



**ABN 30 614 289 342**

# **Interim Financial Report Half-Year ended 31 December 2017**

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the period ended 30 June 2017 and any public announcements made by Ardea Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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# ARDEA RESOURCES LIMITED

ABN 30 614 289 342

## CORPORATE DIRECTORY

### DIRECTORS

Katina Law  
*Non-Executive Chair*

Matthew Painter  
*Managing Director*

Ian Buchhorn  
*Executive Director*

Wayne Bramwell  
*Non-Executive Director*

### COMPANY SECRETARY

Sam Middlemas

### PRINCIPAL REGISTERED OFFICE

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Western Australia 6005

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West Perth  
Western Australia 6872

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### AUDITOR

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Unit 16, 1<sup>st</sup> Floor  
100 Railway Road  
Subiaco  
Western Australia 6008

### SHARE REGISTRY

Security Transfer Australia Pty Limited  
770 Canning Highway  
Applecross  
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Facsimile: (08) 9315 2233  
Email: [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

### STOCK EXCHANGE LISTING

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

### ASX CODE

ARL - ordinary shares

**ARDEA RESOURCES LIMITED**  
**and its controlled entities**

**DIRECTORS' REPORT**

The Directors present their report on Ardea Resources Limited and the entities it controlled at the end of and during the half-year ended 31 December 2017 ("financial period").

**DIRECTORS & SENIOR MANAGEMENT**

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

**Katina Law** – *B.Com., CPA, MBA, GAICD*  
**Non-Executive Chair**  
**Appointed 7 November 2016**

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

During the three years prior to the end of this financial period, Ms Law is currently a non-executive Director of headspace and Gumala Enterprises Pty Ltd. Ms Law has held no other public company directorships.

**Matthew Painter** – *B.Sc.(Hons), PhD*  
**Managing Director**  
**Appointed 7 November 2016**

Matthew Painter is a Geologist with over 20 years professional experience including SRK Consulting, Sabre Resources, AngloGold Ashanti, Geological Survey of WA and MIM Exploration. His expertise is in ore deposit geology and structural geology, and his work has been instrumental in the successful discovery, exploration and development of greenfield and brownfields deposits globally. Dr Painter has extensive on-ground experience throughout Australia and overseas including east, west and southern Africa across a broad range of commodities including gold, copper, zinc-lead-silver, uranium, tin and manganese. Dr Painter has extensive managerial and ASX-listed company corporate experience. He has a Bachelor of Science with Honours degree from the University of Melbourne and has a Doctor of Philosophy (PhD) in Economic Geology from the University of Queensland.

During the three years prior to the end of this financial period, Mr Painter has not held any public company directorships.

**Ian Buchhorn** – *BSc (Hons), Dipl. Geosci (Min. Econ), MAusIMM*  
**Executive Director**  
**Appointed 17 August 2016**

Ian Buchhorn is a Mineral Economist and Geologist with over 30 years experience. He was the founding Managing Director of Heron Resources Limited for a period of 11 years until early 2007 and returned to that role in October 2012 after a period as Executive Director. Mr Buchhorn previously worked with a number of international mining companies and has worked on nickel, bauxite and industrial mineral mining and exploration, gold and base metal project generation and corporate evaluations. For the last 25 years Mr Buchhorn has acquired and developed mining projects throughout the Eastern Goldfields of Western Australia and has operated as a Registered Mine Manager. He was appointed an Executive Director on 13 October 2017.

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

**Wayne Bramwell** – *BSc, GradDipBus. MSc, GAICD*  
**Non-Executive Director**  
**Appointed 29 January 2018**

Wayne Bramwell is an experienced mining executive with over 26 years of international and Australian project evaluation and development expertise across the base metals, precious metals and bulk commodity sectors.

Mr Bramwell holds a Bachelor of Science (Mineral Science - Extractive Metallurgy), Graduate Diploma of Business, Master of Science (Mineral Economics) and is a Graduate of the Australian Institute of Company Directors (GAICD). He is currently Chairman of the Bentley Branch of the WA School of Mines Alumni (WASMA).

**ARDEA RESOURCES LIMITED**  
**and its controlled entities**

**DIRECTORS' REPORT**

Mr Bramwell was previously the Managing Director of ASX listed Kasbah Resources Limited where he took the company from IPO through all stages of evaluation of the Achmmach Tin Project in Morocco and began the process of project financing. During his tenure he raised extensive funds from the capital markets, industry end-users and international trading houses including negotiating two project level strategic joint ventures with Japan's Toyota Tsusho Corporation and Nittetsu Mining Co. Ltd. Prior to this Wayne held senior executive roles with Iberian Resources Limited, Breakaway Resources Limited, Harmony Gold (Australia) Pty Ltd, Hill 50 Limited and several Australian engineering companies specialised in resource engineering.

