



Ardea Resources Limited

ABN 30 614 289 342

Interim Financial Report Half-Year ended 31 December 2021

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 2021 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

Mathew Longworth
Non-Executive Chair

Andrew Penkethman
Managing Director/Chief Executive Officer

Ian Buchhorn
Executive Director

COMPANY SECRETARY

Sam Middlemas
Company Secretary/Chief Financial Officer

PRINCIPAL REGISTERED OFFICE

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Western Australia 6005

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Western Australia 6872

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AUDITOR

Butler Settineri (Audit) Pty Limited
Unit 16, 1st Floor
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Subiaco
Western Australia 6008

SHARE REGISTRY

Automic Group
GPO Box 5193
Sydney NSW 2001

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Telephone: +61 2 9698 5414 (International)
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 (Ardea or the Company) and the entities it controlled at the end of and during the half-year ended 31 December 2021 ("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:

Mathew Longworth – *BSc (Hons) MAusIMM*
Non-Executive Chair
Appointed 31 July 2020

Mathew Longworth is a geologist with over 30 years experience across exploration, project evaluation/development, operations and corporate management. He previously held roles as Exploration Manager, COO and CEO/Managing Director with Australian listed companies, and mining analyst with a boutique investment fund. In his senior corporate roles, Mathew led multidisciplinary project evaluation and development teams. Mr Longworth is a member of the Australasian Institute of Mining and Metallurgy.

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

He is currently Chairman of the unlisted Company Greenfields Exploration Limited and was formerly non-executive Chairman of ASX listed Metalicity Limited (from 1 July 2019 to 18 May 2021). Mr Longworth has no other public company directorships.

Andrew Penkethman – *BSc, FAusIMM, MAIG*
Managing Director & Chief Executive Officer
Appointed Managing Director 5 February 2020 following his appointment as Chief Executive Officer on 1 April 2019

Andrew Penkethman is a resources sector executive and geologist with over 25 years experience in the resources industry. His technical skills include project evaluation, 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 15 years in executive roles with a strong corporate focus including strategic partner processes, joint venture management, financial modelling, and project acquisition and divestment. Mr Penkethman has ASX, AIM and TSX equity markets experience. He holds a Bachelor of Science degree from the University of Wollongong, is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists.

He is a Non-Executive Director of Kalgoorlie Gold Mining Limited (KalGold) (5 Nov 2020 to present) and has no other public company directorships.

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

Ian Buchhorn is a Mineral Economist and Geologist with over 40 years experience in the resources sector. 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 Australian and has operated as a Registered Mine Manager.

During the three years prior to the end of this financial period, Mr Buchhorn is a Director of Godolphin Resources Limited (19 June 2019 to present).

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.

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 2021 of \$1,192,521 (2020 half year loss of \$1,194,584).

Ardea is a battery minerals Company, focussed on development of its globally significant Kalgoorlie Nickel Project (KNP), which is located in a jurisdiction with exemplary ESG credentials that can ensure sustainable and ethical mineral supply. The Company is also undertaking advanced-stage exploration at compelling nickel sulphide targets, such as Emu Lake and Critical Minerals targets within the KNP Eastern Goldfields world-class nickel-gold province. All exploration targets complement the KNP nickel development strategy.

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

- Commercial nickel-cobalt-scandium production from the Kalgoorlie Nickel Project (KNP), commencing with the Goongarrie Hub
- Explore the broader KNP for nickel sulphide, and Critical Minerals, based on the legacy data base (>1,000,000 historic assays)
- Maximise the commercial value of the existing WA tenement portfolio (3,200km²) through the ongoing exploration and if required establishment and operation of suitable joint ventures and value adding project divestment
- Ongoing commitment to the identification and review of projects/corporate opportunities that have the capacity to create value for Ardea Shareholders and executing on these opportunities

Ardea's major development project is the KNP Goongarrie Hub, which is complimented by the Bulong and Kalpini Hubs and other Nickel Sulphide and Critical Mineral Projects.

Goongarrie Hub (100% Ardea)

Goongarrie Hub and KNP resource update completed June 2021, with key highlights including:

Table 1: JORC Code (2012) Mineral Resource Estimate (MRE) completed for the Goongarrie Hub

<i>Measured Indicated & Inferred MRE</i>	<i>Goongarrie Hub* based on 0.8% Ni cut-off grade</i>	<i>Goongarrie Hub based on 0.5% Ni cut-off grade</i>	<i>KNP based on 0.5% Ni cut-off grade</i>
<i>Tonnes & grade</i>	78Mt at 1.0% Ni and 0.069% Co	350Mt at 0.7% Ni and 0.044% Co	830Mt at 0.7% Ni and 0.046% Co
<i>Contained metal</i>	784kt nickel and 54kt cobalt	2,400kt nickel and 154kt cobalt	5,879kt nickel and 384kt cobalt
GNCPC Maiden scandium component 74Mt at 35ppm scandium			

* Includes the Goongarrie South, Scotia Dam, Big Four, Goongarrie Hill and Highway deposit MRE. Excludes Ghost Rocks.

