Ardea Resources Limited

Ardea confirms Nickel Sulphide Drill Target within the Kalgoorlie Nickel Project

- Downhole EM on Ardea drill hole AELD0001 at Emu Lake in the Kalpini Project has delineated a strong off-hole conductor 20m north of the hole.
- The off-hole conductor has dimensions of 100m long and 50m wide, with estimated conductance of 8,000 siemens – similar to documented ore zone conductors in parts of the Kambalda nickel camp.
- Nickel sulphide stringer zone in AELD0001, in line with conductor returned **0.65m @ 2.95% nickel and 0.08% copper** from 336.7m, confirming the prospectivity of the target to host nickel sulphide mineralisation.
- Planning is well advanced to commence drilling this DHEM target in late March 2021.
- An IP survey has also recently commenced at the Highway Project nickel laterite aiming to delineate disseminated nickel sulphides at the base of the Walter Williams Formation. This will be followed by an IP survey at Black Range nickel laterite to test for sulphides within the layered mafic complex.

Ardea Resources Limited (**Ardea** or the **Company**) is pleased to report a downhole electromagnetic (DHEM) survey on the recently drilled hole (ALED0001) at Emu Lake within the Kalpini Project nickel laterite has delineated a strong off-hole conductor north of the hole.

The Emu Lake Prospect, 70km north-east of Kalgoorlie (Figure 1), contains a sequence of ultramafic flows with proven Silver Swan/Kambalda-style basal flow nickel sulphide endowment.

AELD0001 was drilled by Ardea in December 2020, targeting a DHEM anomaly based on legacy data compiled by geophysical consultants, Newexco. The hole intersected a stringer zone of nickel sulphides at 382m that may be remobilised from a source defined by the AELD0001 DHEM modelling (Figure 2).

Ardea's Managing Director, Andrew Penkethman, said:

"Ardea remains focussed on their Kalgoorlie Nickel Project nickel laterite and developing this project to provide ethical and sustainable nickel and Critical Mineral supply for the rapidly expanding lithium-ion battery supply chain. In tandem with this priority, compelling nickel sulphide and Critical Mineral exploration opportunities continue to be evaluated that can provide further KNP upside.

This initial core hole at Emu Lake is a good example of the upside potential. The hole was drilled into an EM anomaly based on legacy data and was aimed at making a komatiite hosted (Kambalda style) nickel sulphide discovery. Given the low industry wide success rate in making nickel sulphide discoveries, it is extremely encouraging to see that we have identified a strong conductor along strike from the initial target that could represent an accumulation of high-grade nickel sulphide. We are looking forward to drilling this quality target whilst also working up additional compelling drill targets through a series of geophysical programs currently underway at Emu Lake, Highway and Black Range."

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ASX Symbol
ARL

Ardea Resources Limited
Suite 2 / 45 Ord St
West Perth WA 6005

PO Box 1433
West Perth WA 6872

Telephone
+61 8 6244 5136

Email
ardea@ardearesources.com.au

Website
www.ardearesources.com.au

Directors
Mat Longworth
Non-Executive Chair

Andrew Penkethman
Managing Director & CEO

Ian Buchhorn
Technical Executive Director

Executive Management
Sam Middlemas
Company Secretary & CFO

Matt Painter
General Manager Exploration

Issued Capital
Fully Paid Ordinary Shares
127,670,582

Directors/Employee Performance Rights
3,711,000

ABN 30 614 289 342

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Background and Company Strategy