During the three years prior to the end of this financial period, Mr Bramwell has been a Director of Kasbah Resources Limited (31 October 2005 to 8 February 2017).

**COMPANY SECRETARY**

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

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

**PRINCIPAL ACTIVITIES**

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

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

**DIVIDENDS**

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

**REVIEW OF OPERATIONS AND ACTIVITIES**

The Consolidated Entity recorded an operating loss after income tax for the Financial Period ended 31 December 2017 of \$740,596.

Ardea is a mineral exploration group, currently focussed on its cobalt, nickel and scandium project and gold exploration in Western Australia and zinc, silver, lead and gold at its Lewis Ponds project in NSW.

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

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

Ardea's major projects are as follows:

- Kalgoorlie Nickel Project and Cobalt Zone (WA)
- Lewis Ponds Project (NSW)
- Mt Zephyr Gold Project (WA)
- Other Ardea Assets (WA)

**ARDEA RESOURCES LIMITED**  
**and its controlled entities**

**DIRECTORS' REPORT**

*Kalgoorlie Nickel Project (100% Ardea)*

The Kalgoorlie Nickel Project ("KNP") is a major undeveloped nickel-cobalt laterite deposit comprising in excess of 700 Mt of defined cobalt and nickel resources (see 2017 Annual Report for full listing and breakdown of resources).

The cobalt-rich subset of the KNP, known as the KNP Cobalt Zone, contains a significant cobalt and nickel resource in its own right. The KNP Cobalt Zone contains 108.3 Mt at 0.10 % cobalt and 0.79 % nickel (reported using combined cutoffs of 0.08 % cobalt and 0.5% nickel lower cut-off generally, and a 0.5 % nickel cut-off at Black Range) for a total contained cobalt metal of over 108,000 t. Since listing, the Company has substantially increased upon this resource through remodelling of historic datasets and appraisal of new data.

*Table 1 - KNP Cobalt Zone from RMRC and HGMC consulting groups. See Table 2 for breakdown of the new Goongarrie resource estimates. All figures are appropriately rounded to reflect the degree of certainty.*

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

Since listing in February 2017, Ardea immediately started fieldwork on our main project at the Kalgoorlie Nickel Project (KNP) and the Cobalt Zone. Drilling focused on expanding higher grade resources and defining mineralisation style and extent at both Black Range and Kalpini. Diamond drilling at Goongarrie South recovered samples for metallurgy and pilot-scale testing. Further drilling is currently underway at Goongarrie South and Big Four that aims to upgrade resource classifications, define in detail the distribution of scandium mineralisation, and provide sample for further scheduled metallurgical test work and production of marketing samples.

The results of historic drilling completed at Goongarrie South, Big Four, Scotia Dam, and Black Range along with reinterpretations at Big Four and Scotia Dam are being used in the Goongarrie Nickel Cobalt Project Pre-Feasibility Study (PFS), which comprised:

- May to September 2017, bench-scale metallurgical test-work and process technology evaluations for the flowsheet.
- September 2017 to January 2018, PFS engineering, cost estimation and reporting, using previous Vale Inco and Heron Resources data where appropriate. Ardea's focus will be on the process flow-sheet and project financials.

The aim of the Goongarrie Nickel Cobalt Project PFS, which on the Goongarrie resources comprising Goongarrie South, Big Four, Scotia Dam, and Goongarrie Hill, is to define a mechanism to mine and recover cobalt, nickel, and other accessory metals in a manner useful to the lithium ion battery manufacturing industry. This will be through the production of cobalt sulphate and nickel sulphate on site at Goongarrie, to be sold directly to the battery industry.

Metallurgical test work, which has focused on core recently drilled at Goongarrie South, and has been highly successful. Bench-scale cobalt sulphate and nickel sulphate were successfully precipitated during December using the selected 5<sup>th</sup> generation high-pressure acid leach and mixed sulphide precipitation flowsheet.

*Lewis Ponds (100% Ardea)*

Lewis Ponds is a zinc-gold-silver deposit in the Lachlan Fold Belt of NSW. Mined historically for gold, silver, zinc, and pyrite, Lewis Ponds is located in one of Australia's oldest designated mining districts. Historically, the deposit has been classified as a Volcanogenic Massive Sulphide (VMS) deposit, but Ardea recognises that, though there may be VMS affinities, such a model does not fully define the breadth of mineralisation types and styles at the deposit.

