrichment regolith profile include:

- Nickel-cobalt-manganese (**NCM**) content in LIB including precursor cathode-active material;
- EV electric motor REE permanent NdFeB magnet metals, most notably Nd-Pr-Tb-Dy. The KNP also has common Ce and La;
- Scandium for scandium-aluminium lightweight, high-strength fabrication in general and EV chassis in particular;
- Vanadium for community-scale and larger solid state batteries;
- Critical Minerals targets at potentially extractable grades identified during KNP R&D include:
 - o Gallium (**Ga**).
 - o Ba, Cr, In, Mg, Mo, Te, Ti, Sn, W, Y, Zr; and
 - o PGEs - Ru, Rh, Os.

All these Critical Minerals can be realistically assessed for recovery because the HPAL process requires complete dissolution of goethite-hosted nickel-cobalt mineralisation, thereby rendering all contained metals into solution and thus amenable to recovery. This does not require each of these metals to individually be in stand-alone economic concentrations. Recovery of these metals relies on nickel and cobalt hydrometallurgical recovery, potentially providing significant credits and upside to the project economics.

Metallurgical test work with a consultant desk-top study into the viability of recovering co-product Critical Minerals from the HPAL PLS, focussed initially on scandium. Critical Minerals research and development is predicated on the 60 element Ardea multi-element assay suite used in all sampling programs. The R&D focus for the Company continues to be searching the KNP technical data base to select archived Ardea drilling sample pulps for re-assay for Critical Minerals (notably REE co-products and identifying fertile nickel sulphide multi-element ratios indicative of PGEs). The PGE R&D is a joint CSIRO-Ardea program.

A CSIRO-Ardea conceptual nickel sulphide target at Highway has secured WA State Government Exploration Incentive Scheme (**EIS**) support and core hole commenced. As well as quantifying nickel sulphide prospectivity, a distinctive suite of felsic to intermediate intrusive-hosted regolith mineralisation will be researched.

Ardea's extensive and strategic land holding in the Eastern Goldfields of WA comprises over 170 tenements, covering over 4,100km² and in addition to the globally significant nickel-cobalt-scandium KNP resource, is highly prospective for nickel sulphides and Critical Minerals (Figure 5).

Bench-scale Metallurgy

ALS conducted test work on samples from the Highway deposit, finding that ore scrubbing was necessary for good metal recoveries, and that gravity separation of the +200 micron fraction did not yield a viable by-product stream. Proof of concept for the HPAL and AL circuits was confirmed, and the in-pit neutraliser obtained acceptable Acid Neutralisation Capacity (**ANC**) performance. Final ANC results (at a final free acid of 20 g/L) gave an ANC value of 797 kg H₂SO₄/t. In the same process, the neutraliser also delivered good nickel and cobalt credits. Metal extractions from the Mineralised Neutraliser scats under simulated process conditions were 86.5% and 75.3% respectively. The patent application was submitted on this basis.



Laboratory batch calcination tests were conducted on Ardea magnesite samples. A simple citric acid reactivity (**CAR**) test demonstrated that the calcine was not suitable for chemical-grade metallurgical purposes, but remains suited to neutralisation.

Potential improvements to Secondary Neutralisation (**SN**) chemistry were identified through the use of oxidised manganese residues for ferrous iron oxidation. This was scoped for testing at the DFS stage.

Sterilisation drilling from the planned process plant site and accommodation village site was completed in Q1 2023. Analytical results returned anomalously high concentrations of REEs and a bulk sample was subject to metallurgical test work to examine the feasibility of REE recovery. The research is low priority compared to the nickel-cobalt studies.

To further develop the main flowsheet, a scope of work for bench-scale test work was provided to local metallurgical laboratory IMO (Metallurgy Pty Ltd.). This scope was intended to provide supporting data for the DFS design phase, and concentrated on the hydrometallurgical process, especially around the AL and some novel opportunities for improving the solution purification chemistry efficiency (alternative ferrous iron oxidation process, MHP washing efficiency, Scavenger precipitation residue oxidation).

Data from the 2005-2009 Vale Inco PFS ore preparation test work was consolidated and reviewed for further interrogation.

A study of alternatives for increasing HPAL productivity was conducted. Options are to increase the ore grade, increase the slurry density or to reduce the autoclave residence time.

Options for increasing HPAL autoclave productivity were identified and test work scopes for evaluating these options have been submitted for quotation. These options are to be evaluated in the upcoming metallurgical bench testing program

Flowsheet Development

Thermal desalination of local bore water using low grade waste heat from the acid plant was selected for desalinated water supply.

Initial design values for AL metal extractions were determined after a review of 2023 ALS bench-scale test work, and used in the PFS mine production model.

The design criteria value for the HPAL autoclave residence time used in the PFS was 70 minutes. Post PFS a more detailed review of test work and peer project operating data has indicated that 60 minutes is more appropriate. This factor will be used in future DFS mass balance and production projections, subject to ongoing test work.

Replacing imported limestone / lime sand and neutraliser with in-pit Mineralised Neutraliser was adopted. This initiative reduces the logistical and reagent costs, while increasing the nickel and cobalt production rates.

A third party review of scandium and REE processing technology was conducted. It was concluded that the resource was amenable to scandium recovery and may be included in a future flowsheet. This would be an add-on to the nickel-cobalt flowsheet, and needs to be evaluated in future studies. The REE content of the reviewed material was not suited to assessment.

Intellectual Property

As previously announced, Ardea lodged patent applications in Australia (AU2022903389) 11 November 2022, and with the WIPO on 13 June 2023. PCT/AU2023/050520 is related to the use of Mineralised Neutraliser in the Ardea process. This intellectual property was developed during investigations into the mineralogical and hydrometallurgical properties of a previously unutilised portion of the lateritic horizon, and enables Ardea to extend the value of the resource and reduce the economic and environmental costs of providing the neutraliser reagent to the flowsheet.

Materials of Construction

A study reported on the feasibility of using alternative materials for severe service applications. Studies continue.



Hydrogeology

At KNP Goongarrie Hub, all nickel-cobalt-scandium mineral resources are located on granted mining leases. As such, Ardea has first rights to any ground water underlying these areas. Past work by Ardea has defined multiple water sources, with water for project development to be sourced from dedicated bore fields.

Potential sources of groundwater for the KNP include alluvial sand and gravel deposited in the base of deeply-incised palaeovalleys ("palaeochannels"), the siliceous and vuggy weathering products of ultramafic rocks ("cap-rock") forming the nickel laterite ore, and fractured mafic bedrock

Water exploration drilling during the year included 42 holes for 2,579m testing targets at Siberia North, Siberia South, Goongarrie South, Black Range and Papertalk. This drilling identified a resource of fresh to saline groundwater.

Passive seismic surveys were completed in two campaigns in December 2022 and March-April 2023 at several locations in and around the Goongarrie Hub largely in search for palaeovalley aquifers. Results were of high quality and delineated multiple Tertiary palaeochannel targets for potential future testing.

The hydrogeology section of the PFS incorporated all results from recent water exploration programs. Three groundwater streams are needed for the KNP: a Raw Water Stream (1.6 GL/a at <70,000 mg/L), which will be treated using thermal desalination primarily for use in the autoclaves; a Process Water Stream (3.1 GL/a at <100,000 mg/L) to be treated by nanofiltration and is primarily for ore preparation; and Camp Water Supply (0.3 GL/a at <40,000 mg/L) for mine construction and camp supply which will be treated using reverse osmosis. As part of the PFS a base case supply option was defined to meet these water demands.

Ardea has two water abstraction licences granted over the central Goongarrie Hub and multiple search for water miscellaneous licences granted to provide sufficient long term optionality to source water requirements for future production. Ardea will continue the water supply reviews at the concept level stage to find the best water supply options and then undertake more detailed engineering and cost estimates in the planned DFS. Further exploration drilling and seismic surveys will continue including on the multiple regional palaeovalley targets, as well as, dewater studies around planned pit sites.



Photo above: Large water sump from Goongarrie Hub production bore drilled in July 2022.

Infrastructure and Logistics

The KNP has access to high-quality infrastructure with the Goldfields Highway, rail line and power infrastructure passing through the project area and the Goldfields Gas Pipeline within 25km.

The plant site is planned to be directly located to the southeast of the Pamela Jean pit, which minimises the tramming distance to the process plant during the critical early mining phase. Site sterilisation drilling was conducted over the proposed plant site and the anticipated location of the construction village. This work also provided preliminary geotechnical information, indicated that supporting bedrock lay within 7m of the surface for most of the planned process plant area. The site topography is relatively flat thus minimising earthworks. The manning strategy includes a Kalgoorlie-Boulder office and logistics base, enabling significant pre-assembly in construction, with those personnel not required to be permanently based at site able to make day trips on an as-needs basis.

Ardea and the City of Kalgoorlie-Boulder (**CKB**) liaise regularly on key project development updates, community and accommodation developments. Further CKB continues to support Ardea with hosting Strategic Partner site visits.

Logistics provider QUBE completed a high-level scoping study which provided an initial supply chain model of a mine to port solution for the export/import of MHP, magnesia, sulphur and lime that formed the basis for the PFS.

This study identified three potential ports (Kwinana, Fremantle or Esperance ports) to import sulphur, bulk lime, magnesia and other reagents and two potential ports (Esperance and Fremantle) for the export of MHP using 20-foot general purpose containers. Haulage options reviewed road trains and rail options and combinations between the port and site.

A desktop study identified a viable construction-phase delivery route for the HPAL autoclaves and similar heavy equipment. The overall route from Esperance Port to Goongarrie appears relatively simple.

Environment and Rehabilitation

All project development within the KNP is aimed at including systematic and rapid rehabilitation concurrent with operations. The KNP is located within the Great Western Woodlands, the largest and healthiest temperate to semi-arid (Mediterranean climate) woodland on Earth. The woodlands cover almost 16,000,000 hectares from the Nullarbor Plain in the east to the Wheatbelt in the west; from Esperance in the south through to the inland mulga country north of Kalgoorlie, including the KNP as a comparative very small component (Figure 5).

Due to the 2023 expanded development footprint of the Goongarrie Hub which also reflects Ardea's current flowsheet, baseline surveys completed in 2018 have been extended and include further surveys to incorporate the latest environmental standards and guidelines. While the Autumn fauna, flora and vegetation surveys have been completed, in addition to the Baseline Ecological Study (rewetting trials) of Lake Goongarrie, Lake Owen North and peripheral wetlands, further baseline surveys will be completed over the 2024 financial year.

Ardea's lead environmental consultant continues to manage all baseline surveys and provides advice and guidance to Ardea for all other baseline studies which are planned to be finalised in early to mid-2024 for subsequent referral to the Environmental Protection Authority.

Mine rehabilitation methodology is facilitated through four decades of WA open pit gold mine operations, and the KNP footprint is minimised using mining voids for tailings and mullock disposal. Mining voids will be progressively rehabilitated during operations and returned to their pre mining state, by dressing the back filled open pit voids with topsoil (Figure 8) and then revegetating.

In terms of ESG compliance for hydrometallurgical metal processing, the KNP's benign and manageable environmental footprint contrasts strongly with "wet tropical laterite" projects. The tropical laterites require submarine tailings disposal or valley tailings storage with consequent substantial environmental risk. Tailings disposal in these environments tends to be further complicated by high rainfall and the fact that most tropical laterite deposits are in seismically active regions. Additionally, wet tropical laterite production areas commonly involve non-restorable rain forest habitat destruction.



It is doubtful whether wet tropical laterite hydrometallurgical battery metal sources can comply with the ESG standards required by the Japanese, South Korean, European and North American EV sectors, particularly where submarine tailings disposal is used. Similarly, with more than 3,000mm of annual rainfall in the tropical laterites, it is an immense challenge for long-term tailings stabilisation.

The KNP semi-arid climate with robust environmental setting is likely just as important as the premium goethite, high nickel grade and excellent ore rheology for its economic attractiveness.

A third party review of tailings storage options and present industry practice was received. It was concluded that in-pit tailings storage provided significant environmental and economic benefits compared to above-ground tailings.

Forced evaporation of excess water from the tailings decant water was identified as an alternative to evaporation ponds. A consultant proposal showed a significant capital cost saving, with the bonus of reduced environmental footprint.

Rehabilitation of exploration sites at Ardea's Kalpini, Bulong and Siberia South projects was completed.

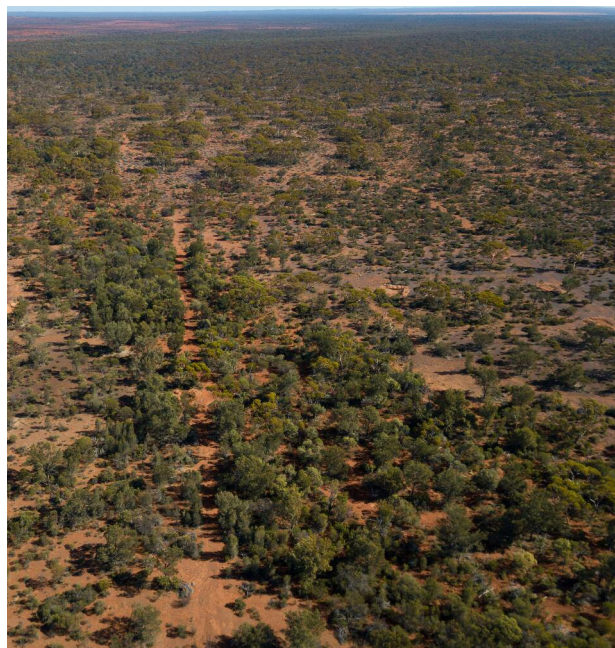
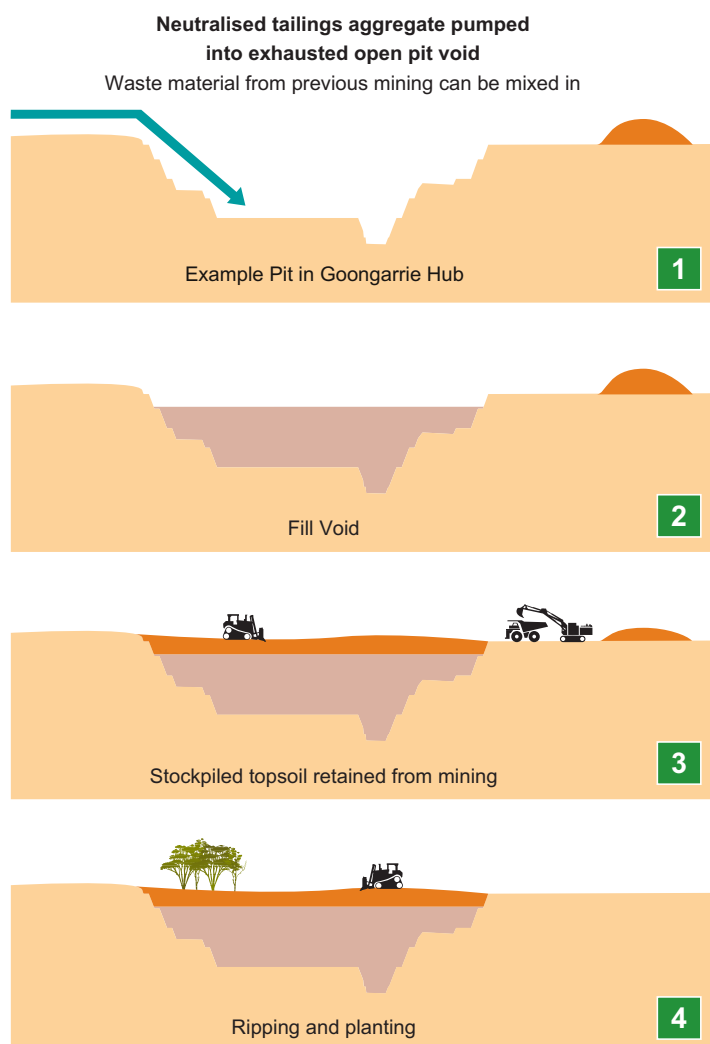


Figure 8: Planned Goongarrie Hub in-pit tails disposal and rehabilitation strategy.

In-pit tailings storage schematic showing the progressive backfill and rehabilitation of mining voids which is planned to occur concurrently with nickel-cobalt production at KNP Goongarrie Hub.

WA Nickel Sulphides and Critical Minerals

Ardea's extensive and strategic land holding in the Eastern Goldfields of WA comprises over 170 tenements, covering over 4,100km² and in addition to the globally significant nickel-cobalt-scandium KNP resource, is highly prospective for nickel sulphides and Critical Minerals (Figure 9).

Ardea Nickel Sulphide Strategy

Ardea's nickel sulphide exploration strategy complements the development of the KNP. The KNP nickel sulphide targets are an asset in a region of multiple nickel sulphide concentrators, with most constrained by insufficient sulphide feed availability.

Nickel sulphide also has potential value for a nickel laterite operation, in that it is a potential addition to any goethite autoclave feed for exothermic heating (optimise steam use), Eh reduction to control hexavalent chromium and adding nickel and sulphur units to the autoclave reaction vessel, and typically improving overall nickel recoveries.

An additional bonus is that metal concentrations considered deleterious to conventional nickel sulphide flotation concentrator processing do not affect the HPAL process, opening the possibility of mineral extraction from nickel sulphide deposits that may otherwise be overlooked.