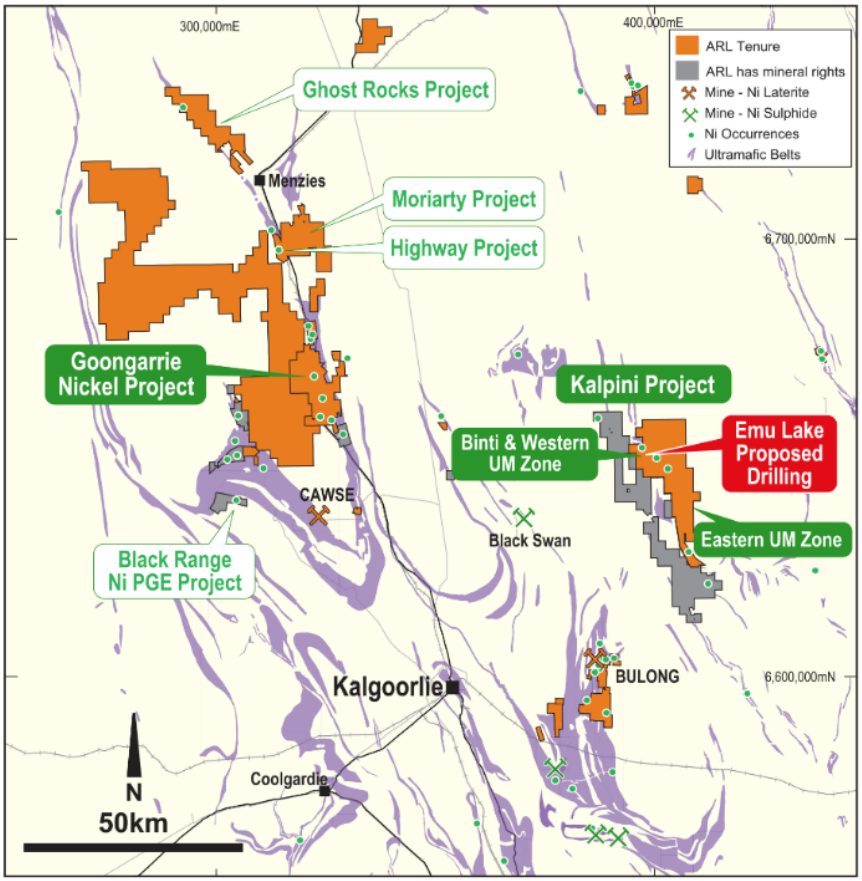
Ardea's key focus continues to be the development of the Kalgoorlie Nickel Project (KNP), commencing with the Goongarrie Nickel Cobalt Project (GNCP), to ensure ethical and sustainable nickel-cobalt and scandium production for the rapidly expanding lithium-ion battery supply chain. However, Ardea's strategic tenure in the heart of the Eastern Goldfields of Western Australia is also highly prospective for both nickel sulphide and Critical Minerals with active exploration complementing the development of the KNP.

It is important to note that any nickel sulphide discovery, as well as processing as a conventional sulphide flotation concentrate, has the potential to be processed through the High Pressure Acid Leach (HPAL) autoclave planned for Ardea's GNCP and has the added benefit of helping control autoclave oxidising potential and typically improving recoveries. As such, the nickel sulphide exploration strategy complements Ardea's nickel laterite development plans.

Kalpini Project - Emu Lake Prospect

The Kalpini Project extends over 240km^2, with the leading nickel sulphide target, Emu Lake, located 70km north-east of Kalgoorlie (Figure 1). This strategic tenement package contains 20km of strike of prospective ultramafic stratigraphy held 100% by Ardea and mostly within granted mining leases. The project is 35km east of the Black Swan Nickel Project, operated by Poseidon Nickel Ltd, within a parallel komatiite volcanic belt.

Figure 1: Location of the Emu Lake prospect with other Ardea prospects near Kalgoorlie, Western Australia. Projection MGA 94 Zone 51.



Ardea completed drilling its first Emu Lake core hole, AELD0001, targeting an interpreted legacy DHEM plate within the Binti target zone in late December 2020. The drill hole intersected a zone of stringer nickel sulphides with pentlandite and chalcopyrite over 0.65m from 336.7m (Figure 2) within a highly sheared intermediate volcanic unit.

The stringer interval returned:

AELD0001: 0.65m @ 2.95% Ni and 755ppm Cu from 336.7m [1]

The stringer mineralisation represents a zone of nickel sulphides re-mobilised into a shear zone within intermediate volcanics. The original source is considered to be a primary massive sulphide body within a nearby komatiite host rock.

Upon completion of drilling AELD0001, PVC casing was inserted and a DHEM survey completed. A further four historic holes at ~200m spacing were also cleaned out and cased in January 2021, and new DHEM surveys completed. The updated dataset covers ~1,000m strike of the Binti zone

[1] Appendix 1 at the end of this report provides details of this drilling and JORC 2012 Table 1.

where nearby historic drilling has demonstrated prospectivity by intersecting high grade nickel sulphides (Ardea ASX releases 30 September and 30 November 2020).