Previously, Lewis Ponds was explored as a high-grade underground deposit, with a historic resource of 6.6Mt at 1.5g/t Au, 69g/t Ag and 2.4% Zn estimated (refer Prospectus Table 3.2 for full description of resource status).

**ARDEA RESOURCES LIMITED**  
**and its controlled entities**

**DIRECTORS' REPORT**

As a potential Massive Sulphide underground operation, the published Lewis Ponds resource was calculated at a 3% zinc equivalent cut-off. This is in contrast to Ardea's 1.5% zinc equivalent cut-off for an envisaged open pit Stringer Sulphide mining operation. The Ardea concept is consistent with bulk tonnage operations in the central Lachlan Fold Belt which are all low grade, bulk excavation-based. Both Cadia and Northparkes produce sulphide concentrates with precious metal credits, whereas Cowal and the undeveloped McPhillamys deposit utilise (or propose to utilise) a carbon-in-leach (CIL) flowsheet.

In terms of metal value (i.e. zinc and gold equivalent values), the mineralised zones intercepted during Ardea's 2017 drilling match or exceed those of the major Lachlan Fold Belt operations.

The study program at Lewis Ponds consists of:

- Initial variability samples to quantify preferred grind size and flotation reagents.
- A bulk sample for flow-sheet optimisation.
- Pre-concentration options for sub-grade stringer mineralisation including DMS.

Lewis Ponds has been the subject of metallurgical test work undertaken in Perth. This is part of broader metallurgical test work that includes:

- Quantification of preferred grind size and flotation reagents.
- Flow-sheet optimisation
- Pre-concentration options including DMS for sub low-grade stringer mineralisation.

In addition, a full geological reappraisal of new and historic drill core is nearing completion that will allow assessment of Lewis Ponds as a bulk tonnage operation.

Mt Zephyr (100% Ardea)

At Mt Zephyr, the Company was granted several licences that consolidate our position in the region. Gold mineralisation is focused along the eastern side to the crust-tapping Celia Lineament. Coarse targeting over the area has identified numerous gold and base metal targets that are presently the subject of several geophysical surveys.

Other Ardea assets (100%)

The company holds a range of high-quality gold and base metals projects in the Eastern Goldfields of WA and the Lachlan Fold Belt of NSW. Early stage work on these projects is expected to be accelerated in the coming year.

**AUDITORS' INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under Section 370C of the *Corporations Act 2001* is set out on page 7 for the half-year ended 31 December 2017

DATED at Perth this 14<sup>th</sup> day of March 2018

Signed in accordance with a resolution of the Directors



**Katina Law**  
**Chair**

**Compliance Statement (JORC 2012)**

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

1. Kalgoorlie Nickel Project on 21 October 2013 and 31 June 2014, October 2016, 2016 Heron Resources Annual Report and 6 January 2017;
2. KNP Cobalt Zone Study on 6 January 2017 and 14 March 2018.

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

The information in this report that relates to the Black Range Exploration Results is based on information originally compiled by current full-time employees of Ardea Resources Limited. The Exploration Results and data collection processes have been reviewed, verified and re-interpreted by Mr Ian Buchhorn who is a Member of the Australasian Institute of Mining and Metallurgy and a director of Ardea Resources Limited. Mr Buchhorn has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the exploration activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Buchhorn consents to the inclusion in this report of the matters based on his information in the form and context that it appears.

The exploration and industry benchmarking summaries are based on information reviewed by Dr Matthew Painter, who is a Member of the Australian Institute of Geoscientists. Dr Painter is a full-time employee and a director of Ardea Resources Limited and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Painter has reviewed this release and consents to the inclusion in this report of the information in the form and context in which it appears.

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Ardea Resources Limited for the half year ended 31 December 2017, 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 review; and
- b) No contraventions of any applicable code of professional conduct in relation to the review.

