ABN 30 614 289 342

Registered and Business Office
Suite 2, 45 Ord Street
West Perth WA 6005 Australia
Tel: +61 8 6244 5136
Email: ardea@ardearesources.com.au

For personal use only

28 September 2021

Company Announcements
Australian Securities Exchange Level 40
Central Park
152 - 158 St Georges Terrace
Perth WA 6000

By Electronic Lodgment

Dear Sir/Madam

Minor Correction to the Annual Report lodged on 24 September 2021

Attached please find a revised copy of the 2021 Ardea Resources Limited (**Ardea**) Annual Report that was lodged with ASX on 24 September 2021. There was an error on Page 55 of the Report relating to the Top 20 Shareholders that has now been corrected.

This announcement has been authorised for release by the Board of Ardea.

For and on behalf of the Board

Sam Middlemas
Company Secretary

Ardea

Annual Report 2021

A sustainable and ethical source of nickel and critical minerals

For personal use only

For personal use only

Corporate Directory

Directors

Mathew Longworth, (Non-Executive Chair)
Andrew Penkethman, (Managing Director and Chief Executive Officer)
Ian Buchhorn, (Executive Director)

Company Secretary and CFO

Sam Middlemas

Registered and Business Office

Suite 2, 45 Ord Street, West Perth
Western Australia 6005

PO Box 1433, West Perth
Western Australia 6872

Tel: (08) 6244 5136
Email: info@ardearesources.com.au

Website

www.ardearesources.com.au

Auditor

Butler Settineri (Audit) Pty Ltd
Unit 16, Level 1
100 Railway Road
Subiaco WA 6008 Australia

Share Registry

Automic Group
GPO Box 5193
Sydney NSW 2001
Tel: 1300 288 664 (within Australia)
Tel: +61 2 9698 5414 (international)
Web: www.automicgroup.com.au

Stock Exchange Listing

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

ASX Code: ARL - ordinary shares

Table of Contents

Chairman's Letter 1
Activities Report.....2
Directors' Report.....21
Consolidated Statement of Comprehensive Income.....32
Consolidated Statement of Financial Position 33
Consolidated Statement of Changes in Equity 34
Consolidated Statement of Cashflows 35
Notes to the Financial Statements 36
Directors' Declaration 50
Independent Auditor's Report.....51
Shareholder Information.....55
Tenement Schedule.....57
Glossary 60

Photo above – Ardea Geologist Darren Howe inspecting nickel-cobalt mineralisation in goethite dominated drill core from the Goongarrie Hub.

Cover – Aerial imagery of metallurgical testwork drilling in progress at the Highway nickel-cobalt deposit. Note the extensive Great Western Woodland flora. Back cover – Goethite dominated drill core from the Goongarrie Hub

Chairman's Letter to Shareholders 2021

Dear Shareholders,

On behalf of the Board and Executive Management team of Ardea Resources Limited ("**Ardea**" or the "**Company**") I thank you for your continued support. Our Company has continued systematic focussed operations, despite the COVID-19 pandemic challenges affecting all of us. Ardea continues to monitor the situation and react proactively.

Ardea continues to advance its strategic Eastern Goldfields of Western Australia (**WA**) project portfolio with a commitment to Environmental and Social Governance (**ESG**) principles as an essential part of the way we operate. Your Company places a priority on our core values of respect, empathy, teamwork, and communication. We continue to apply these values within our operations communities, particularly the Eastern Goldfields. We have formalised several initiatives such as an Education Trust which we feel is making a real difference. Minimising carbon emissions and being part of the State of Western Australia's aspiration of net zero emissions by 2050 is an essential component of all feasibility study work programs.

Our project focus:

1. **Kalgoorlie Nickel Project (KNP) Feasibility Study** work streams continue to be accelerated with a focus on development of the Goongarrie Hub located 70km northwest of the City of Kalgoorlie-Boulder. All project designs and work practices are predicated on ensuring the Company minimises green-house gas emission per tonne of nickel equivalent production. In doing so, the Company can ensure responsible sourcing of critical mineral supply, through sustainable and ethical minerals production. The flowsheet is being optimised with three separate leaching circuits for specific ore types, designed to minimise the KNP carbon footprint.
2. **Nickel sulphide exploration** within KNP tenements for standalone sulphide concentrator production, but also as a potential adjunct to the High-Pressure Acid Leach (**HPAL**) flowsheet.
3. **Completion of the Kalgoorlie-focussed gold spin-out, Kalgoorlie Gold Mining (KalGold) with In-Specie share distribution at nil cost to Ardea Shareholders.**

The 2021 highlight is the Mineral Resource Estimate (**MRE**) updates for the Goongarrie and Highway deposits that have defined a high grade core of **78 million tonnes at 1.0% nickel and 0.069% cobalt**[1]. These deposits comprise the main plant feed planned for the Goongarrie Hub.