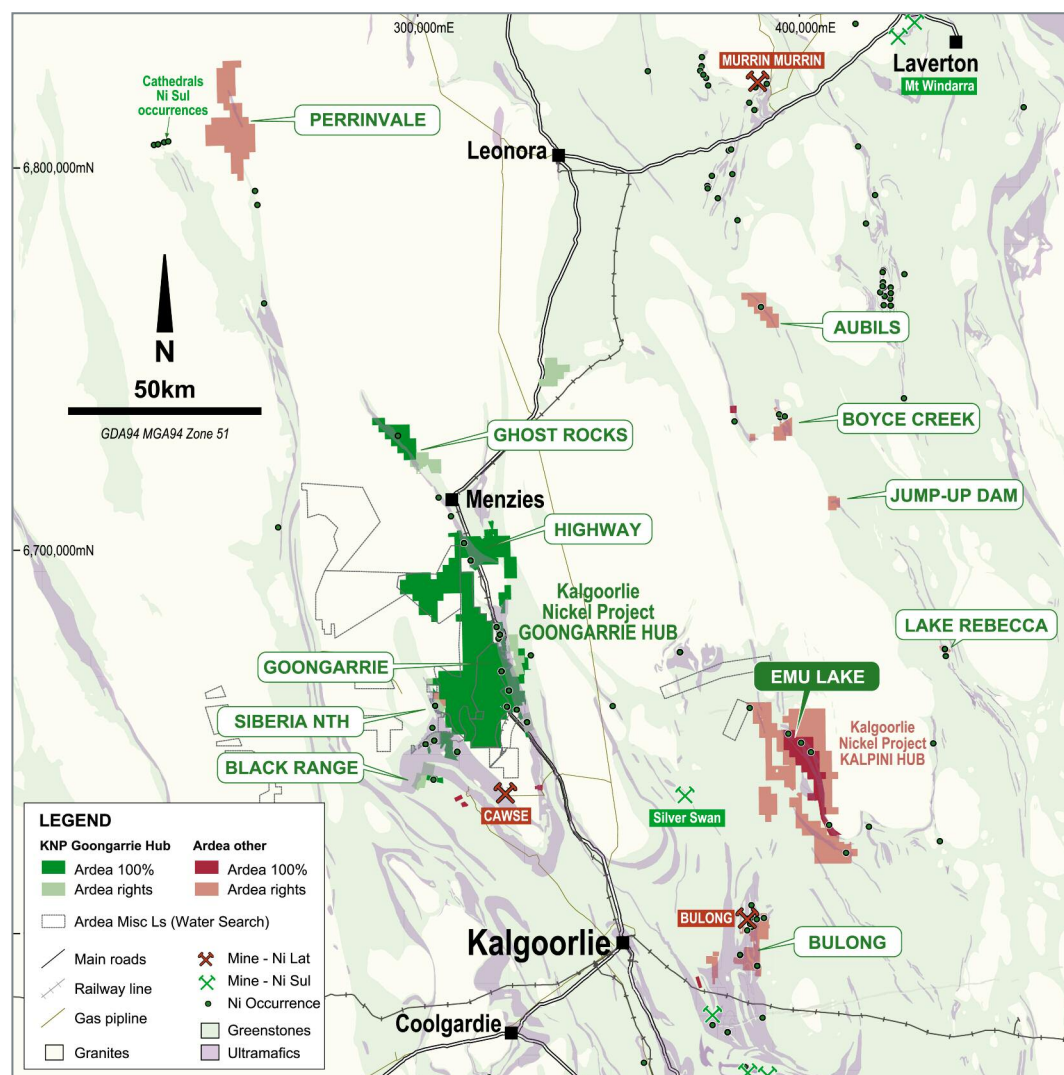


Figure 9: Ardea tenement plan highlighting the location of the Kalpini Project, Emu Lake Nickel Sulphide Camp with nickel mines and occurrences in the region. Projection MGA 94 Zone 51.

Kalpini Nickel Sulphide Project

Ardea's Kalpini Project is located 70km northeast of the City of Kalgoorlie-Boulder and covers 121km² of contiguous granted tenure 100%-owned by Ardea (Figure 9 and Figure 10). The Type 1 massive nickel-copper-PGE sulphides discovered at the Binti Prospect at Emu Lake occur in the Kurnalpi Terrane which is significant given there are only a few other Type 1 nickel sulphide occurrences in this Terrane. Ardea hold approximately 25km strike of the prospective Western Komatiite Belt that is largely unexplored and highly prospective for primary magmatic nickel sulphide mineralisation.

Regionally there are two distinct Kalpini ultramafic units each with 20-25km strike within Ardea tenure (Figure 10):

- The Kalpini Eastern Komatiite Belt hosts the Wellington East and Acra North nickel laterite deposits containing 75Mt at 0.73% nickel and 0.04% cobalt, for 549.7kt nickel and 32.6kt cobalt (Ardea ASX release 30 June 2023). The ultramafics are typical of the Walter Williams Formation style consisting of a thick 200-600m sheet with olivine orthocumulate upper and lower contacts and core olivine meso-accumulate (Dunitic Sheet Flows-Layered Lava Lakes) which weathers to nickel laterite.
- The Kalpini Western Komatiite Belt hosts the Binti nickel sulphide mineralisation. There are at least two fertile nickel sulphide ultramafic flows at Emu Lake being the Western Ultramafic (**WU**) and Central Ultramafic (**CU**). The volcanics are characterised by a bi-modal co-magmatic suite, with each cycle having a footwall dacite volcanic overlain by ultramafic volcanic flows. The ultramafics are orthocumulate flows typically 10-40m thick, with massive, matrix, blebby and disseminated nickel sulphides identified in the WU and CU.

The 2021-2022 drill testing of the Western Ultramafic at Binti discovered significant komatiite-hosted massive Ni-Cu-PGE sulphides i.e. AELD0003: 2.72m at 5.42% Ni and 0.85% Cu from 391.04m including 1.23m at 8.22% Ni and 0.56% Cu from 391.04m (Ardea ASX releases 3 December 2021 and 14 January 2022).

Ardea completed four diamond drill holes for 2,368.5m during the September Quarter 2022, including DHEM surveys on all holes, with three of the diamond holes (AELD0007 - AELD0009) drilled at the Binti prospect (Figure 11). Every drill hole intersected nickel sulphide mineralisation and demonstrated the potential for both high grade massive nickel sulphides and disseminated nickel sulphides:

- **AELD0007:** targeted a 100m x 60m off-hole DHEM plate near the basal contact of the Western Ultramafic. The drill hole intersected 0.46m @ 3.09% Ni, 0.49% Cu and 0.65g/t PGE (Pt+Pd) from 491.69m and three zones of disseminated nickel sulphides with the best 4m @ 0.63% Ni from 510m
- **AELD0008:** targeted a 280m area with minimal previous drilling between Binti South and Binti Central (Figure 11). The drill hole intersected nickel sulphides in the Central Ultramafic (0.2m @ 1.31% Ni from 371.29m and 2m @ 0.47% Ni from 383m) and blebby-matrix/breccia sulphides in the Western Ultramafic (5.83m @ 0.6% Ni from 508.17m including 0.55m @ 2.05% Ni, 0.23% Cu and 0.57g/t PGE (Pt+Pd) from 511.86m). This drill hole detected a new off-hole conductor (82m x 50m; 5,000 siemens) mostly below and north of the hole (Figure 11)
- **AELD0009:** targeted a 30m x 30m off-hole DHEM plate above and south of AELD0004 (Figure 11). The drill hole intersected nickel sulphides in the Central Ultramafic (10m @ 0.47% Ni from 326m) and the Western Ultramafic (3.19m @ 0.62% Ni from 448m)

At the Binti Prospect 3D modelling indicated the 'hottest' ultramafic flows are at Binti Central at depth. The current interpretation is that the massive sulphide mineralisation at the Binti Prospect may be defined by tight folding around primary lava pathways, with mineralisation on or close to primary basal contact positions. These mineralised lava pathway positions are currently interpreted as moderate to steeply south plunging and are open both up and down plunge (Figure 11). Previous nickel sulphide intersections at the Binti Gossan prospect occur in the Central Ultramafic, whereas thicker intersections at Binti Central and Binti South occur in the Western Ultramafic which is absent at the Binti Gossan. A diamond drill program comprising six holes for 3,210m was planned mostly in the Binti area (Figure 11) which could be executed once current Goongarrie Hub feasibility programs are completed.



An additional hole AELD0010 was drilled targeting a regional magnetic anomaly 6km southeast of the Binti prospect where previous drilling identified broad zones with >100ppb Pd and >200ppm Cu (up to 1,070ppm Cu) in ultramafics. AELD0010 intersected very thick ultramafic stratigraphy (578m in total, open at end of hole) and while assay results showed no obvious nickel sulphide mineralisation there was >50ppb Pt+Pd from 119-125m, 132-138m and 232-242m, the latter two intersections with fine disseminated sulphides. There was no priority DHEM plates associated with AELD0010.

During FY23 regional technical targeting using detailed geochemical ratios, geophysical data, geological and structural interpretation was completed, which generated twelve nickel sulphide exploration targets in the ~20km strike Western Komatiite sequence (Figure 10). An RC drill program was designed with 52 RC holes for 11,200m, which could be executed once current Goongarrie Hub feasibility programs are completed.

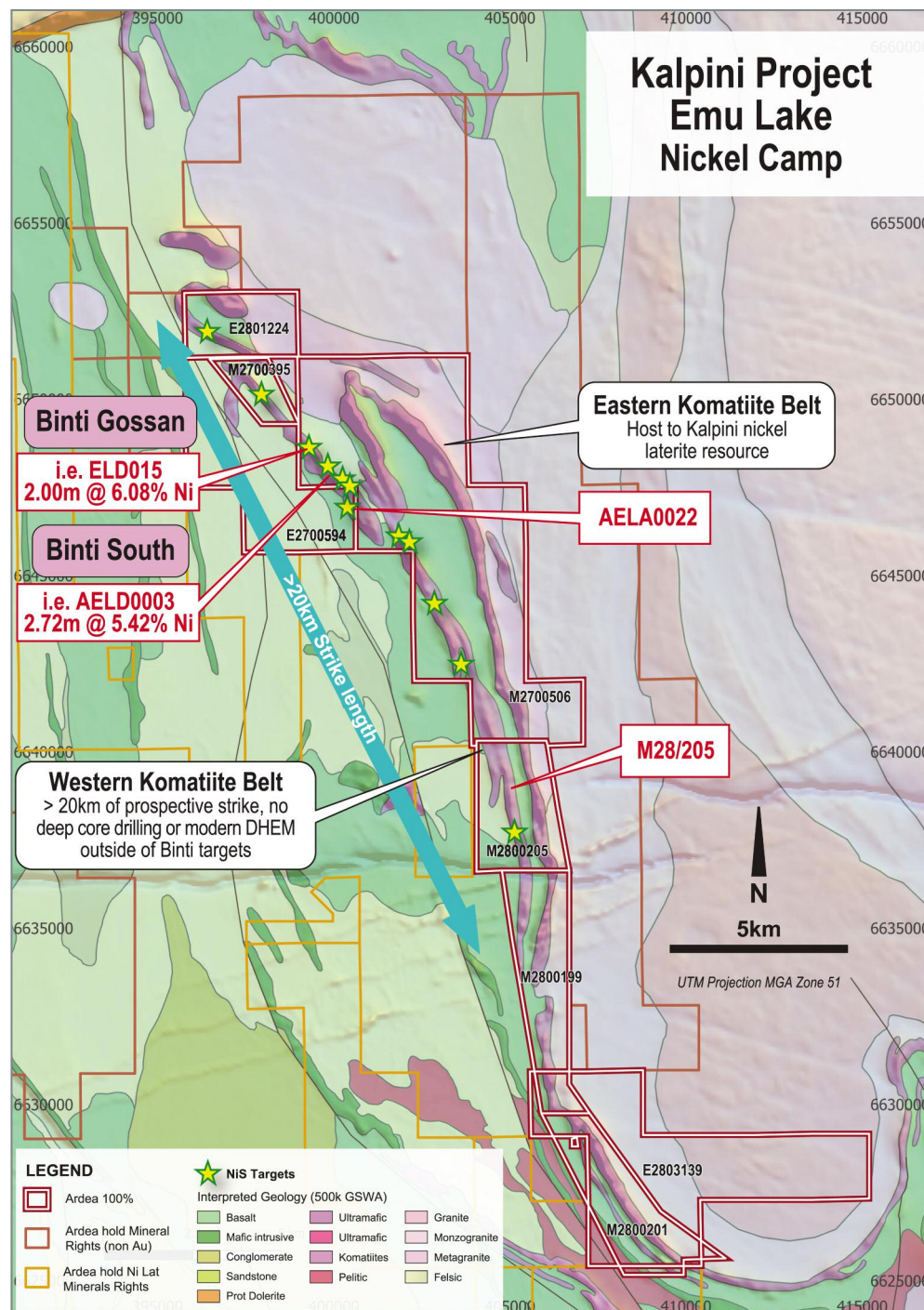


Figure 10: The Kalpini Project showing interpreted geology and Komatiite Belts.

The historic nickel laterite resources are located on the Eastern Komatiite Belt, with the Western Belt highly prospective for nickel sulphide mineralisation. Tenements are shown, with recent nickel sulphide (NIS) targets (stars). Projection MGA 94 Zone 51.

An aircore program of twenty-four vertical holes for 1,077m was completed on E27/524 in the December Quarter 2022. The program was designed along three traverse lines with 80m centres (Figure 12) to infill previous laterite drilling and as a first pass assessment of nickel sulphide potential. Assay results returned significant nickel sulphide anomalism in AELA0022: 14m @ 0.52% Ni, 231ppm Cu and 129ppb Pt+Pd from 24m including 4m @ 0.62% Ni, 310ppm Cu and 177ppb Pt+Pd from 32m (Figure 12; ASX Release 2 May 2023). Textures including presence of distinctive weathered pits in the drill chips indicate weathered nickel sulphide mineralisation in saprock ultramafic. The intersection is close to eastern basal contact of the interpreted Western Ultramafic 1km south-southeast of Binti South (Figure 12). The combination of the anomalous geochemistry, flank of magnetic anomaly, the stratigraphic interpretation and absence of surface EM in this area make this a compelling nickel sulphide target to follow up with the planned regional RC drill program.

Regional mapping and rock chip sampling at Kalpini has continued. Significant outcrop was identified in M28/205 with a similar stratigraphic sequence interpreted as at the Binti prospect ~10km to the north (Figure 10). This indicates the geology is likely consistent across this section of the belt and gives greater confidence that potential mineralised nickel sulphide channels exist within the entire Western Komatiite Belt.

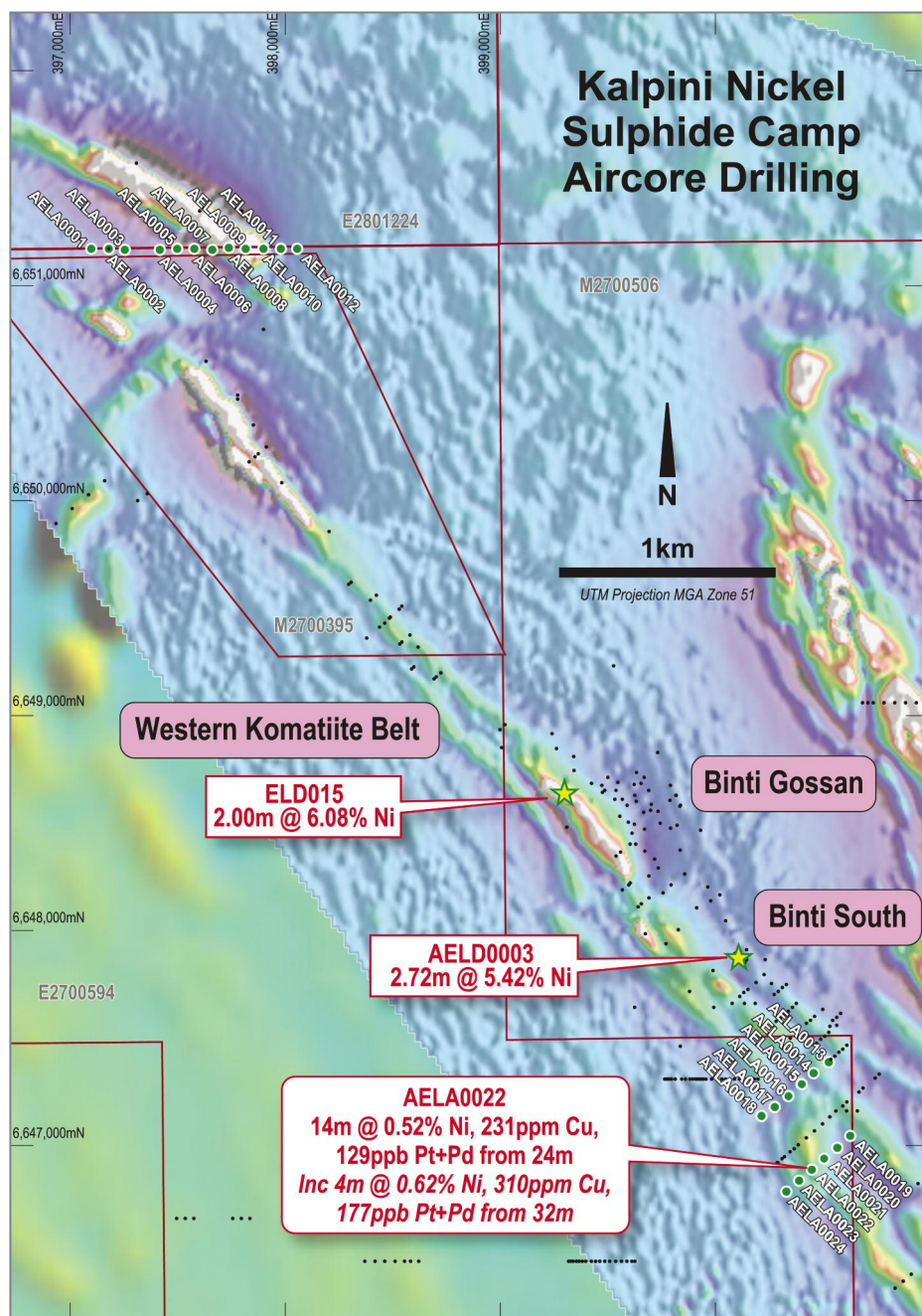


Figure 12: Location of Aircore drillholes (AELA0001 – AELA0024) including significant intersection in AELA0022. Projection GDA94 Zone 51.

