



# **Ardea Resources Limited**

**ABN 30 614 289 342**

## **Interim Financial Report Half-Year ended 31 December 2018**

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 2018 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  
*Executive Chair*

Ian Buchhorn  
*Executive Director*

Wayne Bramwell  
*Non-Executive Director*

### COMPANY SECRETARY

Sam Middlemas

### PRINCIPAL REGISTERED OFFICE

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West Perth  
Western Australia 6005

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West Perth  
Western Australia 6872

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### AUDITOR

Butler Settineri (Audit) Pty Limited  
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  
Western Australia 6153

Telephone: (08) 9315 2333  
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 2018 ("financial period").

**DIRECTORS & SENIOR MANAGEMENT**

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

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

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

During the three years prior to the end of this financial period, Ms Law is currently Non-Executive Chair of Yandal Resources Limited and a non-executive Director of headspace. Ms Law has held no other public company directorships.

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

Ian Buchhorn is a Mineral Economist and Geologist with over 30 years experience. He was the founding Managing Director of Heron Resources Limited for a period of 11 years until early 2007 and returned to that role in October 2012 after a period as Executive Director. Mr Buchhorn previously worked with a number of international mining companies and has worked on nickel, bauxite and industrial mineral mining and exploration, gold and base metal project generation and corporate evaluations. For the last 25 years Mr Buchhorn has acquired and developed mining projects throughout the Eastern Goldfields of Western Australia and has operated as a Registered Mine Manager. 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 19 April 2018) and Golden Cross Resources Limited (3 March 2014 to 13 July 2016).

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

Wayne Bramwell is an experienced mining executive with over 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 the former Chair of the Bentley Branch of the WA School of Mines Alumni (WASMA) and currently Chief Executive Officer of ASX Listed Artemis Resources Limited.

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.

**ARDEA RESOURCES LIMITED**  
and its controlled entities

**DIRECTORS' REPORT**

**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 2018 of \$836,763.

Ardea is a mineral exploration and development group, currently focussed on its cobalt, nickel and scandium project at Goongarrie, gold and nickel sulphide exploration in Western Australia and spin-out of the NSW assets including gold, zinc, silver and lead at its Lewis Ponds project.

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

- Commercial nickel-cobalt-scandium production from Goongarrie.
- Maximise the commercial value of the existing WA tenement portfolio through the ongoing exploration and if required 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 development projects are as follows:

- Goongarrie Nickel Cobalt Project as a subset of the Kalgoorlie Nickel Project (WA)
- Mt Zephyr and BTZ Gold Projects (WA)
- Lewis Ponds Project (NSW)

**Goongarrie Nickel Cobalt Project (100% Ardea)**

Expansion Study completed July 2018, expanding the 1.5Mtpa base case to a 2.25Mtpa scoping-level assessment, predicated on rheology test work that confirmed considerably improved pulp densities for feeding into the autoclave reaction vessel.

The Expansion Study highlighted a strong case for an expanded throughput to 2.25Mtpa:

*Table 1: Summary of Approximate Outcomes for the Throughput Studies*

Case**	Pre-tax NPV <sub>8</sub>	Post-tax NPV <sub>8</sub>	IRR	Payback
1.0Mtpa PFS	A\$1.43 billion	A\$1.04 billion	25 %	5.3 years
1.5Mtpa PFS	A\$1.93 billion	A\$1.40 billion	25 %	5.6 years
<b>2.25Mtpa ES</b>	<b>A\$3.15 billion</b>	<b>A\$2.29 billion</b>	<b>27 %</b>	<b>5.1 years</b>

\*\* refer PFS Announcement released to ASX on 28 March 2018, Expansion Study released 24 July 2018

*Key characteristics of the Goongarrie Nickel Cobalt Project (GNCP) include:*

- **Metallurgically uncomplicated flowsheet adopted** – refined in bench-scale and continuous piloting during the half, focussing on premium goethite ore with significantly shorter pressure vessel residence time compared to other competitor nickel laterite ore types. The ore doesn't require beneficiation to achieve feed grades, so eliminating a processing step which caused materials handling problems for previous WA nickel laterite operations.
- **Significant by-product metals to be evaluated** – notably scandia, alumina, vanadium and manganese, with R&D during the half identifying a potential Rare Earth Element (REE) by-product.
- **On-site process plant feedstocks being evaluated** – notably neutraliser for HPAL discharge, targets located within scheduled Goongarrie pits, negating the need to import high-cost carbonate neutraliser.

