



Ardea Resources Limited

ABN 30 614 289 342

Interim Financial Report Half-Year ended 31 December 2019

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 2019 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

Andrew Penkethman
Managing Director/Chief Executive Officer

Ian Buchhorn
Executive Director

Wayne Bramwell
Non-Executive Director

COMPANY SECRETARY

Sam Middlemas

PRINCIPAL REGISTERED OFFICE

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AUDITOR

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SHARE REGISTRY

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Web: www.automicgroup.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 2019 ("financial period").

DIRECTORS

The names and details of the Directors 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.

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

Andrew Penkethman – *BSc, FAusIMM*
Managing Director/Chief Executive Officer
Appointed 5 February 2020

Andrew Penkethman is a resources sector executive and geologist with over 25 years experience in the resources industry. His technical skills include project evaluation, early stage and near mine exploration, resource development, feasibility study management, permitting, stake holder engagement and mine development across open pit and underground operations within Australia and overseas. Commodities experience includes gold, base metals, battery minerals and energy commodities over a range of geological settings. Mr Penkethman's technical expertise is complimented by over 14 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.

Mr Penkethman was appointed Chief Executive Officer on 1 April 2020 and was appointed Managing Director on 5 February 2020. 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. He holds no other public company directorships.

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

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

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

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 formerly 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).

ARDEA RESOURCES LIMITED
and its controlled entities

DIRECTORS' REPORT

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.

During the period the Company completed the sale and demerger of its New South Wales assets through the transfer into Godolphin Resources Limited which undertook an IPO and has been separately listed on the Australian Stock Exchange. 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 2019 of \$514,841 (2018 half loss of \$836,763).

Ardea is a mineral exploration and development group, currently focussed on its nickel, cobalt and scandium project at Goongarrie and nickel sulphide and gold exploration over its extensive tenement portfolio (>4,900km²) in the Eastern Goldfields mineral province of Western Australia.

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

- Commercial nickel-cobalt-scandium production from Goongarrie Nickel Cobalt Project
- Explore the broader Kalgoorlie Nickel Project for nickel sulphide and gold based on the legacy data base (>1,000,000 historic assays)
- Maximise the commercial value of the existing WA tenement portfolio through the ongoing exploration and if required establishment and operation of suitable joint ventures
- Ongoing commitment to the identification and review of projects/corporate opportunities that have the capacity to successfully create value for the Ardea shareholders

Ardea's major development projects are:

1. Goongarrie Nickel Cobalt Project as a subset of the Kalgoorlie Nickel Project
2. Bardoc Tectonic Zone (BTZ) and other Nickel Sulphide and Gold Projects

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 ₈	Post-tax NPV ₈	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
2.25Mtpa ES	A\$3.15 billion	A\$2.29 billion	27 %	5.1 years

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

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DIRECTORS' REPORT

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

- **Metallurgically uncomplicated flowsheet** – refined in bench-scale and continuous piloting, focussing on premium goethite ore with significantly shorter pressure vessel residence time and acid consumption, 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 Critical Minerals to be evaluated** – notably scandia, alumina, vanadium and manganese, with R&D work continuing on a potential Rare Earth Element (REE) by-product.
- **On-site Neutraliser** – The GNCP Pit Optimisation results have confirmed that nickel-enriched neutraliser material can be sourced during the normal course of mining and stockpiled for use as PAL autoclave neutraliser. Sourcing of neutraliser onsite is expected to result in improved outcomes for the project by eliminating the need to import either externally sourced neutraliser material and/or commercial grade carbonate product. This will largely remove the need for importing limestone to site from a location approximately 450km away.
- **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, mobile phone coverage 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), that are planned to be in line with long-established rehabilitation protocols developed from previous Eastern Goldfields nickel laterite mining operations.
- **All resources located on granted mining leases** – certainty of current and future resource availability.
- **Heritage Agreement executed with GNCP Native Title claimant group** – provides better certainty of access for DFS site programs.
- **High Grade Mine Schedule** - The Life of Mine (LOM) plan and updated mining study on the GNCP deposits Goongarrie South, Big Four and Scotia Dam, has been completed and shown that plant feed grades in the first decade of operation can be maintained at in excess of 1% nickel and a resultant low acid consumption (at 262kg/t) throughout the LOM. Following the success of this undertaking, a similar approach will be applied to the Goongarrie Hill, Highway and Siberia North block models, once available, with the aim of maintaining PAL feed grades in excess of 1% nickel for a minimum of 15 years
- **Stakeholder Engagement** – Ardea continues to work with the stakeholders within the communities in which it operates and is grateful for the strong Local Government and Community support received.