Lithium Exploration

Consultant CSA Global completed a desktop review of Lithium-Caesium-Tantalum (**LCT**) pegmatite potential over Ardea's tenements including a project ranking (ASX release 22 November 2022). The Perrinvale Project (Figure 5) ranked as the highest priority area for pegmatite-hosted LCT mineralisation. During FY23 lithium exploration has focused on testing LCT pegmatite targets at the Perrinvale project and also the Ghost Rocks project (Figure 5).

The Perrinvale Project had no previous exploration for LCT pegmatites. During FY23 multiple mapping and sampling programs were completed with a total of 91 samples of extensive outcropping pegmatites taken, with some pegmatites extending >200m along strike, up to 20m thick and with variable mineralogy. Assay results were received from 82 samples from the LCT pegmatite rock chip sampling programs and await detailed interpretation. Further mapped pegmatites are still to be sampled, mostly in the northern and western part of the tenement.

Sampling of the untested komatiite ultramafic at Perrinvale that extends for over 8km strike was also completed. Initial assay result interpretation showed an increase in MgO values across the unit heading east (possibly indicating the eastern contact is the base of flow).

At the Ghost Rocks Project multiple field sampling and mapping programs were completed during FY23, with a total of 132 samples of extensive outcropping pegmatites taken, with some pegmatites >10m thick, up to 500m long and with variable mineral species. Initial assay results were received from 64 samples from the LCT pegmatite rock chip sampling and await detailed interpretation. To date assay results show the southern pegmatites as most prospective. Additional pegmatite swarms have recently been identified outside this prospective zone on the east side of the internal granite and await sampling.

As for Perrinvale, detailed interpretation of the Ghost Rocks LCT potential will be completed once all assays are to hand.



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. GNCP High Grade Resource – 60 Million Tonnes at 1.0% Nickel Sustainable Long-life Battery Metal Resource Confirmed, 15 February 2021
2. Highway Nickel Deposit – Mineral Resource Estimate, 16 June 2021
3. Nickel Sulphide Discovery Confirmed at Emu Lake, 3 December 2021.
4. Emu Lake Nickel Sulphide Discovery confirmed with 2.72m at 5.42% Ni, 14 January 2022.
5. Kalgoorlie Nickel Project Recognition on All Tiers of Australian Government, 21 March 2022.
6. Kalgoorlie Nickel Project: Metallurgical Update – Mineralised Neutraliser, 16 November 2022.
7. Eastern Goldfields Projects Exploration Update, 22 November 2022
8. Ardea Completes KNP ESG Accreditation from Independent Leading Global Platform, 24 November 2022.
9. Notification of Issue, Conversion or Payment up of Unquoted Equity Securities, 24 April 2023.
10. Nickel sulphide anomalism from aircore drilling at Kalpini Project, 2 May 2023.
11. Mineralised Neutraliser Global Patent Lodged, 15 June 2023.
12. Kalgoorlie Nickel Project Mineral Resource Estimate Exceeds 6 Million Tonne Contained Nickel, 30 June 2023.
13. KNP Goongarrie Hub Ore Reserve and Feasibility Study Defines +40 Year Operation with Strong Financial Metrics, 5 July 2023.
14. Ardea Kalgoorlie Nickel Project – MOU with Sumitomo Metal Mining, Mitsubishi Corporation, and Mitsu & Co., Ltd, 5 July 2023.

Competent Persons Statement

Resource Estimation, Exploration Results, and Industry Benchmarking

The Resource Estimation, Exploration Results and Industry Benchmarking summaries are based on information reviewed or compiled by Mr Ian Buchhorn, and Mr Andrew Penkethman. Mr Buchhorn is a Member of the Australasian Institute of Mining and Metallurgy and Mr Penkethman is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Both Mr Buchhorn and Mr Penkethman are full-time employees of Ardea Resources Limited and have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Buchhorn and Mr Penkethman have reviewed this press release and consent to the inclusion in this report of the information in the form and context in which it appears. Mr Buchhorn and Mr Penkethman own Ardea shares.

The Company confirms that it is not aware of any new information or data that materially affects information included in previous releases, and all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

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

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

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

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

The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous market release noted above and that all material assumptions and technical parameters underpinning the Mineral Resource Estimate in the previous market release continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market releases.



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 release. The detailed reasons for that conclusion are outlined throughout this release and all material assumptions, including the JORC modifying factors, upon which the forecast financial information is based are disclosed in this release. This release 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 KNP Goongarrie Hub Project is at the PFS phase and although reasonable care has been taken to make sure 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, which are based on forward looking statements, is that the Goongarrie Hub is considered to have positive economic potential.

The Mineral Resource used for the PFS was classified under JORC Code (2012) Guidelines and announced by the Company on 30 June 2023. The cut-off grades adapted for the PFS and reported in Table 2 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 KNP Goongarrie Hub. However, there is no certainty that the Company can raise funding when required.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This news release contains forward-looking statements and forward-looking information within the meaning of applicable Australian securities laws, which are based on expectations, estimates and projections as of the date of this news release.

This forward-looking information includes, or may be based upon, without limitation, estimates, forecasts and statements as to management's expectations with respect to, among other things, the timing and amount of funding required to execute the Company's programs, development and business plans, capital and exploration expenditures, the effect on the Company of any changes to existing legislation or policy, government regulation of mining operations, the length of time required to obtain permits, certifications and approvals, the success of exploration, development and mining activities, the geology of the Company's properties, environmental risks, the availability of labour, the focus of the Company in the future, demand and market outlook for precious metals and the prices thereof, progress in development of mineral properties, the Company's ability to raise funding privately or on a public market in the future, the Company's future growth, results of operations, performance, and business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expect", "intend", "may" and similar expressions have been used to identify such forward-looking information. Forward-looking information is based on the opinions and estimates of management at the date the information is given, and on information available to management at such time. Forward-looking information involves significant risks, uncertainties, assumptions, and other factors that could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking information. These factors, including, but not limited to, fluctuations in currency markets, fluctuations in commodity prices, the ability of the Company to access sufficient capital on favourable terms or at all, changes in national and local government legislation, taxation, controls, regulations, political or economic developments in Australia or other countries in which the Company does business or may carry on business in the future, operational or technical difficulties in connection with exploration or development activities, employee relations, the speculative nature of mineral exploration and development, obtaining necessary licenses and permits, diminishing quantities and grades of mineral reserves, contests over title to properties, especially title to undeveloped properties, the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drill results and other geological data, environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding, limitations of insurance coverage and the possibility of project cost overruns or unanticipated costs and expenses, and should be considered carefully. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Prospective investors should not place undue reliance on any forward-looking information.

Although the forward-looking information contained in this news release is based upon what management believes, or believed at the time, to be reasonable assumptions, the Company cannot assure prospective purchasers that actual results will be consistent with such forward-looking information, as there may be other factors that cause results not to be as anticipated, estimated or intended, and neither the Company nor any other person assumes responsibility for the accuracy and completeness of any such forward-looking information. The Company does not undertake, and assumes no obligation, to update or revise any such forward-looking statements or forward-looking information contained herein to reflect new events or circumstances, except as may be required by law.

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





ABN 30 614 289 342

Financial Statements
for the year ended
30 June 2023



Directors' Report

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 2023 ("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:

Mathew Longworth – BSc (Hons) MAusIMM

Non-Executive Chair Appointed 31 July 2020

Mathew Longworth is a geologist with over 35 years experience across exploration, project evaluation/development, operations and corporate management. He previously held roles as Exploration Manager, COO and CEO/Managing Director with Australian listed companies, and Mining Consultant with Xtract Mining consultants. In his senior corporate roles, Mathew led multidisciplinary project evaluation and development teams. Mr Longworth is a member of the Australasian Institute of Mining and Metallurgy.

Mr Longworth has excellent experience of the key Ardea exploration and development projects, being the Kalgoorlie Nickel Project (KNP). Mr Longworth joined Heron Resources in 2003 as Exploration Manager rising to Managing Director in 2007 to 2011. Mr Longworth applied his intimate knowledge of the Eastern Goldfields geology to the KNP to collaborate with Vale Inco in their 2005 to 2009 KNP feasibility study.

He is currently Chairman of the unlisted Company Greenfields Exploration Limited, Non-Executive Director at Asra Minerals Ltd, Chair of Northam Resources Limited, and was formerly non-executive Chairman of ASX listed Metalicity Limited (from 1 July 2019 to 18 May 2021). Mr Longworth has no other public company directorships.

Interests in shares: 221,428

Interest in rights: 875,000

Maree Arnason – BA, FAICD

Non-Executive Director Appointed 10 July 2023

Maree Arnason has over 35 years' experience across the natural resources, energy and manufacturing sectors with companies including BHP Billiton, Carter Holt Harvey, Svenska Cellulosa AB and Wesfarmers. She has worked across commodities including copper, gold, iron ore, timber, coal, mineral sands and natural gas and gained expertise in strategy, sustainability, risk, corporate affairs, stakeholder relations, transformations, divestments and integrations.

Ms Arnason is a Co-founder and Director of Energy Access Services, which operates an independent Western Australian-focused digital trading platform for wholesale gas buyers and sellers and is Chair of Juniper, one of Western Australia's largest aged care community benefit organisations with over 2,000 employees and 4,000 clients. Ms Arnason holds a Bachelor of Arts from Deakin University. She is a Fellow of the Australian Institute of Company Directors (FAICD), an AICD WA Division Councillor and member of AICD's Corporate Governance Committee. Maree also serves on the Australian Securities and Investments Commission (ASIC) Corporate Governance Consultative Panel.

Ms Arnason is a non-executive Director of Gold Road Resources and Director of Energy access Services.

Interests in Shares - nil

Interests in Rights - nil



Andrew Penkethman – BSc, FAusIMM, MAIG*Managing Director and Chief Executive Officer*

Appointed Managing Director 5 February 2020 following his appointment as Chief Executive Officer on 1 April 2019

Andrew Penkethman is a resources sector executive and geologist with over 25 years experience in the resources industry. His technical skills include project evaluation, exploration, discovery, 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 battery minerals, base metals, gold and energy commodities over a range of geological settings.

Mr Penkethman's technical expertise is complimented by over 15 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.

From 2021, Mr Penkethman is a non-executive Director of Kalgoorlie Gold Mining Limited (16 November 2021 to present).

Interests in shares: 1,202,401

Interest in rights: 2,150,000

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 40 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 briefly prior to his resignation as an Executive Director in June 2017. 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 30 years Mr Buchhorn has acquired and developed mining projects throughout the Eastern Goldfields of Western Australian and has operated as a Registered Mine Manager.

From 2019, Mr Buchhorn had been a non-executive Director of Godolphin Resources Limited (19 June 2019 to 9 June 2023).

Interests in shares: 13,380,585

Interest in rights: 1,250,000

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 25 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. Mr Middlemas ceased the role of Chief Financial Officer on the 8 June 2022 and continues as the company's Company Secretary.

Interests in shares: 753,701

Interest in rights: 150,000



CHIEF FINANCIAL OFFICER

Rebecca Moylan – B.Bus (Acc&FIN)., FFINSIA, GAICD, CPA

Ms Moylan was appointed Chief Financial Officer on 8 June 2022. She is a certified practicing accountant with more than 20 years' experience in financial and corporate management, accounting, project financing and contract negotiation. Her career in the mining industry has included positions as Chief Financial Officer and Company Secretary of several ASX-listed companies.

Interests in shares: nil

Interest in rights: 235,000

PROJECT DIRECTOR

Matt Read - BSc, BEng (Hons), MBA

Mr Read was appointed Project Director on 27 February 2023. Matthew Read has more than 25 years' experience in project and commercial leadership roles. Most recently, Mr Read was General Manager Lithium Projects at Neometals Ltd (ASX:NMT) managing various international lithium studies and joint venture relationships. Prior he was Head of Projects at Tianqi Lithium Australia overseeing the development of its lithium hydroxide facility in Western Australia which included recruiting the owner's team, negotiating and sourcing all major utilities contracts, development of policies, procedures, systems and commissioning.

Mr Read's prior experience includes Manager Contracts at the \$10.5 billion Roy Hill Iron Ore Project where he was the Owner's Team Contracts Manager for the Head EPC Contract. The project was successfully completed and won numerous awards, of particular note being the Australian Engineering Excellence Awards (WA Division) for Resource Development. He also brings extensive nickel laterite and sulphide experience from project and commercial leadership roles whilst working at BHP/WMC over an 11 year period.

Interests in shares: nil

Interest in rights: 289,000

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial period consisted of mineral exploration and evaluation (Feasibility Studies) in Western Australia.

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 2023 of \$4,236,361 (2022 - \$5,328,190).

Ardea is a battery minerals Company focused on the development of the Kalgoorlie Nickel Project (KNP). The KNP is comprised of a series of major undeveloped nickel-cobalt-scandium laterite deposits, which total **854Mt at 0.71% Ni and 0.045% Co (6.1Mt contained nickel metal, 386kt contained cobalt metal** – ASX release 30 June 2023). All KNP projects are located within 150km of the regional mining hub of the City of Kalgoorlie-Boulder, Western Australia.

Western Australia

Kalgoorlie Nickel Project (KNP) and Goongarrie Hub

The key objective for Ardea is developing a nickel-cobalt mining operation at the Goongarrie Hub within the KNP which produces sustainable and ethical minerals for the rapidly growing Lithium Ion Battery (LIB) supply chain.



The Goongarrie Hub is located 70km northwest of the mining city of Kalgoorlie-Boulder and is Ardea's most advanced project, within the broader KNP. Resources from the Goongarrie and Highway deposits are planned to be the base load feed for a High-Pressure Acid Leach (HPAL) plant with supporting Atmospheric Leach (AL) circuit, located at Goongarrie South. The resources at Goongarrie South are dominantly the premium goethite style and extend continuously over 25km of strike. At Goongarrie Hill, 6km north of the planned Goongarrie plant site and extending over a strike length of 5km, and at Highway, 30km north, extending over a strike length of 6km, the dominant ore types are magnesium-rich serpentine styles, being suited to AL processing. All Goongarrie Hub resources are located on granted mining leases with Native Title Agreement in place and tenure 100%-controlled by Ardea. The KNP resource category breakdown is as follows:

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.

| Resource Category | Quantity (Mt) | Nickel (%) | Cobalt (%) | Contained nickel (kt) | Contained cobalt (kt) |
|----------------------------|---------------|-------------|--------------|-----------------------|-----------------------|
| Measured | 22 | 0.94 | 0.079 | 207 | 17 |
| Indicated | 361 | 0.73 | 0.047 | 2,622 | 169 |
| Inferred | 471 | 0.70 | 0.043 | 3,272 | 200 |
| KNP Total Resources | 854 | 0.71 | 0.045 | 6,101 | 386 |

Key events for the year ended 30 June 2023 include:

- The Kalgoorlie Nickel Project (KNP or Project) Mineral Resource Estimate now exceeding 6 Million Tonne Contained Nickel (ASX release 30 June 2023).
- Completion of the KNP Goongarrie Hub Ore Reserve and Pre-Feasibility Study (PFS) which has defined a +40 Year Operation with Strong Financial Metrics (ASX release 5 July 2023).
- KNP Goongarrie Hub – Memorandum of Understanding (MOU) with Sumitomo Metal Mining, Mitsubishi Corporation, and Mitsui & Co. Ltd (Japanese Consortium or Consortium) which demonstrates the high calibre of the Strategic Partners with whom Ardea has been engaging (ASX release 5 July 2023).

CORPORATE AND FINANCIAL POSITION

As at 30 June 2023 the Consolidated Entity had cash reserves of \$10.6 million (2022 - \$22 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 Managing Director (or equivalent) 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 Managing Director (or equivalent) 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

| | 2023 | 2022 |
|------------------------|--------|--------|
| | Cents | Cents |
| Basic loss per share | (2.48) | (3.59) |
| Diluted loss per share | (2.48) | (3.59) |



SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the year not otherwise disclosed in this report.

OPTIONS/PERFORMANCE RIGHTS OVER UNISSUED CAPITAL

Unlisted Options

There were nil Options issued during the year and 4,000,000 on issue at 30 June 2023 (2022 – 4,000,000).

Performance Rights

As at 30 June 2023 there were 6,690,000 Performance Rights on issue. During the year the Company issued 4,425,000 Performance Rights to Directors and Employees under the Ardea Performance Rights Plan that was approved at the 2020 AGM. 37,500 Performance Rights lapsed without achieving the hurdle or following employees leaving the Company.

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 following:

On 30 August 2023 the company completed an equity raising to institutional and sophisticated investors with 22,767,143 new shares issued at 70 cents per share to raise \$16,000,000 before costs.