The DHEM survey completed within AELD0001 has defined an off hole conductor, modelled by Newexco geophysical consultants to be 20m to the north of AELD0001 (Figure 2). The modelled plate is 100m long and 50m high with a conductance of 8,000 siemens, which is similar to typical Kambalda ore zones modelled in the past by Newexco. A 450m deep diamond hole is planned to drill test the modelled DHEM plate (Figure 2 and 3) and is being funded in part by a State Government Exploration Incentive Scheme (EIS) grant that was awarded last year.

Figure 2: Emu Lake prospect in plan view, showing recent drilling with nearby defined DHEM plate and proposed drillhole, local Binti grid.

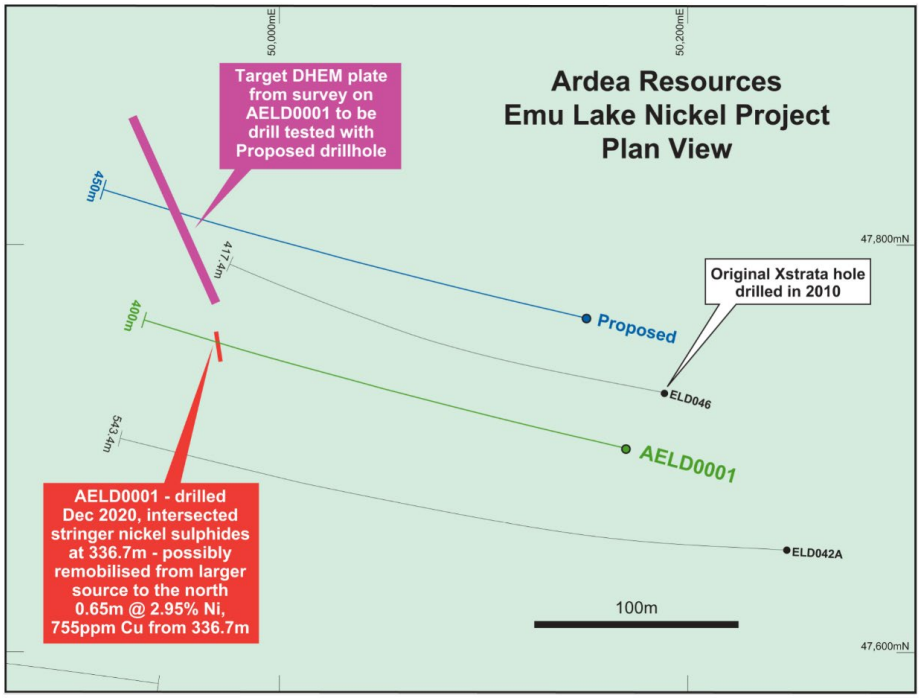
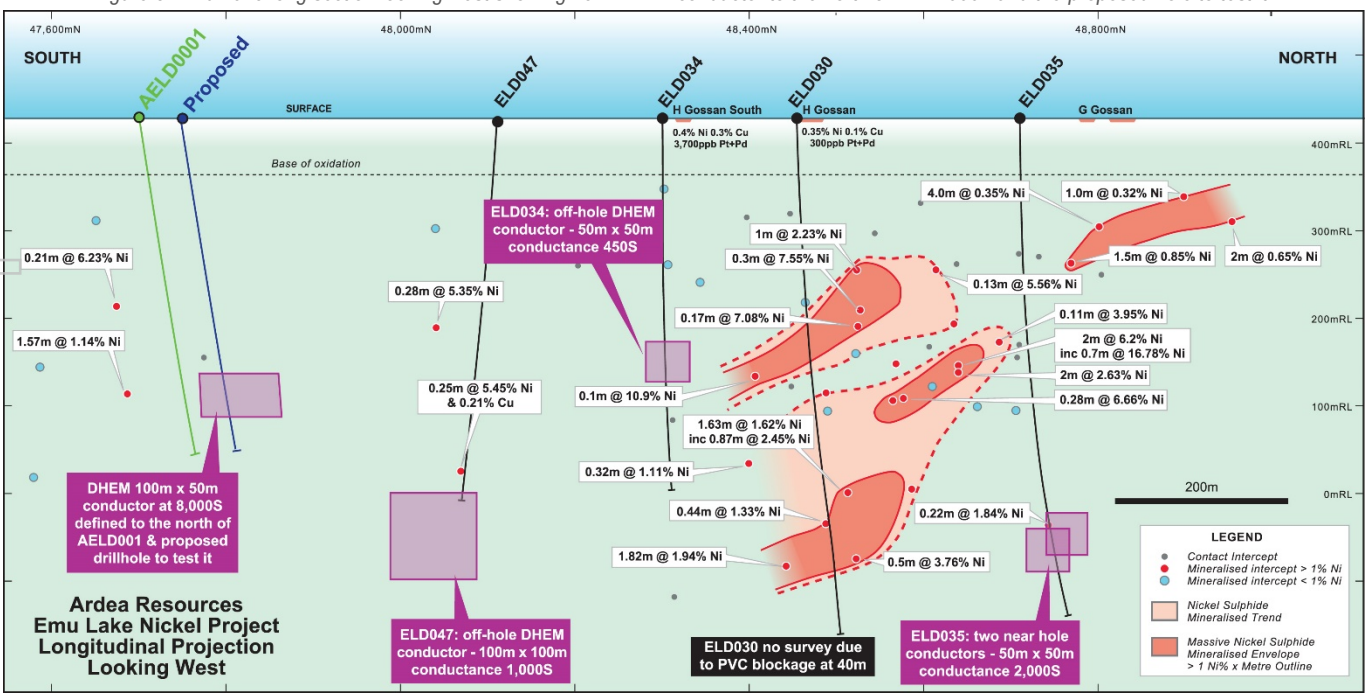