DIRECTORS' REPORT

The KNP is owned 100% by Ardea and the Goongarrie Hub is undergoing a Definitive Feasibility Study (DFS) for a 3.5Mtpa operation, with two High Pressure Acid Leach (HPAL) autoclaves, each rated at 1.5Mtpa, as well as an Atmospheric Leach (AL) circuit of 0.5Mtpa. The leach streams will initially produce Mixed Hydroxide Precipitate (MHP) as an ethical and sustainable supply chain product for the lithium-ion battery sector. There is potential to upgrade to Precursor Cathode Active Material (PCAM), as a stage 2 enhancement.

An updated reserve and project financial metrics will be completed as part of ongoing DFS work streams.

Key characteristics of the Goongarrie Hub include:

- **Ability to produce ethical and sustainable mineral supply** – project designs are predicated on minimising the environmental footprint and carbon emissions. This is at the forefront of the way Ardea operates in an environment of respect, inclusivity and empathy.
- **Metallurgically uncomplicated flowsheet** – refined in bench-scale and continuous piloting, focussing on premium goethite ore with significantly shorter pressure vessel residence time and low acid consumption, compared to other competitor nickel laterite ore types.
- **Industry leading low carbon flow sheet** – The additional sulphuric acid now required for the AL circuit leads to a larger sulphur-burning acid plant. The Acid Plant reaction chemistry is highly exothermic and generates substantial steam which will be used to generate electricity and process heating for the site. This allows a material decarbonising of the project which is already low by industry standards and will continue to be reduced as part of ongoing DFS work.
- **Significant by-product Critical Minerals credit potential** – notably scandium with opportunities to recover a potential Rare Earth Element (REE) by-product currently being assessed by in progress bench scale metallurgical testwork.
- **On-site Neutraliser** – a second round of bench scale testwork is underway with Goongarrie pit optimisation results confirming that nickel-enriched neutraliser material can be sourced during the normal course of mining and stockpiled for use as HPAL 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 70km 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 stored in exhausted open pits that will be dressed with top soil and revegetated. With long-established rehabilitation protocols developed from previous Eastern Goldfields nickel laterite mining operations, we know that the area rehabilitates well.
- **All resources located on granted mining leases** – certainty of current and future resource availability.
- **Heritage Agreement executed with Goongarrie Hub Native Title claimant group** – provides better certainty of access for DFS site programs, project development and production.
- **High Grade Resource** - The Company is targeting leach feed grades to a 3.5Mtpa plant at Goongarrie exceeding 1.0% nickel for over 25 years. With the most recent resource update (ASX release 16 June 2022) defining 78Mt at 1.0% Ni and 0.07% Co this target can be achieved. Additional high grade ore feed is being defined at projects within easy truck hauling distance of a central process plant located at Goongarrie.
- **Stakeholder Engagement** – Ardea maintains an Operations Office in West Kalgoorlie and Corporate Office in West Perth and 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 Critical Minerals (100% Ardea)

Ardea controls an extensive and highly prospective tenement portfolio which covers over 3,200km² in the Eastern Goldfields world-class nickel-gold province. Mineral discovery via exploration provides Ardea with the opportunity to add additional Company value, as demonstrated by the recent Emu Lake nickel sulphide discovery (ASX release 14 January 2022). Such discoveries can complement development of the KNP nickel-cobalt-scandium resource. Priority is placed on nickel sulphide exploration as any discovery has the potential to be processed through the HPAL autoclave planned for Ardea's Goongarrie Hub, as it has the added benefit of helping control autoclave oxidising potential and typically improving recoveries. Toll treatment at a number of underutilised process facilities in the region is also an option should sufficient resources and reserves be defined.

ARDEA RESOURCES LIMITED
and its controlled entities

DIRECTORS' REPORT

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 2021.

DATED at Perth this 4th day of March 2022
Signed in accordance with a resolution of the Directors



Mathew Longworth
Chairman

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. Goongarrie Hub Feasibility Study Update, ASX release 25 January 2022.
2. Emu Lake Nickel Sulphide Discovery confirmed with 2.72m at 5.42% Ni, ASX release 14 January 2022.
3. Highway Nickel Deposit - Mineral Resource Estimate, ASX release 16 June 2021.
4. GNCP High Grade Resource - 60 million tonnes at 1.0% nickel Sustainable Long-life Battery Metal Resource Confirmed, ASX release 15 February 2021;
5. KNP Cobalt Zone Study on 7 August 2017, PFS 28 March 2018 and Expansion Study 24 July 2018;
6. Kalgoorlie Nickel Project on 21 October 2013 and 31 July 2014, October 2016, 2016 Heron Resources Annual Report 6 January 2017;
7. 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; and
8. 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. Mr Buchhorn owns Ardea shares.