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

**DIRECTORS' REPORT**

- **Excellent location with established infrastructure** – the Goongarrie project area is located 80km north of the mining hub of Kalgoorlie-Boulder with its high-skill workforce and includes sealed main road, rail, power and gas pipeline infrastructure. The Port of Esperance is 480km by rail to the south and has established nickel processing feedstock and concentrate handling facilities.
- **Benign environmental setting** – the arid climate facilitates evaporation of tailings (so avoiding the submarine tailings disposal of some tropical nickel laterites), with long-established rehabilitation protocols developed from previous Eastern Goldfields nickel laterite mining operations.
- **Resources located on granted mining leases** – certainty of current and future resource availability.
- **Heritage Agreement executed with sole GNCP Native Title claimant group** – provides better certainty of access for DFS site programs.
- **Stakeholder Engagement** – strong Community support expressed during current Stakeholder engagement process.

**WA Gold and Nickel Sulphide (100% Ardea)**

Technical reviews completed, targets defined and drill access current.

- **Mt Zephyr** – first modern gold-nickel sulphide drilling campaign commencing at Gale, Paul's Find, Dunn's Line and Jones A.
- **Bardoc Tectonic Zone** – Ardea high-resolution magnetic survey received, interpreted and targets selected, approvals for drilling lodged, centred on historic Big Four Gold Mine.
- **Ghost Rocks** – data review completed, Twelve Mile Base Metal prospect up to 0.6% Ni with 14.3% Cu in historic rock-chip sampling.
- **Bedonia** – initial soil sampling completed, gold and nickel sulphide targets defined, additional tenure acquired on gold targets along strike on Cunderlee Fault Zone, Heritage engagement commenced.

**NSW Spin-out including 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).

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.

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.

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

**DIRECTORS' REPORT**

IPO spin-out of NSW assets advancing, technical reviews confirm high prospectivity targets, IPO independent experts in process of appointment.

- **Lewis Ponds** – additional historic hard-copy data acquired and being digitized as part of re-interpretation as a bulk-tonnage system.
- **Mt Aubrey** – high priority epithermal gold system identified in historic drill data, current auger geochemistry field validation ahead of planned drilling, targets adjoin historic BHP shallow oxide gold pit
- **Yeoval** – high priority porphyry copper-molybdenum-gold system identified in historic drill data, previous JORC-compliant resource requires data validation

**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 2018

DATED at Perth this 26<sup>th</sup> day of February 2019  
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 July 2014, October 2016, 2016 Heron Resources Annual Report and 6 January 2017;
2. KNP Cobalt Zone Study on 7 August 2017
3. Goongarrie Nickel Cobalt Project, Supplementary Prospectuses 10 February 2017, Ardea Annual Report Nov 2017, ASX announcements 28 June 2017, 4 July 2017, 28 August 2017, 14 March 2018, 24 July 2018, 8 October 2018
4. Lewis Ponds 2016 Heron Resources Annual Report, Ardea Resources Prospectus November 2016, Ardea Supplementary Prospectuses 10 February 2017, ASX announcements 9 March 2017, 16 March 2017, 26 April 2017

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

The exploration and industry benchmarking summaries are based on information reviewed by Dr Matthew Painter, who is a Member of the Australian Institute of Geoscientists. Dr Painter is a full-time employee of Ardea Resources Limited and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Painter has reviewed this report 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 2018, 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: 26 February 2019

**ARDEA RESOURCES LIMITED**  
and its controlled entities

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

For the half-year ended 31 December 2018

	<u>NOTES</u>	<u>31 December</u> <u>2018</u>	<u>31 December</u> <u>2017</u>
		\$	\$
Interest income		<u>196,845</u>	45,636
Employee expenses		<b>1,587,670</b>	700,718
Employee costs recharged to capitalised exploration		<b>(1,741,334)</b>	(664,581)
Directors' fees		<b>127,181</b>	43,393
Insurance expenses		<b>85,547</b>	34,265
Secretarial fees		<b>53,420</b>	54,200
Corporate expenses		<b>152,984</b>	98,347
Depreciation	2	<b>53,007</b>	13,525
Rent		<b>84,556</b>	64,602
Computer Support Services		<b>42,295</b>	22,767
Share Based Payments		<b>195,850</b>	185,792
Other expenses		<b>392,433</b>	233,204
Loss before income tax		<b>(836,763)</b>	(740,596)
Income tax		-	-
Net loss attributable to members of the Consolidated Entity		<b>(836,763)</b>	(740,596)
Other Comprehensive Loss net of tax		<b>0</b>	0
Total Comprehensive Loss		<b>(836,763)</b>	(740,596)
Basic earnings/(loss) per share (cents per share)		<b>(0.79 cents)</b>	(0.97 cents)
Diluted earnings/(loss) per share (cents per share)		<b>(0.79 cents)</b>	(0.97 cents)