WA Nickel Sulphide and Gold (100% Ardea)

Technical reviews completed or underway over Ardea's extensive and highly prospective tenement portfolio which covers over 4,900km². Targets continue to be defined and ranked for follow-up exploration, with a priority on advanced-stage exploration at Western Australian nickel sulphide and gold targets within the Eastern Goldfields world-class nickel-gold province. Some key project summaries follow.

- **Emu Lake** – Historical data compilation and interpretation current with a number of nickel sulphide targets being defined that will be followed up with geophysics and or drilling.
- **Perrinvale** – The exploration model is based on recent nickel sulphide discoveries immediately west along structure of Perrinvale made by St George Mining. Regional magnetic data highlights that the feature which hosts the St George Mining nickel sulphide discoveries within the Cathedrals Belt, has an east-northeast strike and extends into Perrinvale where this prospective trend is overlain by transported cover, requiring geophysical methods such as moving loop Electro Magnetic (EM) surveys to be employed to facilitate drill hole targeting. The first MLEM survey was completed over three separate zones at Perrinvale. A final field report was received which recommends follow-up exploration including shallow aircore drilling beneath transported cover to determine basement geology and whether there is a geochemical signature associated with the EM anomalies defined. Surface EM surveys are also recommended over the areas not covered by the initial trial EM survey.

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- **Bardoc Tectonic Zone** – The Bardoc Tectonic Zone (BTZ) represents a largely buried gold camp that extends from Goongarrie in the north to Scotia Dam 20 km away in the south. Strong gold anomalism in historic and recent nickel-cobalt laterite drilling is comparable to or greater than that observed, associated with gold deposits in greenstone belts throughout the Eastern Goldfields of Western Australia. Nearly all of Ardea's tenure over the GNCP is covered by deep laterite development and overlying transported material, obscuring the nature of the host bedrock sequence. Despite extensive drilling of the nickel-cobalt laterites, very few of these drill holes penetrate into fresh rock, and so are considered ineffective for testing primary gold mineralisation potential. However, many of these contain strong and coherent gold anomalism within the overlying laterite profile. Through extensive interpretation of its high-resolution magnetic dataset, Ardea has identified several representative type targets of a number of potential structural trap styles that are slated for testing in the coming months. Big Four Gold was one such target, tested as "proof of concept" with significant drilling results reported (ASX release 26 February 2020) . The data generated will be used to identify and vector in on a series of potential gold prospects.
- **Taurus – Bulong** – Multiple exploration targets have been defined, including for gold, nickel sulphides and platinum group elements. Follow-up exploration will be accelerated during 2020.
- **Bedonia** – Data compilation and target ranking completed highlighting a number of nickel sulphide and gold targets. Heritage engagement commenced.

NSW Projects spin-out into ASX listed Godolphin Resources Limited

The spin-out of Ardea's NSW Lachlan Fold Belt projects into Godolphin Resources Limited (ASX:GRL) (Godolphin) was a key focus during the half year ending 31 December 2019. On 29 October 2019, Godolphin lodged a prospectus with ASIC (Godolphin Prospectus) for its proposed admission to ASX. This was followed by an Ardea EGM held on 4 November 2019, where Ardea's Shareholders voted to approve the spinout of the Company's Lachlan Fold Belt NSW projects into Godolphin.

The Godolphin IPO raised \$7.5 million. After meeting all conditions, Godolphin was admitted to ASX on 16 December and commenced trading on 18 December 2019. Thus, completing Ardea's spin-out of its NSW projects with in-specie (1 for 3.91) share distribution to eligible Ardea shareholders resulting in 30 million Godolphin shares being distributed at nil cost. This was considered an excellent outcome for Ardea shareholders, giving them exposure to a well-funded and focused NSW exploration and development company.