The exploration and industry benchmarking summaries are based on information reviewed by Mr Andrew Penkethman, who is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Penkethman 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'. Mr Penkethman has reviewed this report and consents to the inclusion in this report of the information in the form and context in which it appears. Mr Penkethman owns Ardea shares.

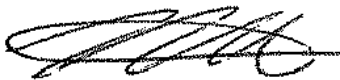
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Ardea Resources Limited for the half year ended 31 December 2021, 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



ROBERT HALL CA
Director

Perth
Date: 4 March 2022

ARDEA RESOURCES LIMITED
and its controlled entities

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

For the half-year ended 31 December 2021

	<u>NOTES</u>	<u>31 December</u> <u>2021</u>	<u>31 December</u> <u>2020</u>
		\$	\$
Interest income		14,213	34,838
Other Income		-	67,258
		<u>14,213</u>	<u>102,096</u>
Employee expenses		1,421,409	1,091,600
Employee costs recharged to capitalised exploration		(1,623,473)	(1,106,092)
Insurance expenses		29,377	26,039
Secretarial fees		50,780	50,550
Corporate expenses		178,154	149,600
Depreciation	2	27,434	39,399
Rent		26,964	57,606
Computer Support Services		52,071	41,897
Share Based Payments		194,267	67,394
Write-off of exploration expenditure		147,515	177,798
Revaluation of Investments		528,404	620,852
Other expenses		173,832	80,037
Loss before income tax		<u>(1,192,521)</u>	<u>(1,194,584)</u>
Income tax		-	-
Net loss attributable to members of the Consolidated Entity		<u>(1,192,521)</u>	<u>(1,194,584)</u>
Other Comprehensive Loss net of tax		-	-
Total Comprehensive Loss		<u>(1,192,521)</u>	<u>(1,194,584)</u>
Basic earnings/(loss) per share (cents per share)		(0.87 cents)	(0.97 cents)
Diluted earnings/(loss) per share (cents per share)		(0.87 cents)	(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 2021

<u>NOTES</u>	<u>31 December</u> <u>2021</u>	<u>30 June</u> <u>2021</u>
		\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	6,172,959	5,689,762
Other receivables	2,068,887	1,025,238
Lease assets	17,262	51,787
Other assets	78,134	19,027
TOTAL CURRENT ASSETS	8,337,242	6,785,814
NON-CURRENT ASSETS		
Plant and equipment and motor vehicles	11,532	35,153
Investments	3,699,166	1,326,055
Lease assets	-	-
Capitalised mineral exploration expenditure	21,828,014	27,954,447
TOTAL NON-CURRENT ASSETS	25,538,712	29,315,655
TOTAL ASSETS	33,875,954	36,101,469
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	741,873	361,975
Lease liabilities	17,262	51,787
Provisions	489,297	398,308
TOTAL CURRENT LIABILITIES	1,248,432	812,070
TOTAL LIABILITIES	1,248,432	812,070
NET ASSETS	32,627,522	35,289,399
EQUITY		
Contributed equity	3 39,665,296	41,328,919
Reserves	4,367,086	4,172,819
Accumulated losses	(11,404,860)	(10,212,339)
TOTAL EQUITY	32,627,522	35,289,399

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 2021

	Contributed Equity	Share Based Payments Reserve	Losses	Total
BALANCE AT 1 JULY 2020	36,685,870	3,930,401	(7,913,796)	32,702,475
Total Comprehensive Income	-	-	(1,194,584)	(1,194,584)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Shares issued during the period	4,874,002	-	-	4,874,002
Costs relating to share issue	(230,953)	-	-	(230,953)
Performance Rights issued to Staff	-	67,394	-	67,394
BALANCE AT 31 DECEMBER 2020	<u>41,328,919</u>	<u>3,997,795</u>	<u>(9,108,380)</u>	<u>36,218,334</u>
BALANCE AT 1 JULY 2021	41,328,919	4,172,819	(10,212,339)	35,289,399
Total Comprehensive Income	-	-	(1,192,521)	(1,192,521)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Shares issued during the period	5,336,377	-	-	5,336,377
KalGold Return of Capital reduction	(7,000,000)	-	-	(7,000,000)
Performance Rights issued to Staff	-	194,267	-	194,267
BALANCE AT 31 DECEMBER 2021	<u>39,665,296</u>	<u>4,367,086</u>	<u>(11,404,860)</u>	<u>32,627,522</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 2021