*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 2018

<u>NOTES</u>	<u>31 December</u> <u>2018</u>	<u>30 June</u> <u>2018</u>
		\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	12,176,694	19,157,517
Other receivables	4,127,074	3,544,892
Other assets	60,770	10,555
<b>TOTAL CURRENT ASSETS</b>	<b>16,364,538</b>	22,712,964
<b>NON-CURRENT ASSETS</b>		
Plant and equipment and motor vehicles	658,621	652,603
Investments	10,000	10,000
Capitalised mineral exploration expenditure	21,161,704	16,238,635
<b>TOTAL NON-CURRENT ASSETS</b>	<b>21,830,325</b>	16,901,238
<b>TOTAL ASSETS</b>	<b>38,194,863</b>	39,614,202
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	186,611	964,511
Provisions	217,860	218,385
<b>TOTAL CURRENT LIABILITIES</b>	<b>404,471</b>	1,182,896
<b>TOTAL LIABILITIES</b>	<b>404,471</b>	1,182,896
<b>NET ASSETS</b>	<b>37,790,393</b>	38,431,306
<b>EQUITY</b>		
Contributed equity	3 39,608,365	39,608,365
Reserves	3,367,326	3,171,476
Accumulated losses	(5,185,299)	(4,348,535)
<b>TOTAL EQUITY</b>	<b>37,790,393</b>	38,431,306

*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 2018

	Contributed Equity	Share Option Reserve	Losses	Total
<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	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>
<b>BALANCE AT 1 JULY 2018</b>	39,608,365	3,171,476	(4,348,535)	38,431,306
Total Comprehensive Income	-	-	(836,763)	(836,763)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>				
Performance Rights issued to Staff	-	195,850	-	195,850
<b>BALANCE AT 31 DECEMBER 2018</b>	<u>39,608,365</u>	<u>3,367,326</u>	<u>(5,185,298)</u>	<u>37,790,393</u>

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

**ARDEA RESOURCES LIMITED**  
and its controlled entities

**CONSOLIDATED STATEMENT OF CASHFLOWS**  
Half Year ended 31 December 2018

	<u>31 December</u> <u>2018</u>	<u>31 December</u> <u>2017</u>
	\$	\$
<b>Cash flows from operating activities</b>		
Interest received	198,776	13,229
Payments to suppliers and employees (inclusive of goods and services tax)	(699,692)	(628,548)
<b>Net cash used in operating activities</b>	<u>(500,916)</u>	<u>(615,319)</u>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation	(6,859,876)	(2,237,343)
Payments for plant and equipment	(59,023)	(130,662)
R&D funds received	438,992	-
<b>Net cash used in investing activities</b>	<u>(6,479,907)</u>	<u>(2,368,005)</u>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares	-	15,094,204
Costs of shares issued	-	(264,092)
<b>Net cash provided by financing activities</b>	<u>-</u>	<u>14,830,112</u>
<b>Net increase (decrease) in cash held</b>	<b>(6,980,823)</b>	11,846,788
<b>Cash at the beginning of the financial period</b>	<u>19,157,517</u>	<u>3,062,719</u>
<b>Cash at the end of the financial period</b>	<u>12,176,694</u>	<u>14,909,507</u>

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

**ARDEA RESOURCES LIMITED**  
and its controlled entities

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Half-year ended 31 December 2018

**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 year ended 30 June 2018, 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.

**2. EXPENSES**

	<b>31 December 2018</b>	<b>31 December 2017</b>
	\$	\$
Contributions to employees superannuation plans	150,474	56,920
Depreciation - Plant and equipment	53,007	13,525
Provision for employee entitlements	29,512	61,233
	<b>31 December 2018</b>	<b>30 June 2018</b>
	\$	\$

**3. CONTRIBUTED EQUITY**

**(a) Ordinary Shares**

104,990,413 (30 June 2018 – 104,990,413) fully paid ordinary shares	39,608,365	39,608,365
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**(b) Share Movements during the Period**

	<b>31 December 2018</b>		<b>30 June 2018</b>	
	<b>Number of Shares</b>	<b>\$</b>	<b>Number of Shares</b>	<b>\$</b>
Beginning of the financial period	104,990,413	39,608,365	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	-	-	22,755,628	17,521,834
Performance Rights Issued to Staff	-	-	1,495,000	-
Less costs of issues	-	-	-	(356,819)
	104,990,413	39,608,365	104,990,413	39,608,365

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Half-year ended 31 December 2018**

**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

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 and to the date of this report 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 2018:

1,620,000 Class B Performance Rights  
1,620,000 Class C Performance Rights

The Performance Rights shall vest as follows:

**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, 150,000 Class B Performance Rights and 150,000 Class C Performance Rights have expired.

**(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 2018**

**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 2018 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.

**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 2018 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 Executive Director and the Chief Financial Officer for the financial half-year ended on 31 December 2018.

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

Signed at Perth this 26<sup>th</sup> day of February 2019.

A handwritten signature in black ink, appearing to read 'Katina Law', written in a cursive style.

**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 2018 and the consolidated statement of profit or loss and other 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 2018 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 Engagements 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 2018 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 audit 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: 26 February 2019