Ardea has received repayment of the loan balance which included all costs incurred from the IPO and all exploration activities in NSW from 1 June 2019 in accordance with the terms of the loan agreement. The balance of funds payable will be made in Godolphin shares following final audit clearance. Ardea also retain 15 million options in Godolphin (three year term from listing, \$0.25 exercise price).

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 370C of the *Corporations Act 2001* s set out on page 8 for the half-year ended 31 December 2019

DATED at Perth this 12th day of March 2020
Signed in accordance with a resolution of the Directors



Katina Law
Chair

**ARDEA RESOURCES LIMITED
and its controlled entities**

DIRECTORS' REPORT

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;
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. Ardea Resources Prospectus November 2016, Ardea Supplementary Prospectuses 6 January 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 2019, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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: 12 March 2020

ARDEA RESOURCES LIMITED
and its controlled entities

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

For the half-year ended 31 December 2019

	<u>NOTES</u>	<u>31 December</u> <u>2019</u>	<u>31 December</u> <u>2018</u>
		\$	\$
Interest income		96,771	196,845
Other Income		33,566	0
		<u>130,337</u>	<u>196,845</u>
Employee expenses		1,211,819	1,587,670
Employee costs recharged to capitalised exploration		(1,485,202)	(1,741,334)
Directors' fees		116,333	127,181
Insurance expenses		32,620	85,547
Secretarial fees		47,980	53,420
Corporate expenses		124,400	152,984
Depreciation	2	73,266	53,007
Rent		50,734	84,556
Computer Support Services		43,032	42,295
Share Based Payments		227,082	195,850
Writedown of Investments		67,688	0
Other expenses		135,426	392,433
Loss before income tax		(514,841)	(836,763)
Income tax		-	-
Net loss attributable to members of the Consolidated Entity		(514,841)	(836,763)
Other Comprehensive Loss net of tax		0	0
Total Comprehensive Loss		(514,841)	(836,763)
Basic earnings/(loss) per share (cents per share)		(0.46 cents)	(0.79 cents)
Diluted earnings/(loss) per share (cents per share)		(0.46 cents)	(0.79 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
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

<u>NOTES</u>	<u>31 December</u> <u>2019</u>	<u>30 June</u> <u>2019</u>
		\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	10,697,245	11,188,295
Other receivables	1,947,611	1,986,917
Other assets	55,336	15,443
TOTAL CURRENT ASSETS	12,700,192	13,190,655
NON-CURRENT ASSETS		
Plant and equipment and motor vehicles	187,074	618,232
Investments	1,149,765	10,000
Capitalised mineral exploration expenditure	20,514,498	24,461,801
TOTAL NON-CURRENT ASSETS	21,851,337	25,090,033
TOTAL ASSETS	34,551,529	38,280,688
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	160,364	391,114
Provisions	240,547	239,949
TOTAL CURRENT LIABILITIES	400,911	631,063
TOTAL LIABILITIES	400,911	631,063
NET ASSETS	34,150,618	37,649,625
EQUITY		
Contributed equity	3 36,685,870	39,897,118
Reserves	3,815,858	3,588,776
Accumulated losses	(6,351,110)	(5,836,269)
TOTAL EQUITY	34,150,618	37,649,625

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

ARDEA RESOURCES LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2019

	Contributed Equity	Share Based Payments Reserve	Losses	Total
BALANCE AT 1 JULY 2018	39,608,365	3,171,476	(4,348,535)	38,431,306
Total Comprehensive Income	-	-	(836,763)	(836,763)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Performance Rights issued to Staff	-	195,850	-	195,850
BALANCE AT 31 DECEMBER 2018	<u>39,608,365</u>	<u>3,367,326</u>	<u>(5,185,298)</u>	<u>37,790,393</u>
BALANCE AT 1 JULY 2019	39,897,118	3,588,776	(5,836,269)	37,649,625
Total Comprehensive Income	-	-	(514,841)	(514,841)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Shares issued during the period	2,788,752	-	-	2,788,752
Godolphin Return of Capital reduction	(6,000,000)	-	-	(6,000,000)
Performance Rights issued to Staff	-	227,082	-	227,082
BALANCE AT 31 DECEMBER 2019	<u>36,685,870</u>	<u>3,815,858</u>	<u>(6,351,110)</u>	<u>34,150,618</u>