	<u>31 December</u> <u>2021</u>	<u>31 December</u> <u>2020</u>
	\$	\$
Cash flows from operating activities		
Interest and other income received	8,402	110,334
Payments to suppliers and employees (inclusive of goods and services tax)	(382,091)	(391,404)
Net cash used in operating activities	<u>(373,689)</u>	<u>(281,070)</u>
Cash flows from investing activities		
Payments for exploration and evaluation	(4,574,162)	(3,456,378)
Payments for plant and equipment	(3,813)	(3,721)
Other Investments	98,485	-
R&D funds received	-	-
Net cash used in investing activities	<u>(4,479,490)</u>	<u>(3,460,099)</u>
Cash flows from financing activities		
Proceeds from the issue of shares	5,699,999	4,874,001
Costs of shares issued	(363,623)	(230,953)
Net cash provided by financing activities	<u>5,336,376</u>	<u>4,643,048</u>
Net increase (decrease) in cash held	483,197	901,879
Cash at the beginning of the financial period	<u>5,689,762</u>	<u>10,006,059</u>
Cash at the end of the financial period	<u>6,172,959</u>	<u>10,907,938</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 2021

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 2021, 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.

	31 December 2021	31 December 2020
	\$	\$
2. EXPENSES		
Contributions to employee superannuation plans	119,728	92,291
Depreciation - Plant and equipment	27,434	39,399
Provision for employee entitlements	7,104	48,433
	154,266	180,123

	31 December 2021	30 June 2021
	\$	\$
3. CONTRIBUTED EQUITY		
(a) Ordinary Shares		
138,830,219 (30 June 2021 – 127,670,582) fully paid ordinary shares	39,665,296	41,328,919
	39,665,296	41,328,919

(b) Share Movements during the Period

	31 December 2021		30 June 2021	
	Number of Shares	\$	Number of Shares	\$
Beginning of the financial period	127,670,582	41,328,919	127,670,582	41,328,919
<i>New share issues during the period</i>				
KalGold Return of Capital	-	(7,000,000)	-	-
Share Placement at 55 cents/share	10,363,637	5,700,000	-	-
Performance Rights Converted	796,000	-	-	-
Cost of share issue	-	(373,623)	-	-
	138,830,219	39,665,296	127,670,582	41,328,919

ARDEA RESOURCES LIMITED
and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS
For the Half-year ended 31 December 2021

3. CONTRIBUTED EQUITY (Continued)

(c) Unlisted Options

During the financial period there were 4,000,000 unlisted options issued to a corporate advisor (31/12/2020 – Nil). The Options are convertible at \$0.75 per share any time up to 8 December 2023, subject to the Company signing a binding agreement with an Equity Partner for the Kalgoorlie Nickel Project with a minimum \$10m investment.

(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 29 November 2021, and Shareholders approval for Directors issues at the 2020 and 2021 AGM's. The following Performance Rights were on Issue at 31 December 2021:

- 400,000 Class E Performance Rights
- 200,000 Class G Performance Rights
- 1,305,000 Class H Performance Rights
- 1,305,000 Class I Performance Rights
- 431,000 Class J Performance Rights
- 1,100,000 Class K Performance Rights

The Performance Rights shall vest as follows:

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 '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.

Class 'H' Performance Rights: upon the Company's Shares reaching a 30 day VWAP which is equal to or greater than \$0.777 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 'I' Performance Rights: upon the Company's Shares reaching a 30 day VWAP which is equal to or greater than \$0.914 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 2023, prior to 31 December 2023.

Class 'J' Performance Rights: upon the Company's Shares reaching a 30 day VWAP which is equal to or greater than \$0.65 per Share; and continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 31 May 2023, prior to 30 June 2023.

Class 'K' Performance Rights: upon the Company's Shares reaching a 30 day VWAP which is equal to or greater than \$0.67 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 2023, prior to 31 December 2023.

ARDEA RESOURCES LIMITED
and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS
For the Half-year ended 31 December 2021

3. CONTRIBUTED EQUITY (Continued)

(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.

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 2021 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:

On 1 March 2022, the Company issued a total of 30,707,553 New Shares following a Placement to Sophisticated Investors to raise a total of \$21.5m.

**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 2021 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 2021.

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

Signed at Perth this 4th day of March 2022.



**Mathew Longworth
Chairman**

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

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 2021 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, 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 accompanying 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 2021 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*.

Basis for Conclusion

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*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the half year financial report* section of our report.

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

Directors' responsibilities for the half year financial report

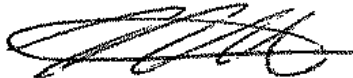
The directors of the Company are responsible for the preparation and fair presentation of the half year financial report in accordance with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and for such internal control as the directors determine is necessary 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 responsibilities for the half year financial report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether in order to state whether 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 2020 and its financial performance and its cash flows for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*

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.

BUTLER SETTINERI (AUDIT) PTY LTD



ROBERT HALL CA
Director

Perth
Date: 4 March 2022