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 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.

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 | |
|--------------------------|------------------------------|---------------------------------------|
| | <i>Meetings Attended</i> | <i>Meetings held while a director</i> |
| Mathew Longworth (Chair) | 11 | 11 |
| Andrew Penkethman | 11 | 11 |
| Ian Buchhorn | 11 | 11 |

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

The Directors of Ardea Resources Limited present this Remuneration Report, which has been audited, for the financial year ended 30 June 2023.

The Remuneration Report provides information about the remuneration of Ardea Resources Limited's key management personnel ('KMP'), being those executives with authority and responsibility for planning, directing, and controlling the activities of the Consolidated Entity, and its non-executive directors. The Remuneration Report has been prepared in accordance with the requirements of the Corporations Act 2001 and contains the following sections:

| | |
|---|--|
| Section 1 Remuneration at Ardea Resources Limited | This section of the Remuneration Report provides an overview of Ardea Resources Limited's remuneration principles and the structure of remuneration for KMP. |
| Section 2 Performance and Executive Remuneration Outcomes | This section details the remuneration outcomes for Ardea Resources Limited's KMP in the financial year. It also demonstrates how the components of remuneration at Ardea Resources Limited are aligned with value creation by being linked to the Company's performance. |
| Section 3 Non-Executive Director Remuneration | This section outlines the remuneration structure and fees paid to Ardea Resources Limited's non-executive directors. |
| Section 4 Statutory Remuneration Disclosures | This section includes statutorily required remuneration disclosures for the financial year, including details of equity awards and KMP and non-executive director interests in equity instruments of Ardea Resources Limited. |

Non-executive Directors for the purposes of this report are as follows:

- Mathew Longworth (Chairman and Non-Executive Director)

Executive Directors for the purposes of this report are as follows:

- Ian Buchhorn (Executive Director)
- Andrew Penkethman – Managing Director and Chief Executive Officer

KMP as identified for the purposes of this report by the criteria set out above are as follows:

- Robert (Sam) Middlemas – Company Secretary
- Rebecca Moylan – Chief Financial Officer
- Matthew Read – Project Director

There were no other employees in the Consolidated Entity that met the definition of key management personnel in accordance with the *Corporations Act 2001* or Australian Accounting Standards.



Section 1: Remuneration at Ardea Resources Limited

The Board of Directors is responsible for approving the compensation arrangements for the Directors and KMP. 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 and Remuneration Committee meetings would be made up of the full board. The Board regularly assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

Compensation levels are set to attract and retain appropriately qualified and experienced directors and executives. As and when required the Board has access to independent advice on the appropriateness of compensation packages given trends in comparative companies and the objectives of the compensation strategy.

Non-executive director remuneration consists of fixed directors' fees and an equity-based component (Committee fees are included in the base fee). KMP remuneration is structured to consist of fixed and variable remuneration. The KMP compensation structures explained below are designed to reward the achievement of strategic objectives, align performance with shareholder interests and create the broader outcome of creating value for shareholders.

The compensation structures take into account:

- (i) The relevant person's duties and responsibilities; and
- (ii) Ensure that total remuneration is competitive by market standards.

KMP remuneration and incentive policies and practices are performance-based and aligned to the Consolidated Entity's vision, values and overall business objectives. They are designed to motivate KMP to pursue the Consolidated Entity's long-term growth and success. Compensation packages include a mix of fixed and variable compensation and short and long-term performance-based incentives.

In addition to salaries, the Consolidated Entity may also provide non-cash benefits to its directors and key management personnel and contributes to post-employment superannuation plans on their behalf.

Fixed remuneration

Total Fixed Remuneration ('TFR') consists of base compensation (which is calculated on a total cost basis and includes any fringe benefits tax charges related to employee benefits), as well as leave entitlements and employer contributions to superannuation funds.

Compensation levels are reviewed at least annually by the Board through a process that considers individual, segment, and overall performance of the Consolidated Entity. An external consultant had been engaged during the financial year to review the compensation level of the Non-Executive Director, Executive Director, Managing Director and CEO, and the CFO.

The 2023 Remuneration Review was independently conducted by specialist consultant, The Reward Practice (TRP). TRP is a remuneration consulting practice based in Western Australia, specialising in board, executive and employee reward and recognition programs.

The 2023 Remuneration Review noted that the total fixed remuneration and equity grant are within the average range of comparator companies.



Performance-linked remuneration

Ardea Resources Limited's approach to remuneration is to ensure that remuneration received by KMP is closely linked to the Consolidated Entity's performance and the returns generated for shareholders. Performance-linked compensation, as outlined in the Consolidated Entity's Employee Securities Incentive Plan (ESIP), includes long-term incentives, and is designed to incentivise and reward employees for meeting or exceeding Company-wide and individual objectives. The long-term incentive ('LTI') is provided as performance rights over ordinary shares of the Company and cash bonuses. The LTI plans provide for the Board to be able to exercise discretion on the award of performance rights.

Within the established remuneration framework, each employee is assigned a level that reflects the seniority and responsibility associated with their role. This level determines an employee's participation in the LTI, and therefore, the proportion of their total remuneration which is linked to performance. Senior executives of the Company have a higher proportion of their total potential remuneration 'at risk'.

The Board considers that the performance-linked compensation structure outlined in the ESIP will generate the desired outcome in respect of attracting and retaining high-calibre employees and aligning employee performance with shareholder interests. Refer to Section 2 of this Remuneration Report for an analysis of the Consolidated Entity's performance in the financial year ended 30 June 2023 and link to overall remuneration.

Short Term Incentive

The STI will be considered in future years to link employee remuneration to key business outcomes which drive value creation in the short to medium term.

It is proposed that each year, all employees have individual key performance indicators ('KPI's') agreed with their manager. The Board approves the individual KPI's for the MD/CEO based on the recommendation of the RC. The MD/CEO approves the individual KPI's for the KMP with endorsement from the RC. The individual performance objectives are designed to focus employees on goals and objectives specific to their roles and typically include financial performance compared to budgeted amounts as well as non-financial metrics which vary with position and responsibility and include measures such as completion of specific tasks and projects as well as health, safety and environment outcomes and staff development.

Long Term Incentive

The LTI has been adopted to align employees' interests directly with shareholders by linking employee remuneration to the Company's share price performance over the medium to longer term. The LTI comprises grants of performance rights to all employees, and cash bonuses to certain senior executives, pursuant to the Company's ESIP Rules which were approved by shareholders at the 2017 and updated at the 2020 and 2022 AGM.

The ESIP provides for certain key executives and employees to receive, for no consideration, performance rights. The performance rights convert to shares of the Company at specified exercise prices as determined by the Board. The grant of performance rights is intended to align the interests of senior executives and employees with other owners of the Company over the medium to longer term and to increase those senior executives' and employees' proportion of 'at risk' remuneration. The ability to exercise the performance rights is conditional upon each key executive's ongoing employment by the Company and other applicable vesting hurdles determined by the Board from time to time.



Section 2: Performance and Executive Remuneration Outcomes

During the financial year ended 30 June 2023 the Consolidated Entity made good progress towards achieving its strategic objectives, resulting in the Company's Share price reaching the required performance right vesting conditions.

STI Performance and Outcomes

During the financial year, there were nil STI issued (2022: nil).

LTI Performance and Outcomes

During the financial year a portion of granted Performance Rights vested on 30 November 2022 due to the completion of the performance periods. Those tranches of Performance Rights met the performance hurdles and have been converted to shares.

Performance Criteria for Performance Rights

The performance criteria for the tranches of new performance rights granted to KMP during the financial year are detailed below. The performance criteria for the tranches of new performance rights granted to KMP during the financial year are consistent with the performance criteria for performance rights granted to KMP in the comparative year.

Performance Hurdles

Class 'L' Performance Rights: upon the Company's Shares reaching a 30-day VWAP which is equal to or greater than \$0.97 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 31 May 2023, prior to 30 June 2024.

Class 'M & M(a)' Performance Rights: The Company announcing prior to 31 December 2024, the signing of a Strategic Partner to fund the KNP feasibility study and provide future funding for the completion of the project.

Class 'N & N(a)' Performance Rights: The Company announcing a JORC Compliant Nickel Sulphide Resource of >1Mt at 2% Ni Equivalent prior to 31 December 2024.

Class 'O' Performance Rights: the signing of a Strategic Partner for the Kalgoorlie Nickel Project and the Employee's continued employment to 1 December 2025; or the hurdle share price of a 30 day VWAP (which is above 58 cents per share) ,and the Employee's continued employment to 1 December 2025.

LTI Cash Bonus Payments

Andrew Penkethman – Managing Director and Chief Executive Officer

During the period ended 30 June 2022, the RC has awarded Mr Penkethman a long-term incentive cash bonus of \$400,000 upon the signing of a Strategic Partner to fund the KNP Feasibility study and a \$200,000 cash payment following the Announcement of a JORC Compliant Nickel Sulphide Resource of >1Mt at 2% Ni equivalent. Nil issued during the current year.

Matthew Read – Project Director

During the period, the RC has awarded Mr Read a long-term incentive cash bonus of 40% of Base Salary upon the signing of a Strategic Partner for the Kalgoorlie Nickel Project.



KMP and Executive Director Employment Agreements

Remuneration and other terms of employment for KMP are formalised in service agreements, with the exception of Sam Middlemas who is a contractor to the Company. Details of these agreements are as follows:

| | |
|-----------------------------|---|
| Name: | Mr Andrew Penkethman |
| Title: | Managing Director and Chief Executive Officer |
| Agreement commenced: | Chief Executive Officer 1 April 2019 and Managing Director 5 February 2020 |
| Term of agreement: | No fixed term |
| Termination: | The Company may terminate the agreement upon three months' notice or payment in lieu of notice. Mr Penkethman can terminate the agreement upon three months' notice. The Company may terminate the agreement immediately where the executive commits any act of serious misconduct, persistent breach or non-observance of a term of this agreement. |

| | |
|-----------------------------|---|
| Name: | Mr Ian Buchhorn |
| Title: | Executive Director |
| Agreement commenced: | 17 August 2016 |
| Term of agreement: | No fixed term |
| Termination: | The Company may terminate the agreement upon three months' notice or payment in lieu of notice. Mr Buchhorn can terminate the agreement upon three months' notice. The Company may terminate the agreement immediately where the executive commits any act of serious misconduct, persistent breach or non-observance of a term of this agreement. |

| | |
|-----------------------------|--|
| Name: | Ms Rebecca Moylan |
| Title: | Chief Financial Officer |
| Agreement commenced: | 8 June 2022 |
| Term of agreement: | No fixed term |
| Termination: | The Company may terminate the agreement upon three months' notice or payment in lieu of notice. Ms Moylan can terminate the agreement upon three months' notice. The Company may terminate the agreement immediately where the executive commits any act of serious misconduct, persistent breach or non-observance of a term of this agreement. |



| | |
|-----------------------------|--|
| Name: | Mr Matthew Read |
| Title: | Project Director |
| Agreement commenced: | 27 February 2023 |
| Term of agreement: | No fixed term |
| Termination: | The Company may terminate the agreement upon four weeks' notice or payment in lieu of notice. Mr Read can terminate the agreement upon four weeks' notice. The Company may terminate the agreement immediately where the executive commits any act of serious misconduct, persistent breach or non-observance of a term of this agreement. |

The service contracts outline the components of compensation paid to the KMP. The service contracts of the KMP prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the compensation policy.

Section 3: Non-Executive Director Remuneration

The Company Constitution provides for Non-Executive Directors to be paid or provided remuneration for their services, the total amount or value of which must not exceed an aggregate maximum of \$500,000 per annum (as approved by shareholders at the 2017 AGM) or such other maximum amount determined from time to time by the Company in a general meeting.

The aggregate maximum sum will be apportioned among them in such manner as the Directors in their absolute discretion determine. Non-Executive Directors' fees are set based on advice from external advisors with reference to fees paid to other Non-Executive Directors of comparable companies. Directors' fees include base fees for Board participation and fees for subcommittee roles and responsibilities. The structure of Non-Executive Director fees is tabled below.

Non-Executive Director Base Fees (Subcommittee fees are part of base salary)

| | |
|----------------|-----------|
| Board Chairman | \$104,450 |
|----------------|-----------|

Non-Executive Directors are entitled to be reimbursed for travelling and other expenses properly incurred by them in attending Directors' or general meetings of the Company or otherwise in connection with the business of the Consolidated Entity. No retirement benefits are to be paid to Non-Executive Directors, however, Director remuneration figures quoted herein are inclusive of superannuation where applicable. The Company determines the maximum amount for remuneration for Directors, including thresholds for share-based remuneration, by resolution.



Section 4: Statutory Remuneration Disclosures

Details of the remuneration and holdings in the securities of the Company of the KMP and Non-Executive Directors, prepared in accordance with the requirements of the *Corporations Act 2001* and applicable Australian Accounting Standards, are set out in the following tables.

| 2022/2023 | Base Salary/Fees ¹ | Bonus ² | Superannuation Contributions | Performance Rights ³ | Total |
|---|----------------------------------|--------------------|---------------------------------|------------------------------------|---------|
| | \$ | \$ | \$ | \$ | \$ |
| Directors | | | | | |
| M Longworth – Non-Executive Chair | 104,450 | - | - | 144,066 | 248,516 |
| A Penkethman – MD & CEO | 374,500 | - | 39,322 | 432,840 | 846,662 |
| I Buchhorn – Executive | 341,095 | - | 35,815 | 257,302 | 634,212 |
| Executives | | | | | |
| S Middlemas - Company Secretary | 56,081 | - | - | 30,845 | 86,926 |
| R Moylan – Chief Financial Officer | 244,244 | - | 25,646 | 51,389 | 321,279 |
| M Read - Project Director (commenced 27 February 2023) | 116,167 | - | 12,198 | 14,598 | 142,962 |

1. Includes director fees and salary.
2. Bonus payments are presented on a cash basis and do reflect the actual timing of payments.
3. Amounts relate to the fair value of performance rights made pursuant to the LTI Plan attributable to the financial year measured in accordance with AASB 2 *Share Based Payments*.

| 2021/2022 | Base Salary/Fees ¹ | Bonus ² | Superannuation Contributions | Performance Rights ³ | Total |
|--|----------------------------------|--------------------|---------------------------------|------------------------------------|---------|
| | \$ | \$ | \$ | \$ | \$ |
| Directors | | | | | |
| M Longworth – Non-Executive Chair | 90,562 | - | - | 52,984 | 143,546 |
| A Penkethman – MD & CEO | 350,000 | 130,000 | 35,000 | 104,153 | 619,153 |
| I Buchhorn – Executive | 318,780 | 40,000 | 31,878 | 92,870 | 483,528 |
| Executives | | | | | |
| S Middlemas - Company Secretary | 95,665 | - | - | 11,955 | 107,620 |
| R Moylan – Chief Financial Officer (commencement 8 June 2022) | 13,583 | - | 1,358 | - | 14,941 |

1. Includes director fees and salary.
2. Bonus payments are presented on a cash basis and do reflect the actual timing of payments.
3. Amounts relate to the fair value of performance rights made pursuant to the LTI Plan attributable to the financial year measured in accordance with AASB 2 *Share Based Payments*.