Figure 3: Emu Lake long section looking west showing new DHEM conductor to the north of AELD0001 and the proposed hole to test it.



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DHEM conductors of interest were also identified from the survey of historic drill hole ELD035 – two conductors are present at 430m and 450m depth and correspond with stringer nickel sulphides in the drillhole. Both modelled plates measure 50m x 50m in size and have a conductance of 2,000 Siemens. These conductors represent a potential new channel position below the main Binti zone for future drill targeting subject to further assessment.

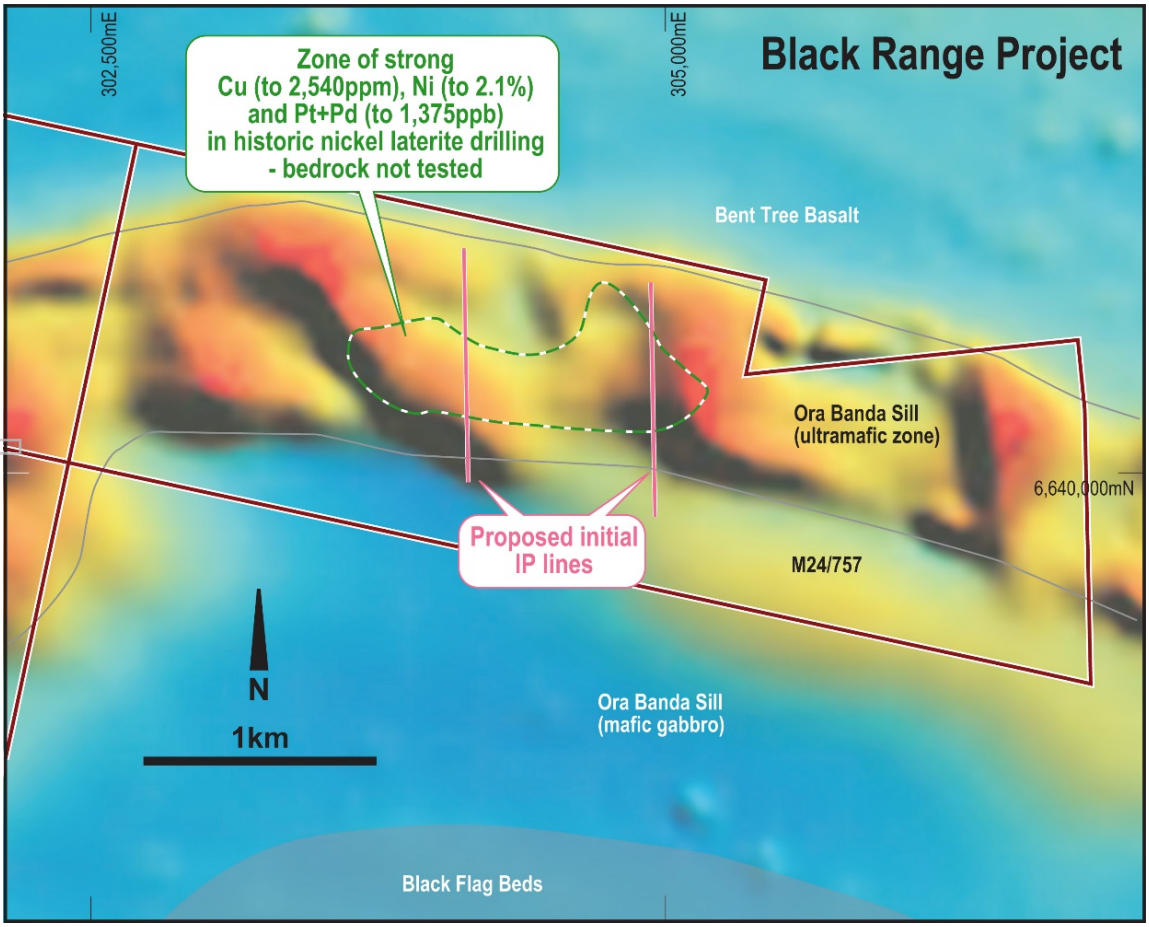
When the DHEM survey was attempted within drill hole, ELD030, the PVC casing was blocked and will have to be re-opened when the core drill rig returns to site in March 2021. Weaker anomalies were generated in holes ELD034 and ELD047 and will not be drilled at this stage. The overall survey is highlighting the quality of the conductor generated to the north of AELD0001 and this forms a priority drill target with preparations underway to commence drilling in late March 2021.