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

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER  
Director

Perth  
Date: 14 March 2018

**ARDEA RESOURCES LIMITED**  
and its controlled entities

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

For the half-year ended 31 December 2017

	<u>NOTES</u>	<u>31 December</u> <u>2017</u>	<u>31 December</u> <u>2016</u>
		\$	\$
Interest income		45,636	0
Employee expenses		700,718	0
Employee costs recharged to capitalised exploration		(664,581)	0
Non-Executive Directors' fees		43,393	0
Insurance expenses		34,265	0
Secretarial fees		54,200	0
Corporate expenses		98,347	0
Depreciation	2	13,525	0
Rent		64,602	0
Share Based Payments		185,792	0
Other expenses		255,971	0
Loss before income tax		(740,596)	0
Income tax		-	0
Net loss attributable to members of the Consolidated Entity		(740,596)	0
Other Comprehensive Loss net of tax		0	0
Total Comprehensive Loss		(740,596)	0
Basic earnings/(loss) per share (cents per share)		(0.97 cents)	0
Diluted earnings/(loss) per share (cents per share)		(0.97 cents)	0

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



**ARDEA RESOURCES LIMITED**  
and its controlled entities

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2017

<u>NOTES</u>	<u>31 December</u> <u>2017</u>	<u>30 June</u> <u>2017</u>
		\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	14,909,507	3,062,719
Other receivables	378,481	224,518
Other assets	41,429	2,713
<b>TOTAL CURRENT ASSETS</b>	<b>15,329,417</b>	<b>3,289,950</b>
<b>NON-CURRENT ASSETS</b>		
Plant and equipment and motor vehicles	474,583	357,446
Investments	10,000	10,000
Capitalised mineral exploration expenditure	12,042,227	9,331,853
<b>TOTAL NON-CURRENT ASSETS</b>	<b>12,526,810</b>	<b>9,699,299</b>
<b>TOTAL ASSETS</b>	<b>27,856,227</b>	<b>12,989,249</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	708,437	353,105
Provisions	248,330	11,992
<b>TOTAL CURRENT LIABILITIES</b>	<b>956,767</b>	<b>365,097</b>
<b>TOTAL LIABILITIES</b>	<b>956,767</b>	<b>365,097</b>
<b>NET ASSETS</b>	<b>26,899,460</b>	<b>12,624,152</b>
<b>EQUITY</b>		
Contributed equity	3 27,312,660	12,482,548
Reserves	861,792	676,000
Accumulated losses	(1,274,992)	(534,396)
<b>TOTAL EQUITY</b>	<b>26,899,460</b>	<b>12,624,152</b>

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

**ARDEA RESOURCES LIMITED**  
and its controlled entities

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the half-year ended 31 December 2017

	Notes	Contributed Equity	Share Option Reserve	Losses	Total
<b>BALANCE AT 17 AUGUST 2016</b>		-	-	-	-
Total Comprehensive Income		-	-	-	-
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>					
Shares issued during the period		100	-	-	100
<b>BALANCE AT 31 DECEMBER 2016</b>		<u>100</u>	<u>-</u>	<u>-</u>	<u>100</u>
<b>BALANCE AT 1 JULY 2017</b>		12,482,548	676,000	(534,396)	12,624,152
Total Comprehensive Income		-	-	(740,596)	(740,596)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>					
Shares issued during the period	3	15,098,449	-	-	15,098,449
Less share issue costs		(268,337)	-	-	(268,337)
Performance Rights issued to Staff		-	185,792	-	185,792
<b>BALANCE AT 31 DECEMBER 2017</b>		<u>27,312,660</u>	<u>861,792</u>	<u>(1,274,992)</u>	<u>26,899,460</u>

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

**ARDEA RESOURCES LIMITED**  
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**CONSOLIDATED STATEMENT OF CASHFLOWS**  
Half Year ended 31 December 2017

	<u>31 December</u> <u>2017</u>	<u>31 December</u> <u>2016</u>
	\$	\$
<b>Cash flows from operating activities</b>		
Interest received	13,229	-
Payments to suppliers and employees (inclusive of goods and services tax)	(628,548)	-
<b>Net cash used in operating activities</b>	<u>(615,319)</u>	-
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation	(2,237,343)	-
Proceeds (Payments) for plant and equipment	(130,662)	-
<b>Net cash used in investing activities</b>	<u>(2,368,005)</u>	-
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares	15,094,204	100
Costs of shares issued	(264,092)	-
<b>Net cash provided by financing activities</b>	<u>14,830,112</u>	<u>100</u>
<b>Net increase (decrease) in cash held</b>	11,846,788	100
<b>Cash at the beginning of the financial period</b>	<u>3,062,719</u>	-
<b>Cash at the end of the financial period</b>	<u>14,909,507</u>	<u>100</u>

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

**ARDEA RESOURCES LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**

For the Half-year ended 31 December 2017

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This financial report includes the consolidated financial statements and notes of Ardea Resources Limited and controlled entities ("Consolidated Group" or "Group"). The financial statements were authorised for issue by the directors of the Company.