The following tables sets out the proportion of fixed and 'at risk' performance-based remuneration for Directors and KMP for the current and previous financial period:

| | Proportion of remuneration that is fixed | Proportion of remuneration at risk as cash settled LTI | Proportion of remuneration at risk as equity settled LTI |
|----------------------------|--|--|--|
| 2023 | | | |
| Non-executive Chair | | | |
| Mat Longworth | 24% | - | 76% |
| Executive Director: | | | |
| Ian Buchhorn | 37% | - | 63% |
| Andrew Penkethman | 18% | 26% | 56% |
| KMP: | | | |
| Sam Middlemas | 37% | - | 63% |
| Rebecca Moylan | 60% | - | 40% |
| Matt Read ¹ | 34% | 36% | 31% |

1. Matt Read commenced 27 February 2023.

| | Proportion of remuneration that is fixed | Proportion of remuneration at risk as cash settled STI | Proportion of remuneration at risk as equity settled LTI |
|-----------------------------|--|--|--|
| 2022 | | | |
| Non-executive Chair | | | |
| Mat Longworth | 63% | - | 37% |
| Executive Director: | | | |
| Ian Buchhorn | 73% | 8% | 19% |
| Andrew Penkethman | 62% | 21% | 17% |
| KMP: | | | |
| Sam Middlemas | 89% | - | 11% |
| Rebecca Moylan ¹ | 100% | - | 0% |

1. Rebecca Moylan commenced 8 June 2022.



Performance Rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of KMP in the financial year ended 30 June 2023 are as follows:

| Grantee | Rights Granted | Grant Date | Vesting and Expiry Date | Exercise Price | Fair value per Performance Right at Grant | % Rights Vested | % Rights Lapsed | Volatility | Risk free rate |
|-------------------|----------------|------------|-------------------------|----------------|---|-----------------|-----------------|------------|----------------|
| Mat Longworth | 200,000 | 3-Dec-20 | 31-Dec-22 | Nil | 45.7c | 100 | - | 100% | 1.50% |
| Mat Longworth | 200,000 | 3-Dec-20 | 31-Dec-23 | Nil | 45.7c | N/A | - | 100% | 1.50% |
| Mat Longworth | 300,000 | 29-Nov-21 | 31-Dec-23 | Nil | 50c | N/A | N/A | 100% | 1.50% |
| Mat Longworth | 250,000 | 28-Oct-22 | 31-Dec-24 | Nil | 87c | N/A | N/A | 77% | 3.19% |
| Mat Longworth | 125,000 | 28-Oct-22 | 31-Dec-24 | Nil | 87c | N/A | N/A | 77% | 3.19% |
| Andrew Penkethman | 400,000 | 2-Jul-19 | 31-Dec-22 | Nil | 36.5c | 100 | - | 100% | 1.50% |
| Andrew Penkethman | 250,000 | 3-Dec-20 | 31-Dec-22 | Nil | 45.7c | 100 | - | 100% | 1.50% |
| Andrew Penkethman | 250,000 | 3-Dec-20 | 31-Dec-23 | Nil | 45.7c | N/A | N/A | 100% | 1.50% |
| Andrew Penkethman | 400,000 | 29-Nov-21 | 31-Dec-23 | Nil | 50c | N/A | N/A | 100% | 1.50% |
| Andrew Penkethman | 1,000,000 | 28-Oct-22 | 31-Dec-24 | Nil | 87c | N/A | N/A | 77% | 3.19% |
| Andrew Penkethman | 500,000 | 28-Oct-22 | 31-Dec-24 | Nil | 87c | N/A | N/A | 77% | 3.19% |
| Ian Buchhorn | 200,000 | 2-Dec-19 | 31-Dec-22 | Nil | 69c | 100 | - | 100% | 1.50% |
| Ian Buchhorn | 200,000 | 3-Dec-20 | 31-Dec-22 | Nil | 45.7c | 100 | - | 100% | 1.50% |
| Ian Buchhorn | 200,000 | 3-Dec-20 | 31-Dec-23 | Nil | 45.7c | N/A | N/A | 100% | 1.50% |
| Ian Buchhorn | 300,000 | 29-Nov-21 | 31-Dec-23 | Nil | 50c | N/A | N/A | 100% | 1.50% |
| Ian Buchhorn | 500,000 | 28-Oct-22 | 31-Dec-24 | Nil | 87c | N/A | N/A | 77% | 3.19% |
| Ian Buchhorn | 250,000 | 28-Oct-22 | 31-Dec-24 | Nil | 87c | N/A | N/A | 77% | 3.19% |
| Sam Middlemas | 60,000 | 3-Dec-20 | 31-Dec-22 | Nil | 45.7c | 100 | - | 100% | 1.50% |
| Sam Middlemas | 60,000 | 3-Dec-20 | 31-Dec-23 | Nil | 45.7c | N/A | N/A | 100% | 1.50% |
| Sam Middlemas | 60,000 | 28-Jul-21 | 30-Jun-23 | Nil | 51c | 100 | - | 100% | 1.50% |
| Sam Middlemas | 60,000 | 22-Nov-22 | 31-Dec-24 | Nil | \$1.06 | N/A | N/A | 77% | 3.19% |
| Sam Middlemas | 30,000 | 22-Nov-22 | 31-Dec-24 | Nil | \$1.06 | N/A | N/A | 77% | 3.19% |
| Rebecca Moylan | 60,000 | 13-Jul-22 | 30-Jun-24 | Nil | 75c | N/A | N/A | 78.88% | 2.73% |
| Rebecca Moylan | 125,000 | 22-Nov-22 | 31-Dec-24 | Nil | \$1.06 | N/A | N/A | 77% | 3.19% |
| Rebecca Moylan | 50,000 | 22-Nov-22 | 31-Dec-24 | Nil | \$1.06 | N/A | N/A | 77% | 3.19% |
| Matt Read | 289,000 | 24-Apr-23 | 31-Dec-25 | Nil | \$0.40 | N/A | N/A | 65.56% | 2.98% |



The number of performance rights over ordinary shares granted to each KMP as part of remuneration is set out below:

| | Number of rights granted during the financial year | Number of rights granted during the financial year | Number of rights vested during the financial year | Number of rights vested during the financial year |
|-------------------|--|--|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Mat Longworth | 375,000 | 300,000 | 200,000 | - |
| Andrew Penkethman | 1,500,000 | 400,000 | 650,000 | 400,000 |
| Ian Buchhorn | 750,000 | 300,000 | 600,000 | - |
| Sam Middlemas | 90,000 | 60,000 | 120,000 | 60,000 |
| Rebecca Moylan | 235,000 | - | - | - |
| Matt Read | 289,000 | - | - | - |

Values of performance rights over ordinary shares (as at date of grant) granted, exercised and lapsed to key management personnel as part of compensation are set out below:

| | \$ Value of rights granted during the financial year | \$ Value of rights granted during the financial year | \$ Value of rights vesting during the financial year | \$ Value of rights vesting during the financial year |
|-------------------|--|--|--|--|
| Name | 2023 | 2022 | 2023 | 2022 |
| Mat Longworth | 326,250 | 150,000 | 177,000 | - |
| Andrew Penkethman | 1,305,000 | 200,000 | 575,250 | 200,000 |
| Ian Buchhorn | 652,500 | 150,000 | 354,000 | - |
| Sam Middlemas | 95,400 | 30,600 | 77,400 | 30,000 |
| Rebecca Moylan | 230,500 | - | - | - |
| Matt Read | 116,785 | - | - | - |



Movement in shares held

The number of ordinary shares in the Company held during the financial year ended 30 June 2023 by each Director and KMP of the Consolidated Entity, including their related parties, is set out below:

| 2023 | Ordinary Shares | | | | |
|-----------------|-----------------|-----------|--|-----------|------------|
| | Opening | Purchases | Received on performance rights achieving hurdles | Disposals | Closing |
| Mr M Longworth | 21,428 | - | 200,000 | - | 221,428 |
| Mr A Penkethman | 552,401 | - | 650,000 | - | 1,202,401 |
| Mr I Buchhorn | 12,980,585 | - | 400,000 | - | 13,380,585 |
| Mr S Middlemas | 633,701 | - | 120,000 | - | 753,701 |
| Ms R Moylan | - | - | - | - | - |
| Mr M Read | - | - | - | - | - |
| 2022 | | | | | |
| Mr M Longworth | - | 21,428 | - | - | 21,428 |
| Mr A Penkethman | 123,829 | - | 428,572 | - | 552,401 |
| Mr I Buchhorn | 12,830,585 | 150,000 | - | - | 12,980,585 |
| Mr S Middlemas | 573,701 | - | 60,000 | - | 633,701 |
| Ms R Moylan | - | - | - | - | - |



Shares issued on the exercise of performance rights

During the year, the Company issued 2,157,000 shares as a result of vesting of performance rights.

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 \$99,433 (2022 - \$92,471).

This concludes the Remuneration Report which has been audited.

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 Dry Kirkness (Audit) Pty Ltd, 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

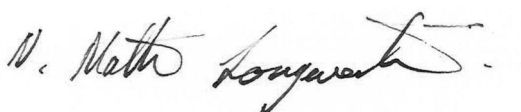
No person has applied for leave of Court to bring proceedings on behalf of the Consolidated Entity or intervene in any proceedings to which the Consolidated Entity is a party for the purpose of taking responsibility on behalf of the Consolidated Entity for all or any part of those proceedings. The Consolidated 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. 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 27th day of September 2023

Signed in accordance with a resolution of the Directors



Mathew Longworth Non-Executive Chair



COMPLIANCE STATEMENT (JORC CODE (2012))

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

1. GNCP High Grade Resource – 60 Million Tonnes at 1.0% Nickel Sustainable Long-life Battery Metal Resource Confirmed, 15 February 2021
2. Highway Nickel Deposit – Mineral Resource Estimate, 16 June 2021
3. Nickel Sulphide Discovery Confirmed at Emu Lake, 3 December 2021.
4. Emu Lake Nickel Sulphide Discovery confirmed with 2.72m at 5.42% Ni, 14 January 2022.
5. Kalgoorlie Nickel Project Recognition on All Tiers of Australian Government, 21 March 2022.
6. Kalgoorlie Nickel Project: Metallurgical Update – Mineralised Neutraliser, 16 November 2022.
7. Eastern Goldfields Projects Exploration Update, 22 November 2022
8. Ardea Completes KNP ESG Accreditation from Independent Leading Global Platform, 24 November 2022.
9. Notification of Issue, Conversion or Payment up of Unquoted Equity Securities, 24 April 2023.
10. Nickel sulphide anomalism from aircore drilling at Kalpini Project, 2 May 2023.
11. Mineralised Neutraliser Global Patent Lodged, 15 June 2023.
12. Kalgoorlie Nickel Project Mineral Resource Estimate Exceeds 6 Million Tonne Contained Nickel, 30 June 2023.
13. KNP Goongarrie Hub Ore Reserve and Feasibility Study Defines +40 Year Operation with Strong Financial Metrics, 5 July 2023.
14. Ardea Kalgoorlie Nickel Project – MOU with Sumitomo Metal Mining, Mitsubishi Corporation, and Mitsu & Co., Ltd, 5 July 2023.

Competent Persons Statement

Resource Estimation, Exploration Results, and Industry Benchmarking

The Resource Estimation, Exploration Results and Industry Benchmarking summaries are based on information reviewed or compiled by Mr Ian Buchhorn, and Mr Andrew Penkethman. Mr Buchhorn is a Member of the Australasian Institute of Mining and Metallurgy and Mr Penkethman is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Both Mr Buchhorn and Mr Penkethman are full-time employees of Ardea Resources Limited and have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Buchhorn and Mr Penkethman have reviewed this press release and consent to the inclusion in this report of the information in the form and context in which it appears. Mr Buchhorn and Mr Penkethman own Ardea shares.

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.

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

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

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

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

The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous market announcement noted above and that all material assumptions and technical parameters underpinning the Mineral Resource Estimate in the previous market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcements.



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 KNP Goongarrie Hub Project is at the PFS phase and although reasonable care has been taken to make sure 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, which are based on forward looking statements, is that the Goongarrie Hub is considered to have positive economic potential.

The Mineral Resource used for the PFS was classified under JORC Code (2012) Guidelines and announced by the Company on 30 June 2023. The cut-off grades adapted for the PFS and reported in Table 2 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 KNP Goongarrie Hub. However, there is no certainty that the Company can raise funding when required.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This news release contains forward-looking statements and forward-looking information within the meaning of applicable Australian securities laws, which are based on expectations, estimates and projections as of the date of this news release.

This forward-looking information includes, or may be based upon, without limitation, estimates, forecasts and statements as to management's expectations with respect to, among other things, the timing and amount of funding required to execute the Company's programs, development and business plans, capital and exploration expenditures, the effect on the Company of any changes to existing legislation or policy, government regulation of mining operations, the length of time required to obtain permits, certifications and approvals, the success of exploration, development and mining activities, the geology of the Company's properties, environmental risks, the availability of labour, the focus of the Company in the future, demand and market outlook for precious metals and the prices thereof, progress in development of mineral properties, the Company's ability to raise funding privately or on a public market in the future, the Company's future growth, results of operations, performance, and business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expect", "intend", "may" and similar expressions have been used to identify such forward-looking information. Forward-looking information is based on the opinions and estimates of management at the date the information is given, and on information available to management at such time. Forward-looking information involves significant risks, uncertainties, assumptions, and other factors that could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking information. These factors, including, but not limited to, fluctuations in currency markets, fluctuations in commodity prices, the ability of the Company to access sufficient capital on favourable terms or at all, changes in national and local government legislation, taxation, controls, regulations, political or economic developments in Australia or other countries in which the Company does business or may carry on business in the future, operational or technical difficulties in connection with exploration or development activities, employee relations, the speculative nature of mineral exploration and development, obtaining necessary licenses and permits, diminishing quantities and grades of mineral reserves, contests over title to properties, especially title to undeveloped properties, the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drill results and other geological data, environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding, limitations of insurance coverage and the possibility of project cost overruns or unanticipated costs and expenses, and should be considered carefully. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Prospective investors should not place undue reliance on any forward-looking information.

Although the forward-looking information contained in this news release is based upon what management believes, or believed at the time, to be reasonable assumptions, the Company cannot assure prospective purchasers that actual results will be consistent with such forward-looking information, as there may be other factors that cause results not to be as anticipated, estimated or intended, and neither the Company nor any other person assumes responsibility for the accuracy and completeness of any such forward-looking information. The Company does not undertake, and assumes no obligation, to update or revise any such forward-looking statements or forward-looking information contained herein to reflect new events or circumstances, except as may be required by law.

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



Auditor's Independence Declaration



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Ardea Resources Limited for the year ended 30 June 2023, 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.

DRY KIRKNESS (AUDIT) PTY LTD

A handwritten signature in black ink, appearing to read "Robert Hall".

ROBERT HALL CA
Director

Perth
Date: 27 September 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As at 30 June 2023

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

| | <u>NOTES</u> | <u>2023</u> | <u>2022</u> |
|---|--------------|--------------------|--------------------|
| | | \$ | \$ |
| Other income | 2 | <u>372,511</u> | 50,314 |
| Employee expenses | | 3,950,183 | 3,180,790 |
| Insurance expenses | | 77,488 | 71,826 |
| Secretarial fees | | 52,438 | 103,195 |
| Corporate expenses | | 260,206 | 254,214 |
| Strategic partnership expenses | | 200,439 | 447,996 |
| Computer support services | | 127,822 | 107,897 |
| Depreciation | 3 | 69,150 | 54,947 |
| Amortisation – right-of-use assets | 6(c) | 169,163 | 85,818 |
| Share based payments | 15 | 1,094,989 | 374,333 |
| Write-off of Exploration Expenditure | | 786,822 | 223,287 |
| Impairment of investments | 9 | - | 2,204,390 |
| Revaluation of Investments | 9 | 644,988 | 1,066,403 |
| Employee costs recharged to capitalised exploration | | (3,427,347) | (3,107,195) |
| Other expenses | | <u>602,531</u> | 310,603 |
| Loss before income tax | | (4,236,361) | (5,328,190) |
| Income tax | 5 | - | - |
| Net loss attributable to members of the Consolidated Entity's | 14 | (4,236,361) | (5,328,190) |
| Other Comprehensive Loss net of tax | | - | - |
| Total Comprehensive Loss | | <u>(4,236,361)</u> | <u>(5,328,190)</u> |
| Basic earnings/(loss) per share (cents per share) | 19 | (2.48) cents | (3.59) cents |
| Diluted earnings/(loss) per share | 19 | (2.48) cents | (3.59) cents |



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

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

| | <u>NOTES</u> | <u>2023</u> | <u>2022</u> |
|---|--------------|-------------------|-------------------|
| | | \$ | \$ |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 10,648,371 | 22,018,398 |
| Other receivables | 6 | 1,128,469 | 1,991,656 |
| Other assets | 7 | 117,389 | 54,835 |
| TOTAL CURRENT ASSETS | | <u>11,894,229</u> | <u>24,064,889</u> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 8 | 4,798 | - |
| Investments | 9 | 311,790 | 956,777 |
| Right-of-use Assets | 6(a) | 146,688 | 276,973 |
| Capitalised mineral exploration expenditure | 10 | 35,426,032 | 25,299,933 |
| TOTAL NON-CURRENT ASSETS | | <u>35,889,308</u> | <u>26,533,683</u> |
| TOTAL ASSETS | | <u>47,783,537</u> | <u>50,598,572</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 11 | 1,161,283 | 786,594 |
| Right-of-use Liabilities | 6(a) | 94,462 | 150,611 |
| Provisions | 12 | 520,291 | 471,859 |
| TOTAL CURRENT LIABILITIES | | <u>1,776,036</u> | <u>1,409,064</u> |
| NON-CURRENT LIABILITIES | | | |
| Right-of-use Liabilities | 6(a) | 59,134 | 129,677 |
| Provisions | 12 | 82,333 | 47,425 |
| TOTAL NON-CURRENT LIABILITIES | | <u>141,467</u> | <u>177,102</u> |
| TOTAL LIABILITIES | | <u>1,917,503</u> | <u>1,586,166</u> |
| NET ASSETS | | <u>45,866,034</u> | <u>49,012,406</u> |
| EQUITY | | | |
| Contributed equity | 13(a) | 60,000,783 | 60,005,783 |
| Share Based Payment Reserve | 15 | 5,642,141 | 4,547,152 |
| Accumulated losses | 14 | (19,776,890) | (15,540,529) |
| TOTAL EQUITY | | <u>45,866,034</u> | <u>49,012,406</u> |



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

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

| | Notes | Contributed Equity | Share Based Payment Reserve | Losses | Total |
|---|-------|-----------------------|--------------------------------|---------------------|-------------------|
| | | \$ | \$ | \$ | \$ |
| BALANCE AT 30 JUNE 2021 | | 41,328,919 | 4,172,819 | (10,212,339) | 35,289,399 |
| Total Comprehensive Income | | - | - | (5,328,190) | (5,328,190) |
| TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS | | | | | |
| Shares issued during the year | 13(b) | 27,335,287 | - | - | 27,335,287 |
| Less share issue costs | 13(b) | (1,658,423) | - | - | (1,658,423) |
| Return of Capital – Kalgoorlie Gold Mining Limited | 13(b) | (7,000,000) | - | - | (7,000,000) |
| Performance Rights issued to staff | | - | 374,333 | - | 374,333 |
| BALANCE AT 30 JUNE 2022 | | 60,005,783 | 4,547,152 | (15,540,529) | 49,012,406 |
| BALANCE AT 30 JUNE 2022 | | 60,005,783 | 4,547,152 | (15,540,529) | 49,012,406 |
| Total Comprehensive Income | | - | - | (4,236,361) | (4,236,361) |
| TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS | | | | | |
| Shares issued during the year | 13(b) | - | - | - | - |
| Less share issue costs | 13(b) | (5,000) | - | - | (5,000) |
| Return of Capital – Kalgoorlie Gold Mining Limited | 13(b) | - | - | - | - |
| Performance Rights issued to staff | | - | 1,094,989 | - | 1,094,989 |
| BALANCE AT 30 JUNE 2023 | | 60,000,783 | 5,642,141 | (19,776,890) | 45,866,034 |



CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 30 June 2023

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

| | <u>NOTES</u> | <u>2023</u> | <u>2022</u> |
|---|--------------|---------------------------|---------------------------|
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Receipts from Customers | | 2,011 | - |
| Interest received | | 234,226 | 17,280 |
| Other Income | | 10,000 | 22,242 |
| Payments to suppliers and employees (inclusive of goods and services tax) | | <u>(1,615,741)</u> | <u>(2,102,665)</u> |
| Net cash used in operating activities | 20(a) | <u>(1,369,504)</u> | <u>(2,065,114)</u> |
| Cash flows from investing activities | | | |
| Payments for exploration and evaluation | | (11,870,058) | (8,255,065) |
| Research and development refund received | | 1,940,882 | 893,260 |
| Proceeds (Payments) for investments | | - | 98,485 |
| Proceeds (Payments) for plant and equipment (net) | | <u>(66,347)</u> | <u>(19,794)</u> |
| Net cash used in investing activities | | <u>(9,995,523)</u> | <u>(7,283,114)</u> |
| Cash flows from financing activities | | | |
| Proceeds from the issue of shares | | - | 27,335,287 |
| Costs of shares issued | | <u>(5,000)</u> | <u>(1,658,423)</u> |
| Net cash provided by financing activities | | <u>(5,000)</u> | <u>25,676,864</u> |
| Net increase (decrease) in cash held | | <u>(11,370,027)</u> | <u>16,328,636</u> |
| Cash at the beginning of the financial period | | <u>22,018,398</u> | <u>5,689,762</u> |
| Cash at the end of the financial period | | <u>10,648,371</u> | <u>22,018,398</u> |



Notes to the Financial Statements

For the year ended 30 June 2023

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. The only significant estimate in the financial report is the R&D incentive rebate accrued which is based on management's estimate of the eligible expenditure incurred in the year.