Induced Polarisation Surveys

As flagged in the last Ardea Quarterly Report (ASX release 21 January 2021), an Induced Polarisation (IP) survey has recently commenced at the Highway Project. The program aims to map potential zones of disseminated nickel sulphides along the western basal contact of the Walter Williams Formation komatiite as a guide to massive sulphide occurrences.

Following the Highway program, the team will survey two lines of IP at the Black Range Project over the layered mafic complex Ora Banda Sill (Julimar style target). Strongly anomalous copper, nickel and platinum group elements have been identified in historic nickel-laterite drilling (Figure 4). If successful in defining zones of higher conductivity, compelling targets will then be drill tested with the aim of making significant mineral discoveries.

Figure 4: Black Range plan showing Ardea tenements, and interpreted geology overlain on magnetic data, highlighting the layered mafic complex and extensive geochemical anomalism. Projection MGA 94 Zone 51.



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Exploration Strategy

With Ardea's Kalgoorlie Nickel Project tenement package covering one of the largest areas of ultramafic stratigraphy in Australia, the Company is well positioned to make nickel sulphide and Critical Mineral discoveries. Ardea will continue to rank and prioritise fit-for-purpose exploration for nickel sulphides on its high-quality portfolio of Eastern Goldfields of Western Australia tenements. Any drilling as part of the nickel sulphide programs will also assess nickel-cobalt laterite, Critical Minerals and gold mineralisation, but the over-riding priority continues to be nickel.

Authorised for lodgement by the Board of Ardea Resources Limited.