**a) Basis of preparation**

This general purpose financial report has been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the period ended 30 June 2017, together with any public announcements made during the following half-year. The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

	<b>31 December 2017</b>	<b>31 December 2016</b>
	\$	\$
<b>2. EXPENSES</b>		
Contributions to employees superannuation plans	56,920	-
Depreciation - Plant and equipment	13,525	-
Provision for employee entitlements	61,233	-
	<b>61,233</b>	<b>-</b>

	<b>31 December 2017</b>	<b>30 June 2017</b>
	\$	\$
<b>3. CONTRIBUTED EQUITY</b>		
<b>(a) Ordinary Shares</b>		
87,412,053 (30 June 2017 - 67,000,747) fully paid ordinary shares	27,312,660	12,482,548
	<b>27,312,660</b>	<b>12,482,548</b>

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

	<b>31 December 2017</b>		<b>30 June 2017</b>	
	<b>Number of Shares</b>	<b>\$</b>	<b>Number of Shares</b>	<b>\$</b>
Beginning of the financial period	67,000,747	12,482,548	-	-
<b><i>New share issues during the period</i></b>				
Share Purchase Plan/Placement Shares at 72.5 cents per share	13,739,038	9,960,802		
Loyalty Options Converted at 77 cents per share	6,672,268	5,137,647		
Shares issued at Incorporation	-	-	100	100
Shares issued to Heron (in specie)	-	-	41,501,521	8,300,304
IPO shares issued at 20 cents/share	-	-	25,499,126	5,099,825
Less costs of issues	-	(268,337)	-	(917,681)
	<b>87,412,053</b>	<b>27,312,660</b>	<b>67,000,747</b>	<b>12,482,548</b>

**ARDEA RESOURCES LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
For the Half-year ended 31 December 2017

**3. CONTRIBUTED EQUITY (Continued)**

**(c) Unlisted Options**

During the financial period and to the date of this report the following options have been issued to Investors and unrelated parties as follows:

<i>Number of Options on Issue</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
12,310,022	25 cents each	9 February 2020
18,774,802	77 cents each	31 May 2018

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

**(d) Share Based Payments**

During the financial period there were a number of Performance Rights issued to Directors and Staff following approval of the Performance Rights Plan at the AGM held on 23 November 2017. The following Performance Rights were on Issue at 31 December 2017:

1,410,000 Class A Performance Rights  
1,410,000 Class B Performance Rights  
1,410,000 Class C Performance Rights

The Performance Rights shall vest as follows:

**Class 'A' Performance Rights:** upon completion of the Pre-Feasibility Study in relation to the cobalt zone of the Company's Kalgoorlie Nickel Project prior to 30 November 2018:

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

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

Subsequent to the end of the financial period, the Company has issued an additional 85,000 Class A Performance Rights, 85,000 Class B Performance Rights and 85,000 Class C Performance Rights.

**(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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Half-year ended 31 December 2017**

**4. SEGMENT INFORMATION**

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

**5. CONTINGENT LIABILITIES**

There were no material contingent liabilities not provided for in the financial statements of the Consolidated Entity as at 31 December 2017 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 or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Consolidated Entity has an interest.

**6. EVENTS SUBSEQUENT TO BALANCE DATE**

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

- An amount of 3,227,278 Loyalty Options were exercised after the half-year end and converted into fully paid shares.

**ARDEA RESOURCES LIMITED  
and its controlled entities**

**DIRECTORS' DECLARATION**

In the opinion of the Directors of Ardea Resources Limited:

- (a) the financial statements and notes, set out on pages 8 to 14, are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - (ii) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2017 and of its performance, as represented by the results of its operations, for the half-year ended on that date.
- (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 Chief Financial Officer for the financial half-year ended on 31 December 2017.

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

Signed at Perth this 14<sup>th</sup> day of March 2018.

A handwritten signature in black ink, appearing to read 'Katina Law', is written over a horizontal line.

**Katina Law  
Chair**

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

### Report on the half year financial report

#### Conclusion

We have reviewed the accompanying half year financial report of Ardea Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2017 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Directors' responsibility for the half year financial report

The directors of the Company are responsible for the preparation of the half year 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 half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half year financial report is not in accordance with the *Corporations Act 2001* including; giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audited conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER  
Director

Perth

Date: 14 March 2018