(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 2023.

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.

Other long-term employee benefits The Consolidated Entity's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus on-costs; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on AA credit-rated (Corporate bond rate) bonds that have maturity dates approximating the terms of the consolidated entity's obligations.

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) 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.



*(o) Leases**The Group as lessee*

At inception of a contract, the Group assesses if the contract contains a lease or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate. All lease payments are included in the measurement of the lease liability.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

(p) 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.

*(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

Financial assets at fair value through profit and loss are limited to holdings of listed securities and are valued based on the quoted share price at the relevant reporting date with the associated changes in fair value through profit and loss.

Other financial assets are measured at amortised cost.

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**AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current.



The Group plans on adopting the amendment for the reporting period ending 30 June 2024 along with the adoption of AASB 2022-6. The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 2022-6: Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

AASB 2022-6 amends AASB 101 to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least 12 months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. It also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure.

The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8).

The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment amends the initial recognition exemption in AASB 112: *Income Taxes* such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences.

The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

AASB 2021-7b & c: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2021-7b makes various editorial corrections to AASB 17 *Insurance Contracts* which applies to annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

AASB 2021-7c defers the mandatory effective date (application date) of amendments to AASB 10 and AASB 128 that were originally made in AASB 2014-10: *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2018.

The Group plans on adopting the amendments for the reporting periods ending 30 June 2024 and 30 June 2026. The impact of initial application is not yet known.

AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards

AASB 2022-7 makes editorial corrections to the following standards: AASB 7, AASB 116, AASB 124, AASB 128, AASB 134 and AASB as well as to AASB Practice Statement 2. It also formally repeals superseded and redundant Australian Account Standards as set out in Schedules 1 and 2 to the Standard.

The Group plans on adopting the amendments for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

2. OTHER INCOME

| | 2023 | 2022 |
|--------------|----------------|---------------|
| Interest | 297,395 | 28,072 |
| Other Income | 75,116 | 22,242 |
| | 372,511 | 50,314 |

3. EXPENSES

| | | |
|-------------------------------------|---------|---------|
| Contributions to super | 338,963 | 228,608 |
| Depreciation - Plant and equipment | 69,150 | 54,947 |
| Provision for employee entitlements | 83,340 | 256,844 |



4. AUDITORS' REMUNERATION

Audit – Dry Kirkness (Audit) Pty Ltd

| | | |
|--|--------|--------|
| Audit and review of the financial statements | 40,348 | 25,153 |
|--|--------|--------|

5. INCOME TAX

No income tax is payable by the Consolidated Entity as it has carry forward losses for income tax purposes for the year, so current tax, deferred tax and tax expense is \$Nil.

(a) Numerical reconciliation of income tax expense to prima facie tax payable

| | | |
|---|--------------------|-------------|
| Loss from continuing operations | (4,236,361) | (5,328,190) |
| Tax at the tax rate of 25% | (1,059,090) | (1,332,048) |
| Tax effect of amounts which are deductible in calculating taxable income: | | |
| Temporary differences not recognised | (2,373,566) | (349,236) |
| Non deductible expenses/gains | 179,103 | 1,711,311 |
| Deferred tax asset not brought to account | 3,253,553 | (30,028) |
| Income tax expense | - | - |

(b) Tax losses

| | | |
|---|-------------------|------------|
| Unused tax losses for which no deferred tax asset has been recognised | 31,909,257 | 18,880,575 |
| Potential tax benefit at 25% | 7,977,314 | 4,720,144 |

(c) Un-recognised Deferred Tax Assets and Liabilities

Un-recognised deferred tax assets comprise:

| | | |
|---|-------------------|------------|
| Provisions/Accruals/Other | 660,880 | 545,284 |
| Tax losses available for offset against future taxable income | 31,909,257 | 18,880,575 |
| | 32,570,137 | 19,425,859 |

Un-recognised deferred tax liabilities comprise:

| | | |
|--|-------------------|------------|
| Capitalised mineral exploration and evaluation expenditure | 39,276,530 | 28,800,070 |
|--|-------------------|------------|

(d) Franking credits balance

The Consolidated Entity has no franking credits available as at 30 June 2023.



6. OTHER RECEIVABLES

| | 2023 | 2022 |
|-------------------------------|------------------|------------------|
| | \$ | \$ |
| Current | | |
| GST receivable | 59,129 | 69,650 |
| R&D Receivable | 1,011,612 | 1,800,000 |
| Interest Receivable and other | 57,728 | 122,006 |
| | <u>1,128,469</u> | <u>1,991,656</u> |

6 (a) RIGHT-OF-USE ASSETS & LIABILITIES

| | | |
|--------------------------|---------|---------|
| Current | | |
| Right-of-Use Assets | - | - |
| Right-of-Use Liabilities | 94,462 | 150,611 |
| Non-Current | | |
| Right-of-Use Assets | 146,688 | 276,973 |
| Right-of-Use Liabilities | 59,134 | 129,677 |

(b) Right-of-Use liability maturity analysis

| | | |
|--|----------------|----------------|
| Maturity analysis | | |
| Within one year | 123,237 | 159,970 |
| Later than one year and not later than three years | 30,994 | 134,829 |
| Less unearned interest | (635) | (14,510) |
| Total Lease Liability | <u>153,596</u> | <u>280,289</u> |

| | | |
|-------------------------------------|----------------|----------------|
| Current | 94,462 | 150,611 |
| Non-Current | 59,134 | 129,677 |
| Total Right-of-Use liability | <u>153,596</u> | <u>280,289</u> |

(c) Amounts recognized in profit and loss

| | | |
|--|---------|--------|
| Depreciation expense on right-of-use assets | 169,163 | 85,818 |
| Interest expense on right-of-use liabilities | 15,981 | 7,495 |

The Company leases its corporate office at Suite 2, 45 Ord St West Perth. The lease expires on 19 April 2025. The Company has a lease at Unit 6, 17 Townsend Street, Malaga. The lease expires on 9 Sept 2026. The Company leases its site office at 19 and 21 Close Way, West Kalgoorlie. The lease expires on 31st July 2025. The leases are recognized in accordance with AASB 16: Leases, which the Company adopted on 1 July 2019. Refer note 1 (o) for further details.

7. OTHER ASSETS

| | | |
|-------------|----------------|---------------|
| Current | | |
| Prepayments | <u>117,389</u> | <u>54,835</u> |



8. PROPERTY, PLANT AND EQUIPMENT

| | 2023 | 2022 |
|---|--------------|-----------|
| | \$ | \$ |
| Plant and office equipment | | |
| At Cost | 361,632 | 294,277 |
| Accumulate Dep | (361,632) | (294,277) |
| | - | - |
| Motor Vehicles | | |
| At Cost | 210,297 | 209,068 |
| Accumulate Dep | (210,297) | (209,068) |
| | - | - |
| Improvements to property and buildings | | |
| At cost | 4,798 | 10,945 |
| Accumulated depreciation | - | (10,945) |
| | 4,798 | - |
| Reconciliation | | |
| Plant and office equipment | | |
| Carrying amount at beginning of the period | - | - |
| Additions | 67,921 | 19,794 |
| Depreciation | (67,921) | (19,794) |
| Carry amount at the end of the year | - | - |
| Motor Vehicles | | |
| Carrying amount at beginning of the year | - | 35,153 |
| Additions | 1,229 | - |
| Depreciation | (1,229) | (35,153) |
| Carrying amount at the end of the year | - | - |
| Improvements to property and buildings | | |
| Carrying amount at beginning of the year | - | - |
| Additions | 4,798 | - |
| Disposals | - | - |
| Carrying amount at the end of the year | 4,798 | - |
| Total | 4,798 | - |



9. INVESTMENT

Investment in Godolphin – Shares ₁

| Particulars | No. of shares | 2023 | 2022 |
|-----------------------------|---------------|----------|----------|
| Opening balance | 554,551 | 48,246 | 83,182 |
| Add: Shares purchases | - | - | - |
| Less: Shares sold | - | - | - |
| Less: Fair Value adjustment | - | (18,300) | (34,936) |
| Closing balance | 554,551 | 29,946 | 48,246 |

Investment in Metalicity – Shares ₁

| | | | |
|-----------------------------|--------------|----------|-----------|
| Particulars | | | |
| Opening balance | 23,843,825 | 35,531 | 238,483 |
| Add: Shares purchases | - | - | - |
| Less: Shares sold | (22,000,000) | - | (98,485) |
| Less: Fair Value adjustment | - | (23,687) | (104,467) |
| Closing balance | 1,843,825 | 11,844 | 35,531 |

Investment in KalGold – Shares ₁

| | | | |
|-----------------------------|-----------|---------|-----------|
| Particulars | | | |
| Opening balance | 9,000,000 | 873,000 | 1,800,000 |
| Add: Shares purchases | - | - | - |
| Less: Shares sold | - | - | - |
| Less: Fair Value adjustment | - | - | (927,000) |
| Closing balance | 9,000,000 | 873,000 | 873,000 |

Investment in KalGold –

Options ₂

Particulars

| | | | |
|---------------------------|------------|---|-------------|
| Opening balance | 15,000,000 | - | 1,200,000 |
| Add: Options issued in CY | - | - | - |
| Less: Options terminated | - | - | - |
| Less: Impairment | - | - | (1,200,000) |
| Closing balance | 15,000,000 | - | - |

1. Shares in Listed Entities are valued at the closing share price on ASX at 30 June 2023.
2. Ardea received 15,000,000 unlisted options as part of the consideration for the spin out of the Kalgoorlie gold assets from the Ardea group to Kalgoorlie Gold Mining Limited. The value of these options at the grant date was 0.08 per the Black Scholes valuation model. Unlisted Options subject to escrow until November 2023 - exercisable at 25 cents any time prior to 16 November 2024. The options are "out of the money" at the 30 June 2023 reporting date and hence have not been revalued from their cost but impaired as it is unlikely, based on market conditions, that the value will be realised.
3. The Company received 15,000,000 unlisted options as part of the consideration for the spin out of the NSW assets from the Ardea group to Godolphin Resources Limited. The value of these options at the grant date was 0.07055 per the Black Scholes valuation model. Unlisted Options subject to escrow until January 2022 - exercisable at 25 cents any time prior to January 2023. The options are "out of the money" at the 30 June 2023 reporting date and hence have not been revalued from their cost but impaired as it is unlikely, based on market conditions, that the value will be realised.



9. INVESTMENT (Continued)

| | 2023 | 2022 |
|------------------------------------|----------------|----------------|
| Non-Current | | |
| Unlisted Options in Listed Company | - | - |
| Investment in Listed Entities | 311,790 | 956,777 |
| | <u>311,790</u> | <u>956,777</u> |

Particulars in relation to the controlled entities

Ardea Resources Limited is the parent entity.

| Name of Controlled Entity | Class of Shares | Equity Holding | |
|---|-----------------|----------------|------|
| | | 2023 | 2022 |
| Atriplex Pty Ltd ACN 113 719 207 | 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% |
| Wellington Nickel Pty Ltd ACN 659 195 294 | Ordinary | 100% | 100% |

10. CAPITALISED MINERAL EXPLORATION EXPENDITURE

| | 2023 | 2022 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Non-Current - in the exploration phase | | |
| Cost brought forward | 25,299,933 | 27,954,447 |
| Add: Expenditure incurred during the year (at cost) | 11,924,483 | 9,429,275 |
| Less Kalgoorlie Gold Spinout tenements | - | (10,060,502) |
| R&D Refund received/receivable | (1,011,562) | (1,800,000) |
| Exploration expenditure written off | (786,822) | (223,287) |
| | <u>35,426,032</u> | <u>25,299,933</u> |

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.

During period ending June 2022, the Company completed the spinout of the Gold rights on tenements into a new IPO listing on ASX called Kalgoorlie Gold Mining Limited. The capitalised mineral exploration expenditure relating to these gold rights was \$10,060,502

11. TRADE AND OTHER PAYABLES

| | | |
|------------------------------|------------------|----------------|
| Current (Unsecured) | | |
| Trade creditors | 912,493 | 681,343 |
| Other creditors and accruals | 248,790 | 105,250 |
| | <u>1,161,283</u> | <u>786,593</u> |

Included within trade and other creditors and accruals is an amount of \$103,694 (2022 - \$245,075) relating to exploration expenditure.

12. PROVISIONS

| | | |
|-----------------------|----------------|----------------|
| Current | | |
| Employee entitlements | 520,291 | 471,859 |
| Non-Current | | |
| Employee entitlements | 82,333 | 47,425 |
| | <u>602,624</u> | <u>519,284</u> |



13. CONTRIBUTED EQUITY

(a) Ordinary Shares

171,894,772 (2022 - 169,737,772) fully paid

| | | |
|-----------------|------------|------------|
| ordinary shares | 60,000,783 | 60,005,783 |
|-----------------|------------|------------|

(b) Share Movements during the Year

| | <u>2023</u> | | 2022 | |
|--|--------------------|-------------------|--------------------|-------------------|
| | Number of shares | \$ | Number of shares | \$ |
| Beginning of the financial period | 169,737,772 | 60,005,783 | 127,670,582 | 41,328,919 |
| New shares issues during the period | | | | |
| Placement and SPP at 55c/share | - | - | 10,363,637 | 5,700,000 |
| Placement at 70c/share | - | - | 30,907,553 | 21,635,287 |
| Conversion of performance rights | 2,157,000 | - | 796,000 | - |
| Kalgoorlie Gold Return of Capital | - | - | - | (7,000,000) |
| Less costs of issue | - | (5,000) | - | (1,658,423) |
| | 171,894,772 | 60,000,783 | 169,737,772 | 60,005,783 |

(c) Unlisted Options

There were 4,000,000 options on issue during the year ended 30 June 2023 (2022 – 4,000,000)

(d) Share Based Payments

During the current financial year there were a number of Share Based payments made to Directors and Employees with 4,425,000 Performance Rights, (2022 – 1,531,000) issued during the period and there were nil Performance Rights (2022 – 549,000) that lapsed/expired. There were 2,157,000 shares issued during the period from the conversion of Performance Rights (2022 – 796,000).

(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.



13. CONTRIBUTED EQUITY (Continued)

(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 2023 are as follows:

| | 2023 | 2022 |
|-----------------------------|-------------|------------|
| | \$ | \$ |
| Cash and cash equivalents | 10,648,371 | 22,018,398 |
| Trade and other receivables | 1,128,469 | 1,991,656 |
| Other assets | 117,390 | 54,835 |
| Trade and other payables | (1,161,283) | (786,593) |
| Provisions | (520,291) | (519,284) |
| Working capital position | 10,212,656 | 22,759,012 |

14. ACCUMULATED LOSSES

| | | |
|---|------------|------------|
| Accumulated losses at the beginning of the period | 15,540,529 | 10,212,339 |
| Net loss attributable to members | 4,236,361 | 5,328,190 |
| Accumulated losses at the end of the year | 19,776,890 | 15,540,529 |

15. RESERVES

| | | |
|---|-----------|-----------|
| Share Based Payment Reserve | | |
| Balance at the beginning of the period | 4,547,152 | 4,172,819 |
| Add: Amounts expensed in current period | 1,094,989 | 374,333 |
| Balance at the end of the period | 5,642,141 | 4,547,152 |

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 \$3,747,330 (2022 - \$3,045,770). These obligations are also subject to variations by farm-out arrangements or sale of the relevant tenements.