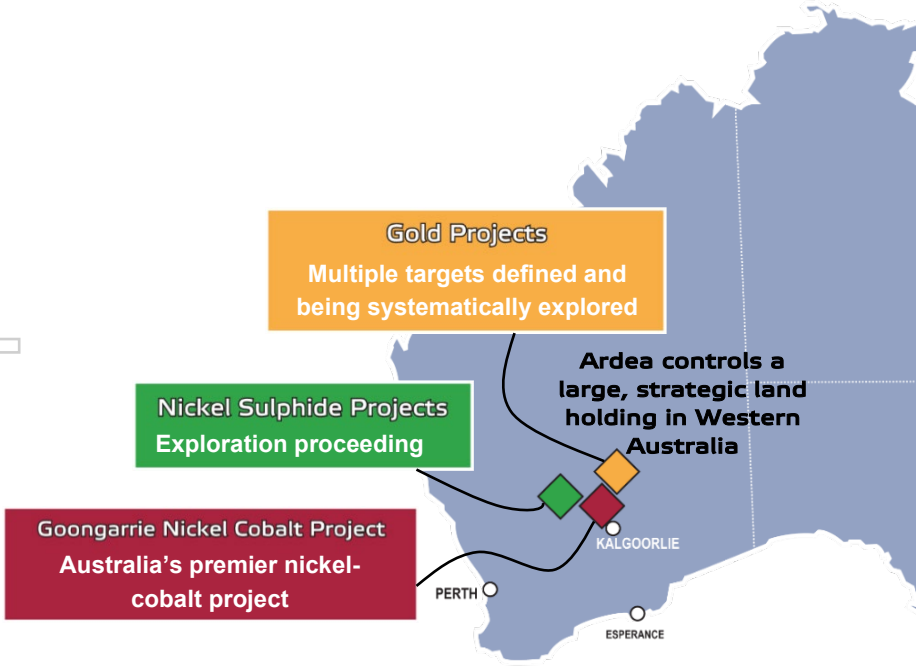
For further information regarding Ardea, please visit https://ardearesources.com.au/ or contact:

Andrew Penkethman
Managing Director and Chief Executive Officer
Tel +61 8 6244 5136

About Ardea Resources

Ardea Resources Limited (ASX:ARL) is an ASX-listed resources company, with a portfolio of 100% controlled West Australian-based projects, focussed on:

- Development of the Kalgoorlie Nickel Project (KNP) and its sub-set the Goongarrie Nickel Cobalt Project (GNCP), a globally significant series of nickel-cobalt and Critical Mineral deposits which host the largest nickel-cobalt resource in the developed world; and
- Advanced-stage exploration at compelling nickel sulphide and gold targets within the KNP Eastern Goldfields world-class nickel-gold province.



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CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

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

This forward-looking information includes, or may be based upon, without limitation, estimates, forecasts and statements as to management's expectations with respect to, among other things, the timing and amount of funding required to execute the Company's exploration, development and business plans, capital and exploration expenditures, the effect on the Company of any changes to existing legislation or policy, government regulation of mining operations, the length of time required to obtain permits, certifications and approvals, the success of exploration, development and mining activities, the geology of the Company's properties, environmental risks, the availability of labour, the focus of the Company in the future, demand and market outlook for precious metals and the prices thereof, progress in development of mineral properties, the Company's ability to raise funding privately or on a public market in the future, the Company's future growth, results of operations, performance, and business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expect", "intend", "may" and similar expressions have been used to identify such forward-looking information. Forward-looking information is based on the opinions and estimates of management at the date the information is given, and on information available to management at such time.

Forward-looking information involves significant risks, uncertainties, assumptions and other factors that could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking information. These factors, including, but not limited to, the ability to create and spin-out a gold focussed Company, fluctuations in currency markets, fluctuations in commodity prices, the ability of the Company to access sufficient capital on favourable terms or at all, changes in national and local government legislation, taxation, controls, regulations, political or economic developments in Australia or other countries in which the Company does business or may carry on business in the future, operational or technical difficulties in connection with exploration or development activities, employee relations, the speculative nature of mineral exploration and development, obtaining necessary licenses and permits, diminishing quantities and grades of mineral reserves, contests over title to properties, especially title to undeveloped properties, the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drill results and other geological data, environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding, limitations of insurance coverage and the possibility of project cost overruns or unanticipated costs and expenses, and should be considered carefully. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Prospective investors should not place undue reliance on any forward-looking information.

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

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

Competent Person Statement

The technical information in this report relating to Exploration Results is based on information compiled by Mr David von Perger, who is a Member of the Australian Institute of Mining and Metallurgy (Chartered Professional – Geology). Mr von Perger is an independent geological consultant providing services to Ardea 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. Mr von Perger consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mr von Perger owns shares in Ardea.

Appendix 1: Detail of Drilling and JORC (2012) Table 1

Details of Drill Hole at Emu Lake reported in this release.