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

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CONSOLIDATED STATEMENT OF CASHFLOWS
Half Year ended 31 December 2019

	<u>31 December</u> <u>2019</u>	<u>31 December</u> <u>2018</u>
	\$	\$
Cash flows from operating activities		
Interest and other income received	113,786	198,776
Payments to suppliers and employees (inclusive of goods and services tax)	(285,332)	(699,692)
Net cash used in operating activities	<u>(171,546)</u>	<u>(500,916)</u>
Cash flows from investing activities		
Payments for exploration and evaluation	(2,896,350)	(6,859,876)
Payments for plant and equipment	(8,844)	(59,023)
Other Investments	(203,063)	-
R&D funds received	-	438,992
Net cash used in investing activities	<u>(3,108,257)</u>	<u>(6,479,907)</u>
Cash flows from financing activities		
Proceeds from the issue of shares	2,788,753	-
Costs of shares issued	-	-
Net cash provided by financing activities	<u>2,788,753</u>	<u>-</u>
Net increase (decrease) in cash held	(491,050)	(6,980,823)
Cash at the beginning of the financial period	<u>11,188,295</u>	<u>19,157,517</u>
Cash at the end of the financial period	<u>10,697,245</u>	<u>12,176,694</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 2019

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 2019, 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.

During the half year the Group structure changed with the spinout of the NSW assets leading to the demerger of three subsidiaries, with Exploration and other assets reduced by a net value of \$6,000,000. All listed and unlisted investments have been held at cost or fair value based on market quoted prices.

	31 December 2019	31 December 2018
	\$	\$
2. EXPENSES		
Contributions to employee superannuation plans	107,268	150,474
Depreciation - Plant and equipment	73,266	53,007
Provision for employee entitlements	8,410	29,512

	31 December 2019	30 June 2019
	\$	\$
3. CONTRIBUTED EQUITY		
(a) Ordinary Shares		
117,300,435 (30 June 2019 – 106,145,424) fully paid ordinary shares	36,685,870	39,897,118

(b) Share Movements during the Period

	31 December 2019		30 June 2019	
	Number of Shares	\$	Number of Shares	\$
Beginning of the financial period	106,145,424	39,897,118	104,990,413	36,608,365
<i>New share issues during the period</i>				
IPO Options exercised at 25 cents/share	11,155,011	2,788,752	1,155,011	288,753
Godolphin Return of Capital reduction	-	(6,000,000)	-	-
	117,300,435	36,685,870	106,145,424	39,897,118

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NOTES TO THE FINANCIAL STATEMENTS
For the Half-year ended 31 December 2019

3. CONTRIBUTED EQUITY (Continued)

(c) Unlisted Options

During the financial period there were 11,155,011 unlisted options exercised into fully paid ordinary shares at an exercise price of \$0.25 each. There are no further options that have been issued by the Company as at the date of this report.

(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, and Directors approvals at the 2018 and 2019 AGM's. The following Performance Rights were on Issue at 31 December 2019:

2,085,000 Class C Performance Rights
991,000 Class D Performance Rights
400,000 Class E Performance Rights
500,000 Class F Performance Rights
500,000 Class G Performance Rights

The Performance Rights shall vest as follows:

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.

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

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

Class 'F' Performance Rights: upon the Company's Shares reaching a 30 day VWAP which is equal to or greater than \$0.93 per Share; and continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 30 November 2021, prior to 31 December 2021.

Class 'G' Performance Rights: upon the Company's Shares reaching a 30 day VWAP which is equal to or greater than \$1.12 per Share; and continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 30 November 2022, prior to 31 December 2022.

(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.

ARDEA RESOURCES LIMITED
and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS
For the Half-year ended 31 December 2019

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 2019 other than:

Native Title and Aboriginal Heritage

Native title claims have been made with respect to areas which include tenements in which the Consolidated Entity has an interest. The Consolidated Entity is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Consolidated Entity or its projects. Agreement is being 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 9 to 15, 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 2019 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 2019.

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

Signed at Perth this 12th day of March 2020.

A handwritten signature in black ink, appearing to read 'Katina Law', is written over a faint, illegible stamp or watermark.

**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 2019 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 2019 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 2019 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*.

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LUCY P GARDNER
Director

Perth

Date: 12 March 2020