(b) Capital Commitments

The Consolidated Entity had no capital commitments at 30 June 2023.



18. SEGMENT INFORMATION

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

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

| | |
|--------------------|--------------------|
| (4,236,361) | (5,328,190) |
|--------------------|--------------------|

Number of Shares

2023

2022

Weighted average number of ordinary shares used in calculating basic earnings/ (loss) per share:

| | |
|--------------------|-------------|
| 170,780,624 | 148,541,584 |
|--------------------|-------------|

Effect of dilutive securities

Share options*

Adjusted weighted average number of ordinary shares

used in calculating diluted earnings/ (loss) per share

| | |
|--------------------|-------------|
| 170,780,624 | 148,541,584 |
|--------------------|-------------|

Basic and Diluted loss per share (cents per share)

2.48 cents

3.59 cents

*Non-dilutive securities

As at balance date 6,652,500 performance rights which represent potential ordinary shares were not dilutive as they would decrease the loss per share.

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

| | 2023 | 2022 |
|--|--------------------|-------------|
| Loss from ordinary activities after income tax | (4,236,361) | (5,328,190) |
| Non-cash items: | | |
| Depreciation | 69,150 | 54,947 |
| Exploration Writedowns | 786,822 | 223,287 |
| Revaluation of Investments | 644,988 | 3,270,793 |
| Loss /(Profit) on sale of Investments | - | - |
| Accrued Interest | (57,728) | (12,763) |
| Share based payments | 1,094,989 | 374,333 |
| Change in operating assets and liabilities: | | |
| Decrease (Increase) in prepayments | (62,554) | (42,299) |
| Decrease (Increase) in receivables | 108,919 | (900,000) |
| Increase in trade creditors and accruals | 158,750 | 100,665 |
| Increase in employee entitlements | 123,521 | 194,114 |
| Net cash outflows used in operating activities | (1,369,504) | (2,065,114) |

(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 4.23% (2022: 0.24%).

(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 2023 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 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 following:

On 30 August 2023 the company completed an equity raising to institutional and sophisticated investors with 22,767,143 new shares issued at 70 cents per share to raise \$16,000,000 before costs.

25. PARENT COMPANY

(a) Financial Position

| | 2023 \$ | 2022 \$ |
|--|--------------|--------------|
| Assets | | |
| Total current assets | 11,894,229 | 24,064,889 |
| Total non-current assets | 35,889,308 | 26,533,683 |
| Total Assets | 47,783,537 | 50,598,572 |
| Liabilities | | |
| Total current liabilities | 1,776,036 | 1,409,064 |
| Total non-current liabilities | 141,467 | 177,102 |
| Total Liabilities | 1,917,503 | 1,586,166 |
| Net Assets | 45,866,034 | 49,012,406 |
| Equity | | |
| Issued capital | 60,000,783 | 60,005,783 |
| Reserves | 5,642,141 | 4,547,152 |
| Accumulated losses | (19,776,890) | (15,540,528) |
| Total Equity | 45,866,034 | 49,012,406 |
| Total comprehensive loss for the year | (4,236,361) | 5,328,190 |

Ardea Resources Limited has not entered into any deed of cross guarantee with its wholly-owned subsidiaries, had no contingent liabilities at 30 June 2023 and no capital commitments at 30 June 2023



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 50 to 69, 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 2023 and of its performance, as represented by the results of its operations, for the financial year to 30 June 2023.
- (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 2023.

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

Signed at Perth this 27th day of September 2023.



Mathew Longworth

Chairman



Independent Audit Report



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 2023 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 2023 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 (including Independence Standards) (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 | How our audit addressed the key audit matter |
|--|--|
| <p>Capitalised mineral exploration expenditure (refer note 10)</p> <p>The Group operates as an exploration entity and its primary activity is the exploration for and evaluation of economically viable mineral deposits.</p> <p>All exploration and evaluation expenditure incurred has been capitalised and recognised as an asset in the Statement of Financial Position.</p> <p>The closing value of this asset is \$35,426,032 as at 30 June 2023.</p> <p>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.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> 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; 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. |
| <p>Research and Development Tax Incentive (refer notes 6 and 10)</p> <p>Management and their advisors have applied judgements, assumptions and estimates in determining the R&D Tax Incentive refund recognised for the 2023 year.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> 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. |
| <p>Deferred Taxation (refer note 5)</p> <p>The Company relies on the use of an expert to prepare the taxation disclosures which are included in the financial statements.</p> | <p>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:</p> <ul style="list-style-type: none"> 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. |

| | |
|---|--|
| Equity and Capital Structure <i>Refer note 13</i> During the year, the Company issued ordinary shares on the conversion of performance rights as well as various performance rights of which some have been exercised. | Our audit procedures included an examination of the issue of ordinary shares during the year as disclosed in note 13. We also assessed whether share-based payments should have been recognised in relation to performance rights. Furthermore, we reconciled the third-party share registry to information announced to the public. |
|---|--|

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 2023, but does not include the financial report and the auditor's report thereon.

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, actions taken to eliminate threats or safeguards applied.

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 36 to 47 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of Ardea Resources Limited, for the year ended 30 June 2023, 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.

DRY KIRKNESS (AUDIT) PTY LTD



ROBERT HALL CA
Director

Perth
Date: 27 September 2023

Shareholder Information

The following additional information was applicable at 14 September 2023.

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

| Size of Holding | Number of Holders | Shares Held | % |
|------------------|-------------------|-------------|---------|
| 1 - 1,000 | 665 | 368,630 | 0.19% |
| 1,001 - 5,000 | 1,496 | 4,004,876 | 2.06% |
| 5,001 - 10,000 | 568 | 4,439,056 | 2.28% |
| 10,001 - 100,000 | 1,008 | 31,728,979 | 16.30% |
| 100,001 - | 198 | 154,120,374 | 79.17% |
| | 3,935 | 194,661,915 | 100.00% |

- a) There were 417 shareholders who held less than a marketable parcel.
- b) The twenty largest shareholders hold 53.45% of the issued fully paid capital of the Company.

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

| Holder | Number of Shares | % |
|---|------------------|-------|
| Golden Energy and Resources Limited (GEAR), Duchess Avenue Pte. Ltd. , Star Success Pte Ltd and Ms. Lanny Tranku (GEAR Controllers) | 18,265,975 | 9.38% |
| Ian Buchhorn and Associates | 13,380,585 | 6.8% |
| Ascend Global Investment Funds | 9,932,717 | 5.1% |
| B O'Shannassy and Associates | 9,216,045 | 4.7% |

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 NOMINEES PTY LIMITED | 26,533,336 | 13.63% |
| 2 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 17,031,974 | 8.75% |
| 3 HAZURN PTY LTD <BUCHHORN SUPER FUND A/C> | 7,298,849 | 3.75% |
| 4 BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP> | 7,143,783 | 3.67% |
| 5 JOSCO PTY LTD <O'SHANNASSY FAMILY A/C> | 5,383,809 | 2.77% |
| 6 CUE1 PTE LTD | 5,187,500 | 2.66% |
| 7 BNP PARIBAS NOMS PTY LTD <DRP> | 4,962,395 | 2.55% |
| 8 SHENTON WORLD FUND LTD | 4,857,143 | 2.50% |
| 9 KURANA PTY LTD <BUCHHORN UNIT ACCOUNT> | 3,261,393 | 1.68% |
| 10 BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM | 3,058,237 | 1.57% |
| 11 MR OLIVIER DUPUY & MS JULIE DUPUY <ENERJEE SUPER FUND A/C> | 2,861,179 | 1.47% |
| 12 MRS WENJUAN CAO | 2,563,000 | 1.32% |
| 13 B & J O'SHANNASSY MANAGEMENT PTY LTD <JOSCO PTY LTD S/F NO1 A/C> | 2,165,572 | 1.11% |
| 14 MR IWAN JONES & MS JOYCE CHRISTINE JONES <I & J JONES SUPER FUND A/C> | 2,072,719 | 1.06% |
| 15 MR MICHAEL ANDREW HARRIS | 1,801,500 | 0.93% |
| 16 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2 | 1,673,112 | 0.86% |
| 17 MRS PAMELA JEAN BUCHHORN | 1,672,073 | 0.86% |
| 18 JOSCO PTY LTD <O'SHANNASSY FAMILY A/C> | 1,666,664 | 0.86% |
| 19 MAYFAIR VENTURES PTE LTD | 1,428,572 | 0.73% |
| 20 MARTIN BUCKLEY <THE M BUCKLEY FAMILY A/C> | 1,422,681 | 0.73% |
| TOTAL | 104,045,491 | 53.45% |



5. Unlisted Options

There is no unlisted options on issue.

6. Share Buy-Backs

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

7. Stock Exchanges

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



Tenement Schedule

Ardea Resources Limited Tenement Schedule (WA) as at 30 June 2023

| Tenement | Location | Ardea Interest (%) | Status | Note | Tenement | Location | Ardea Interest (%) | Status | Note |
|-----------------------|-------------------------|--------------------|---------|------|----------|-------------------------|--------------------|---------|------|
| Goongarrie Hub | | | | | | | | | |
| E24/196 | Goongarrie | 100 | Live | | M24/731 | Goongarrie | 100 | Live | 3 |
| E24/209 | Goongarrie | 100 | Live | | M24/732 | Goongarrie | 100 | Live | 3 |
| E24/211 | Goongarrie | 100 | Pending | | M24/744 | Goongarrie | 100 | Live | |
| E29/934 | Goongarrie | 100 | Live | | M24/778 | Goongarrie | 100 | Live | 3 |
| E29/1028 | Goongarrie | 100 | Live | | M29/167 | Goongarrie | 100 | Live | |
| E29/1038 | Goongarrie | 100 | Live | | M29/202 | Goongarrie | 100 | Live | |
| E29/1039 | Goongarrie | 100 | Pending | | M29/272 | Goongarrie | 100 | Live | |
| E29/1045 | Goongarrie | 100 | Live | | M29/278 | Goongarrie | 100 | Live | |
| E29/1048 | Goongarrie | 100 | Live | | M29/423 | Goongarrie | 100 | Live | |
| E30/500 | Goongarrie | 100 | Live | | M29/424 | Goongarrie | 100 | Live | |
| E30/501 | Goongarrie | 100 | Live | | M29/426 | Goongarrie | 100 | Live | |
| E30/502 | Goongarrie | 100 | Live | | P24/5260 | Goongarrie | 100 | Live | |
| G29/25 | Goongarrie | 100 | Pending | | P24/5328 | Goongarrie | 100 | Live | |
| L24/239 | Goongarrie | 100 | Live | | P24/5329 | Goongarrie | 100 | Live | |
| L29/134 | Goongarrie | 100 | Live | | P24/5265 | Goongarrie-Carr Boyd | 100 | Live | |
| L29/135 | Goongarrie | 100 | Live | | P24/5169 | Goongarrie-Windanya | 100 | Live | |
| L30/67 | Goongarrie | 100 | Live | | P24/5480 | Goongarrie-Windanya | 100 | Live | |
| L30/68 | Goongarrie | 100 | Live | | M24/919 | Goongarrie-Scotia | 100 Ni rights | Live | 6 |
| L16/141 | Goongarrie | 100 | Live | | M24/959 | Goongarrie-Scotia | 100 Ni rights | Live | 6 |
| L30/85 | Goongarrie | 100 | Live | | M24/541 | Goongarrie | 100 | Live | |
| P29/2646 | Highway North | 100 | Live | | P29/2650 | Highway North | 100 | Live | |
| P29/2647 | Highway North | 100 | Live | | P29/2651 | Highway North | 100 | Live | |
| P29/2648 | Highway North | 100 | Live | | E29/1082 | Goongarrie | 100 | Live | |
| P29/2649 | Highway North | 100 | Live | | E29/1089 | Goongarrie | 100 | Live | |
| P24/5528 | Goongarrie | 100 | Live | | P29/2561 | Highway North | 100 | Live | |
| P29/2559 | Highway North | 100 | Live | | P29/2562 | Highway North | 100 | Live | |
| P29/2560 | Highway North | 100 | Live | | E29/941 | Ghost Rocks | 100 | Live | |
| P29/2501 | Highway - Moriarty | 100 | Live | | E29/981 | Ghost Rocks | 100 | Live | |
| P29/2511 | Ghost Rocks | 100 | Live | | M29/214 | Highway | 100 | Live | |
| P29/2512 | Ghost Rocks | 100 | Live | | P29/2538 | Ghost Rocks | 100 | Live | |
| P29/2513 | Ghost Rocks | 100 | Live | | P29/2539 | Ghost Rocks | 100 | Live | |
| P29/2514 | Ghost Rocks | 100 | Live | | E29/1083 | Goongarrie | 100 | Live | |
| P29/2515 | Ghost Rocks | 100 | Live | | L16/147 | Goongarrie – Credo West | 100 | Live | |
| L16/143 | Goongarrie – Credo West | 100 | Live | | L16/148 | Goongarrie – Credo West | 100 | Live | |
| L16/144 | Goongarrie – Credo West | 100 | Live | | L30/95 | Goongarrie – Credo West | 100 | Live | |
| L16/145 | Goongarrie – Credo West | 100 | Live | | L24/253 | Goongarrie | 100 | Pending | |
| L16/146 | Goongarrie – Credo West | 100 | Live | | L24/254 | Goongarrie | 100 | Pending | |
| L24/252 | Goongarrie | 100 | Pending | | L24/255 | Goongarrie | 100 | Pending | |
| E29/1235 | Goongarrie | 100 | Pending | | | | | | |



| Tenement | Location | Ardea Interest (%) | Status | Note | Tenement | Location | Ardea Interest (%) | Status | Note |
|---|---------------|----------------------|---------|------|----------|---------------|--------------------|---------|------|
| Goongarrie Hub Expansion - Siberia | | | | | | | | | |
| E24/203 | Siberia | 100 non Au-Ag rights | Live | 4 | P24/5235 | Siberia | 100 | Live | |
| E29/889 | Siberia | 100 non Au-Ag rights | Live | 4 | P24/5236 | Siberia | 100 | Live | |
| M24/634 | Siberia | 100 non Au-Ag rights | Live | 1,4 | P29/2484 | Siberia | 100 | Live | |
| M24/660 | Siberia | 100 non Au-Ag rights | Live | 4 | P29/2485 | Siberia | 100 | Live | |
| M24/663 | Siberia | 100 non Au-Ag rights | Live | 4 | P24/5416 | Siberia | 100 | Live | |
| M24/664 | Siberia | 100 non Au-Ag rights | Live | 4 | P24/5417 | Siberia | 100 | Live | |
| M24/665 | Siberia | 90 non Au-Ag rights | Live | 2,4 | P24/5418 | Siberia | 100 | Live | |
| M24/683 | Siberia | 100 non Au-Ag rights | Live | 4 | P24/5566 | Siberia | 100 | Live | |
| M24/686 | Siberia | 100 non Au-Ag rights | Live | 4 | P24/5567 | Siberia | 100 | Live | |
| M24/772 | Siberia | 100 non Au-Ag rights | Live | 4 | L24/248 | Siberia | 100 | Pending | |
| M24/797 | Siberia | 100 non Au-Ag rights | Live | 4 | L24/249 | Siberia | 100 | Pending | |
| M24/915 | Siberia | 100 non Au-Ag rights | Live | 4 | L24/250 | Siberia | 100 | Live | |
| M24/916 | Siberia | 100 non Au-Ag rights | Live | 4 | L24/251 | Siberia | 100 | Pending | |
| M24/1002 | Siberia | 100 non Au-Ag rights | Pending | 4 | P24/5599 | Siberia | 100 | Live | |
| P24/5618 | Siberia South | 100 | Pending | | P24/5623 | Siberia South | 100 | Pending | |
| P24/5619 | Siberia South | 100 | Pending | | P24/5624 | Siberia South | 100 | Pending | |
| P24/5620 | Siberia South | 100 | Pending | | P24/5625 | Siberia South | 100 | Pending | |
| P24/5621 | Siberia South | 100 | Pending | | L29/181 | Siberia | 100 | Pending | |
| P24/5622 | Siberia South | 100 | Pending | | | | | | |

Goongarrie Hub Expansion - Black Range

| | | | | | | | | | |
|----------|-------------|--|---------|----|----------|-------------|----------------------|---------|----|
| M24/757 | Black Range | 100 non Au-Ag rights; 100 ownership | Live | 4 | M24/973 | Black Range | 100 non Au-Ag rights | Pending | 4 |
| P24/4395 | Black Range | 100 non Au-Ag rights | Live | 4 | P24/4396 | Black Range | 100 non Au-Ag rights | Live | 4 |
| P24/4400 | Black Range | 100 non Au-Ag rights | Live | 4 | P24/4401 | Black Range | 100 non Au-Ag rights | Live | 4 |
| P24/4402 | Black Range | 100 non Au-Ag rights | Live | 4 | P24/4403 | Black Range | 100 non Au-Ag rights | Live | 4 |
| P24/5593 | Black Range | 100% non Au rights | Pending | 14 | P24/5594 | Black Range | 100% non Au rights | Pending | 14 |
| P24/5595 | Black Range | 100% non Au rights | Pending | 14 | P24/5596 | Black Range | 100% non Au rights | Pending | 14 |