Hole ID	Tenement	Total Depth	MGA51 East	MGA51 North	RL	Dip	Azimuth (Magnetic)
AELD0001	M27/506	450m	400139	6647849	426	-57.5	242.5

JORC 2012 Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section applies to all succeeding sections)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.*	• Samples from the diamond-core hole were taken from NQ sized core and sampled on a nominal 1 metre basis taking into account smaller sample intervals up to geological contacts and massive sulphide zones. • The core samples were cut in half with one half remaining in the trays as a reference and the other half taken as the laboratory sample.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details.*	• Diamond core drilling commencing with HQ size and then reducing to NQ size when fresh rock was encountered. • Drilling was undertaken by West Core Drilling Pty Ltd.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• Drill sample recovery was recorded from the drilling blocks – no material issues were reported and apart from some zones of broken ground, recoveries were greater than 90%.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	• The diamond core was geologically logged by qualified geologists and recorded in the database.
Sub-sampling techniques and sample preparation	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• Samples were prepared and assayed in industry standard laboratories and significant results reported to JORC (2012) standards. • Samples were crushed and ground to nominal 75 micron size. • The samples were split into a pulp fraction for analysis and a pulp-reject for storage.

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Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Samples were assayed in industry standard laboratories and significant results reported to JORC (2012) standards. • The results are considered as a total digestion of the sample. • QAQC samples (blanks and standards) were inserted every 10 samples. No material issues were recorded.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• No independent verification of results has been undertaken at this stage. • All field and laboratory data has been entered into an industry standard database. • No adjustment to assay data was done.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	• The drill collar for AELD0001 was located with handheld GPS which is considered sufficient for the DHEM survey. Downhole surveys were taken every 30m downhole with a north seeking gyro tool.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Drilling of AELD0001 was of an exploration nature and no resource style drilling requiring specific drill spacing was undertaken.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• The drilling orientation of AELD0001 was designed to intersect the mineralised lenses at a close to perpendicular angle. The mineralised lenses are dipping at approximately 50-70 degrees to the west and the drilling is approximately at 60 degrees to the east. This will vary from hole to hole.
Sample security	• *The measures taken to ensure sample security.*	• Sampling was undertaken by Ardea personnel and reputable laboratories used. No issues with sample security are reported.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Given the early stage of the exploration results, no audits or reviews have been undertaken or considered necessary at this stage.

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Section 2 **Reporting of Exploration Results**

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The project area locations are shown on Figure 1 of this report and described in the body of the report. • The tenure is considered to be secure and held 100% by Ardea under a granted Mining Lease. • Given the early stage of the exploration no mining specific applications have been made, but there are no known impediments (eg *overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings)* to mining in the tenure.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The Emu Lake project has been explored for nickel sulphides since 2003 by Image Resources, Skryne Hill, Jubilee Mines, Emu Nickel, Xstrata – the majority of the drilling was undertaken by these companies.
Geology	• *Deposit type, geological setting and style of mineralization.*	• The Company is seeking Archaean komatiite hosted nickel sulphide and related deposits in the project areas.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*	• Significant intercepts from the Emu Lake drilling have been provided by Ardea in previous ASX reports.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*	• The reported assays are weighted for their assay interval width. • No cutting of grades has been undertaken.
Relationship between mineralization widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*	• True width of the reported sulphide zones has not been attempted during this early stage of reporting. True width is considered to be approximately the same as reported down-hole width.

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Criteria	JORC Code explanation	Commentary
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Where relevant, a diagram showing the hole positions relevant for current phase of exploration is included in the release.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Results.*	• The reporting is considered to be balanced taking into account the early stage of the exploration and the summary nature of this ASX report.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• A down-hole electromagnetic survey was undertaken by GEM geophysical contractors with the survey designed by Newexco geophysical consultants. The survey was successful in defining a strong EM conductor 20m to the north of AELD0001 (as described in the body of the report) with dimension of 100m long and 50n deep and conductance of 8,000 siemens. Other conductors were also generated from surveying ELD035 – these conductors are currently being assessed for potential future drill testing.

Future work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	• Ardea is seeking Archaean komatiite hosted nickel sulphide deposits on its extensive ultramafic tenement holding in the Eastern Goldfields of Western Australia.
		• Future work will entail:
		  • Drilling of the DHEM conductor north of AELD001 as described in this report.
		  • Further assessment of the DHEM and other drill data in the Emu Lake/Binti Gossan area to define future drill targets.