Kalpini Hub

| | | | | | | | | | |
|----------|--------------|-------------------|---------|----|----------|----------------|-------------------|------|----|
| E27/524 | Kalpini | 100 non Au rights | Live | 9 | P25/2454 | Kalpini-Bulong | 100 non Au rights | Live | 14 |
| E27/606 | Kalpini | 100 non Au rights | Live | 14 | P25/2455 | Kalpini-Bulong | 100 non Au rights | Live | 14 |
| E27/607 | Kalpini | 100 non Au rights | Live | 14 | P25/2456 | Kalpini-Bulong | 100 non Au rights | Live | 14 |
| E28/1224 | Kalpini | 100 | Live | | P25/2457 | Kalpini-Bulong | 100 non Au rights | Live | 14 |
| E28/2978 | Kalpini | 100 non Au rights | Live | 14 | P25/2458 | Kalpini-Bulong | 100 non Au rights | Live | 14 |
| M27/395 | Kalpini | 100 | Live | | P25/2459 | Kalpini-Bulong | 100 non Au rights | Live | 14 |
| M27/506 | Kalpini | 100 | Live | | P25/2460 | Kalpini-Bulong | 100 non Au rights | Live | 14 |
| M27/512 | Kalpini | 100 | Pending | | P25/2461 | Kalpini-Bulong | 100 non Au rights | Live | 14 |
| M28/199 | Kalpini | 100 | Live | | P25/2482 | Kalpini-Bulong | 100 non Au rights | Live | 14 |
| M28/201 | Kalpini | 100 | Live | | P25/2483 | Kalpini-Bulong | 100 non Au rights | Live | 14 |
| M28/205 | Kalpini | 100 | Live | | P25/2484 | Kalpini-Bulong | 100 non Au rights | Live | 14 |
| E27/278 | Kalpini-Acra | 100 Ni Lat Ore | Live | 5 | P25/2559 | Kalpini-Bulong | 100 non Au rights | Live | 14 |
| E27/438 | Kalpini-Acra | 100 Ni Lat Ore | Live | 5 | P25/2560 | Kalpini-Bulong | 100 non Au rights | Live | 14 |
| E27/520 | Kalpini-Acra | 100 Ni Lat Ore | Live | 5 | P25/2561 | Kalpini-Bulong | 100 non Au rights | Live | 14 |
| E27/579 | Kalpini-Acra | 100 Ni Lat Ore | Live | 5 | P25/2609 | Kalpini-Bulong | 100 non Au rights | Live | 14 |
| E28/1746 | Kalpini-Acra | 100 Ni Lat Ore | Live | 5 | P25/2613 | Kalpini-Bulong | 100 non Au rights | Live | 14 |
| E28/2483 | Kalpini-Acra | 100 Ni Lat Ore | Live | 5 | P25/2614 | Kalpini-Bulong | 100 non Au rights | Live | 14 |



| Tenement | Location | Ardea Interest (%) | Status | Note | Tenement | Location | Ardea Interest (%) | Status | Note |
|------------------------------|----------------|--------------------|---------|--------|----------|----------------------|--------------------|---------|--------|
| Kalpini Hub continued | | | | | | | | | |
| E25/578 | Kalpini-Bulong | 100 non Au rights | Live | 14 | P25/2615 | Kalpini-Bulong | 100 non Au rights | Live | 14 |
| M25/59 | Kalpini-Bulong | 100 non Au rights | Live | 14 | P25/2650 | Kalpini-Bulong | 100 non Au rights | Live | 14 |
| M25/134 | Kalpini-Bulong | 100 non Au rights | Live | 14 | P25/2305 | Kalpini-Bulong | 100 non Au rights | Live | 13, 14 |
| M25/145 | Kalpini-Bulong | 100 non Au rights | Live | 14 | M31/488 | Kalpini-Lake Rebecca | 100 non Au rights | Pending | 14 |
| M25/151 | Kalpini-Bulong | 100 non Au rights | Live | 14 | P31/2038 | Kalpini-Lake Rebecca | 100 non Au rights | Live | 14 |
| M25/161 | Kalpini-Bulong | 100 non Au rights | Live | 14 | P31/2039 | Kalpini-Lake Rebecca | 100 non Au rights | Live | 14 |
| M25/171 | Kalpini-Bulong | 100 non Au rights | Live | 14 | P31/2040 | Kalpini-Lake Rebecca | 100 non Au rights | Live | 14 |
| M25/187 | Kalpini-Bulong | 100 non Au rights | Live | 14 | E27/647 | Kalpini | 100 non Au rights | Live | 14 |
| M25/209 | Kalpini-Bulong | 100 non Au rights | Live | 14 | P25/2306 | Kalpini-Bulong | 100 non Au rights | Live | 13, 14 |
| E27/646 | Kalpini | 100 non Au rights | Live | 14 | M25/19 | Kalpini-Bulong | 100 non Au rights | Live | 13, 14 |
| P25/2295 | Kalpini-Bulong | 100 non Au rights | Live | 14 | P25/2307 | Kalpini-Bulong | 100 non Au rights | Live | 13, 14 |
| P25/2296 | Kalpini-Bulong | 100 non Au rights | Live | 13, 14 | P25/2308 | Kalpini-Bulong | 100 non Au rights | Live | 13, 14 |
| P25/2297 | Kalpini-Bulong | 100 non Au rights | Live | 13, 14 | P25/2408 | Kalpini-Bulong | 100 non Au rights | Live | 13, 14 |
| P25/2304 | Kalpini-Bulong | 100 non Au rights | Live | 13, 14 | P25/2409 | Kalpini-Bulong | 100 non Au rights | Live | 13, 14 |
| E27/692 | Kalpini-Bulong | 100 non Au rights | Live | 14 | L27/102 | Kalpini | 100 | Pending | |
| P25/2743 | Bulong | 100 | Pending | | L31/88 | Kalpini | 100 | Pending | |
| E27/714 | Kalpini | 100 | Pending | | E28/3308 | Kalpini | 100 | Pending | |
| E27/715 | Kalpini | 100 | Pending | | E28/3309 | Kalpini | 100 | Pending | |
| M25/377 | Kalpini-Bulong | 100 | Pending | 14 | | | | | |

Yerilla Hub

| | | | | | | | | | |
|----------|---------------------|-------------------|---------|----|----------|---------------------|-------------------|---------|----|
| E39/1954 | Yerilla-Aubils | 100 non Au rights | Live | 14 | M39/1147 | Yerilla-Aubils | 100 non Au rights | Pending | 14 |
| E31/1092 | Yerilla-Boyce Creek | 100 non Au rights | Live | 14 | E31/1169 | Yerilla-Boyce Creek | 100 non Au rights | Live | 14 |
| E31/1208 | Yerilla-Boyce Creek | 100 non Au rights | Live | 14 | E31/1213 | Yerilla-Boyce Creek | 100 non Au rights | Live | 14 |
| E31/1355 | Yerilla-Boyce Creek | 100 | Pending | | M31/483 | Yerilla-Boyce Creek | 100 non Au rights | Live | 14 |
| M31/493 | Yerilla-Boyce Creek | 100 non Au rights | Pending | 14 | M31/475 | Yerilla-Jump Up Dam | 100 non Au rights | Live | 14 |
| M31/477 | Yerilla-Jump Up Dam | 100 non Au rights | Live | 14 | M31/479 | Yerilla-Jump Up Dam | 100 non Au rights | Live | 14 |

WA Regional

| | | | | | | | | | |
|----------|--------------|-------------------|------|----|----------|-------------|-------------------|------|---|
| M15/1101 | WA Regional | Pre-emp Ni-Co Lat | Live | 7 | M15/1263 | WA Regional | Pre-emp Ni-Co Lat | Live | 7 |
| M15/1264 | WA Regional | Pre-emp Ni-Co Lat | Live | 7 | M15/1323 | WA Regional | Pre-emp Ni-Co Lat | Live | 7 |
| M15/1338 | WA Regional | Pre-emp Ni-Co Lat | Live | 7 | M27/510 | WA Regional | 100 Ni Lat Ore | Live | 8 |
| M27/272 | Kanowna East | Non-Au Rights | Live | 10 | | | | | |

Kookynie Gold

| | | | | | | | | | |
|---------|----------|---|------|----|---------|----------|---|------|----|
| E40/350 | Kookynie | 0 | Live | 11 | E40/357 | Kookynie | 0 | Live | 11 |
|---------|----------|---|------|----|---------|----------|---|------|----|

Perrinvale Nickel-Gold

| | | | | | | | | | |
|----------|------------|-------------------|------|----|----------|------------|-------------------|------|----|
| E29/1006 | Perrinvale | 100 non Au rights | Live | 14 | E29/1078 | Perrinvale | 100 non Au rights | Live | 14 |
|----------|------------|-------------------|------|----|----------|------------|-------------------|------|----|

Mt Zephyr Gold-Nickel

| | | | | | | | | | |
|----------|-------------|-----|------|----|----------|-----------|-----|------|----|
| E37/1271 | Mt Zephyr | 100 | Live | 12 | E39/1706 | Mt Zephyr | 100 | Live | 12 |
| E37/1272 | Darlot East | 100 | Live | 12 | E39/1854 | Mt Zephyr | 100 | Live | 12 |
| E37/1273 | Darlot East | 100 | Live | 12 | E39/1985 | Mt Zephyr | 100 | Live | 12 |
| E37/1274 | Mt Zephyr | 100 | Live | 12 | | | | | |

Bedonia Nickel-PGE-Gold

| | | | | | | | | | |
|----------|---------|-----|------|--|----------|---------|-----|------|--|
| E63/1828 | Bedonia | 100 | Live | | E63/1857 | Bedonia | 100 | Live | |
| E63/1856 | Bedonia | 100 | Live | | | | | | |



Notes:

1. Britannia Gold Ltd retains precious metal rights.
2. Impress Ventures Ltd has a 10% equity free-carried interest to a decision to mine.
3. Norton Gold Fields Limited retains certain Au claw-back rights and royalty receivable.
4. Ora Banda Mining Ltd holds Au-Ag rights while Ardea retains all non Au-Ag rights.
5. Acra JV – Northern Star Resources Ltd earn-in with Essential Metals Limited. Former holds gold rights while latter retains nickel sulphide rights. Ardea retains rights to Ni laterite ore.
6. Black Mountain Gold Limited all rights with exception of Ardea retaining Ni rights.
7. Ramelius Resources Limited assignee (Maximus Resources Ltd) all rights, Ardea pre-emptive right to Ni-Co laterite.
8. Paddington Gold Pty Ltd all mineral rights (except nickel sulphide) while Ardea retains rights to nickel laterite ore.
9. By Sale Agreement between Northern Star (Carosue Dam) Pty Ltd and Kalnorth Gold Mines Ltd, Northern Star (Carosue Dam) Pty Ltd now owns Au rights while Ardea retains non-Au rights.
10. Northern Star (Kanowna) Limited holds Au rights. Ardea retains non-Au rights.
11. The Option to purchase the tenements was transferred to Metalicity Limited on 21 November 2020. Ardea retains non Au rights.
12. The Mt Zephyr/Darlot East tenements were farmed out to Red 5 Limited on 18 November 2020 whereby Red 5 Limited may earn 80% equity interest. Ardea is free carried to Decision to Mine.
13. Purchase of tenements by Binding Terms Sheet and Alluvial Rights Agreements dated 4 June 2021 between the Seller Steven Lionel Kean and Ardea Resources Limited.
14. By way of the Demerger Implementation Deed executed between Ardea Resources Limited, Kalgoorlie Gold Mining Limited, Yerilla Nickel Pty Ltd, Kalgoorlie Nickel Pty Ltd and Ardea Exploration Pty Ltd dated 9 September 2021, certain tenements are to be transferred to newly listed Kalgoorlie Gold Mining Limited. For certain other tenements, Ardea Resources Limited or its subsidiaries will continue to hold and retain non-gold rights while Kalgoorlie Gold Mining Limited retain gold rights only.



Glossary

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

AL means Atmospheric Leach (being a hydrometallurgical process done at atmospheric pressure, in contrast to high pressure leach HPAL)

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

Austrade - Australian Trade and Investment Commission

Co means Cobalt

CMO means Australian Federal Government - Critical Minerals Office

Critical Minerals means metals and non-metals that are considered vital for the economic well-being of the world's major and emerging economies, yet whose supply may be at risk due to geological scarcity, geopolitical issues, trade policy or other factors. The minerals ranked by Geoscience Australia: Rare-earth elements (REE), gallium (Ga), germanium (Ge), graphite, hafnium (Hf), helium (He), indium (In), tungsten (W), platinum-group elements (PGE) including platinum (Pt) and palladium (Pd), cobalt (Co), niobium (Nb), magnesium (Mg), antimony (Sb), beryllium (Be), bismuth (Bi), lithium (Li), rhenium (Re), vanadium (V), tantalum (Ta), titanium (Ti), chromium (Cr), scandium (Sc), zirconium (Zr) and manganese (Mn).

Cu means Copper

DFAT means Australian Federal Government - Department of Foreign Affairs and Trade

DHEM means downhole electromagnetics

DWER means WA Department of Water and Environmental Regulation

EFA means Export Finance Australia

EM means electromagnetics

EV means Electric Vehicle

ESG means Environmental Social and Governance principles

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.

FBICRC means Future Batteries Industry Co-operative Research Centre of which Ardea is a member

Goethite means the dominant nickel cobalt ore type at Goongarrie, which is free dig and has a low energy requirement for comminution along with low acid consumption during processing.

GWL means groundwater extraction licences

HPAL means High-Pressure Acid Leach



KNP means Kalgoorlie Nickel Project, a nickel cobalt laterite project located through an arc 30 to 150km north-north west to east of Kalgoorlie. It is comprised of the:

- Goongarrie Hub – Goongarrie South, Goongarrie Hill, Highway, Ghost Rocks, Big Four, Scotia, Black Range and Siberia deposits
- Kalpini Hub – Kalpini and Bulong deposits
- Yerilla Hub – Jump Up Dam, Boyce Creek, Aubils and Lake Rebecca deposits

LIB means Lithium Ion Battery

LCA means Life Cycle Assessment

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

Mineralised Neutraliser means a specific plant feed unique to the Goongarrie Hub for which the fine component is AL feed and coarse component is a neutraliser

MHP means Mixed Hydroxide Precipitate

MPFA means Australian Federal Government - Major Projects Facilitation Agency

MPS means Major Project Status - KNP was award MPS in March 2022 by the Prime Minister of Australia

MSP means Mixed Sulphide Precipitate

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 occurring in an un-oxidised sulphide assemblage associated with fresh ultramafic rock

NCM means Nickel-Cobalt-Manganese

OEM mean Original Equipment Manufacturers

OECD means Organisation for Economic Cooperation and Development

PCAM Precursor Cathode-active Material

PGE means Platinum Group Metals - Ruthenium (Ru), Rhodium (Rh), Palladium (Pd), Osmium (Os), Iridium (Ir), and Platinum (Pt)

PLS means Pregnant Liquor Solution

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

R&D means Research and Development

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), Praseodymium (Pr) and Cerium (Ce).

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 (MRE) means a Mineral Resource Estimate 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.

Sc means Scandium

SSB means Static Storage Battery

V means Vanadium

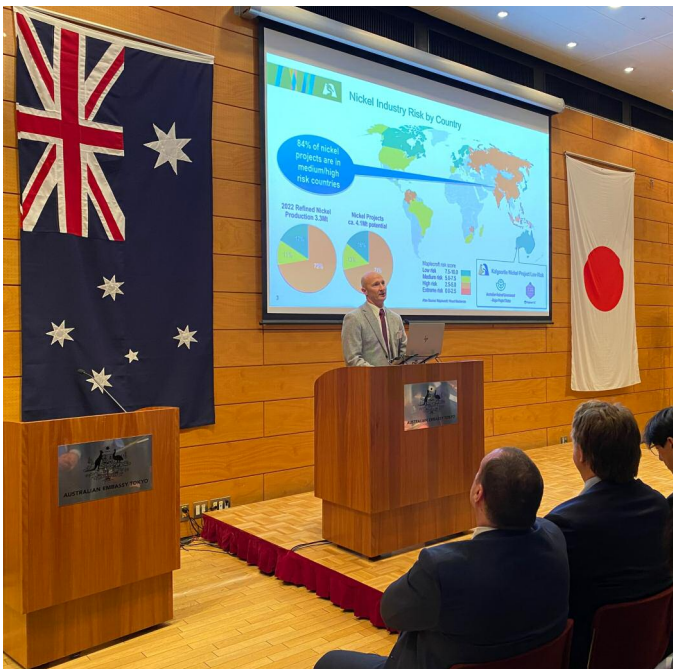
WA means Western Australia

WWF means Walter Williams Formation, the dominant host unit that has weathered to form the Goongarrie Hub nickel laterite deposits and potentially prospective for hosting magmatic nickel sulphide

WU, CU, EU means ultramafic units Western Ultramafic, Central Ultramafic and Eastern Ultramafic at the Kalpini nickel sulphide project. The WU and CU units are the prime nickel sulphide targets.

Opposite: Photo caption top to bottom, left to right: The Ardea Team hosted a number of Goongarrie site visits during the year - the group pictured attended one of those offered during the Diggers and Dealers 2023 conference; Andrew Penkethman (Ardea MD & CEO) was part of a number of Austrade delegations during the year, pictured here presenting as part of the Japan Critical Minerals delegation April 2023; Ardea Kalgoorlie office and yard is central to the KNP operations; A look back in time courtesy of the Evans Family gives a snapshot of the rich history of the KNP surrounds. Lake View battery site circa 1900; Dave Evans' scheelite treatment at Comet Vale.







Ardea Resources Limited



www.ardearesources.com.au