The Goongarrie resource update also included a maiden scandium component which further demonstrates the projects' strategic value. A maiden MRE for scandium within the Highway deposit is currently being completed. This is expected to be an important addition to the Goongarrie Hub mineral inventory and complement the KNP battery minerals strategy, with scandium mainly being used as an additive to aluminium to help create higher strength, lighter weight material that can be used in applications such as Electric Vehicle chassis and contribute to increased battery range due to the lighter vehicle weight.

Encouraging signs of an emerging nickel sulphide discovery at Emu Lake, within the Kalpini Project tenements have been another highlight, with Emu Lake diamond drill hole AELD0002, confirming a Silver Swan/Kambalda-style komatiite-hosted basal high-grade nickel sulphide zone above a felsic volcanic footwall contact. Ardea are especially encouraged by the assay results of **1m @ 4.78% nickel** from 366.9m downhole, within a broader zone of **4.8m @ 1.44% nickel**[2] from 365.9m.

Your Company will continue to consolidate our Eastern Goldfields of WA tenement portfolio to ensure our focus remains on unlocking the full potential of the KNP battery minerals project, commencing with the Goongarrie Hub.

The achievements and progress made by Ardea in 2021 would not be possible without the ongoing support of the communities in which we operate, our employees, directors, and service providers. I would like to thank you all for your ongoing support.

Yours sincerely

Mat Longworth, Chairman

1 Ardea ASX releases 15 February 2021 and 16 June 2021.
2 Ardea ASX release 10 June 2021.

For personal use only

For personal use only

Activities Report

Environmental, Social and (Corporate) Governance

Ardea and importantly the Original Equipment Manufacturers (**OEM**) with whom it deals all operate to ensure Environmental, Social and (Corporate) Governance (**ESG**) considerations are at the forefront of the way in which the Company does business and assesses societal impact. All project designs and work practices are predicated on ensuring the Company minimises green-house gas emission per tonne of nickel equivalent production. In doing so, the Company can ensure responsible sourcing of critical mineral supply, through sustainable and ethical production.

In Ardea's discussions with potential Strategic Partners, and in the choice of Partner, high ESG standards are a core and non-negotiable value.

Responsible sourcing of materials, through mechanisms such as mandatory reporting of CO_2 footprints for all batteries sold is essential. Traceability is also being implemented with raw materials used in batteries that must be procured according to OECD guidelines for sustainable sourcing. These important considerations are an essential part of the feasibility study work Ardea is undertaking on the KNP, notably through its Future Batteries Industry Co-operative Research Centre (**FBICRC**) membership.

All project development is predicated on minimising carbon emissions and being able to contribute towards achieving the State of Western Australia's aspiration of net zero emissions by 2050. The proposed flowsheet (Figure 3) has been modified for CO_2 mitigation in the neutralisation circuit through introducing an Atmospheric Leach (**AL**) circuit.

Ardea enjoys strong support from the communities in which we operate, primarily the City of Kalgoorlie-Boulder and the Shire of Menzies, and has a Native Title Agreement in place for development of the Goongarrie Hub.

Ardea has implemented an Education Trust to help provide educational opportunities for Indigenous students in the communities within which our operations are based. This is managed totally independently of Ardea.

The Ardea Team are the Company's most important asset and comprise over 31% female participation, all in key management roles. The Company is a strong advocate for gender equality and fair representation for all community groups. All personnel and their families are offered complimentary support by a 'wellbeing' service provider.

Photos clockwise from top: Ardea's ESG framework is front and centre of the way the Company does business. The strong support of the communities in which Ardea operate is essential and Ardea has implemented a number of initiatives to strengthen these relationships. The Education Trust implemented by Ardea and independently managed, recently approved an initial grant to local Basketballer Noah Hinkley (1) to support his dream of education and basketball in the USA. Other recipients of Ardea donations are the Goldfields Childcare Centres, Whitlock Street Centre (2) and the Inner Wheel Club of Kalgoorlie to help them in their project to provide Care Packs to local chemotherapy patients in Kalgoorlie (3). Ardea's project designs and work practices are predicated on responsible sourcing of critical mineral supply through sustainable and ethical production. Some of the vibrant native flora (4-7) of the Goongarrie Hub.

For personal use only

Corporate Objectives

Ardea is a battery minerals Company focused on the development of the Kalgoorlie Nickel Project (**KNP**). The Company's projects are all located within the Eastern Goldfields world-class mineral province of Western Australia, which is the premium operating jurisdiction in the World with certainty of title demonstrated through 130 years of sustained mineral production and long-accepted transparent and ethical safety, environmental and operating procedures.

The Company is focussed on:

1. Sustainable and ethical development of the **Goongarrie Hub**, which is part of the **Kalgoorlie Nickel Project**, a globally significant series of nickel-cobalt-scandium laterite deposits which host the largest nickel-cobalt resource in the developed world and proven to be amenable to industry-standard hydrometallurgical extraction;
2. **Nickel sulphide and Critical Mineral exploration** within KNP tenements aimed at making significant discoveries. Both disseminated nickel and massive nickel sulphide targets have been defined, with any future production fully complementary to the nickel laterite strategy; and
3. **Corporate activity**, including new tenement applications which complement Company strategy, farm outs and completing the Kalgoorlie-focussed KalGold spin-out.

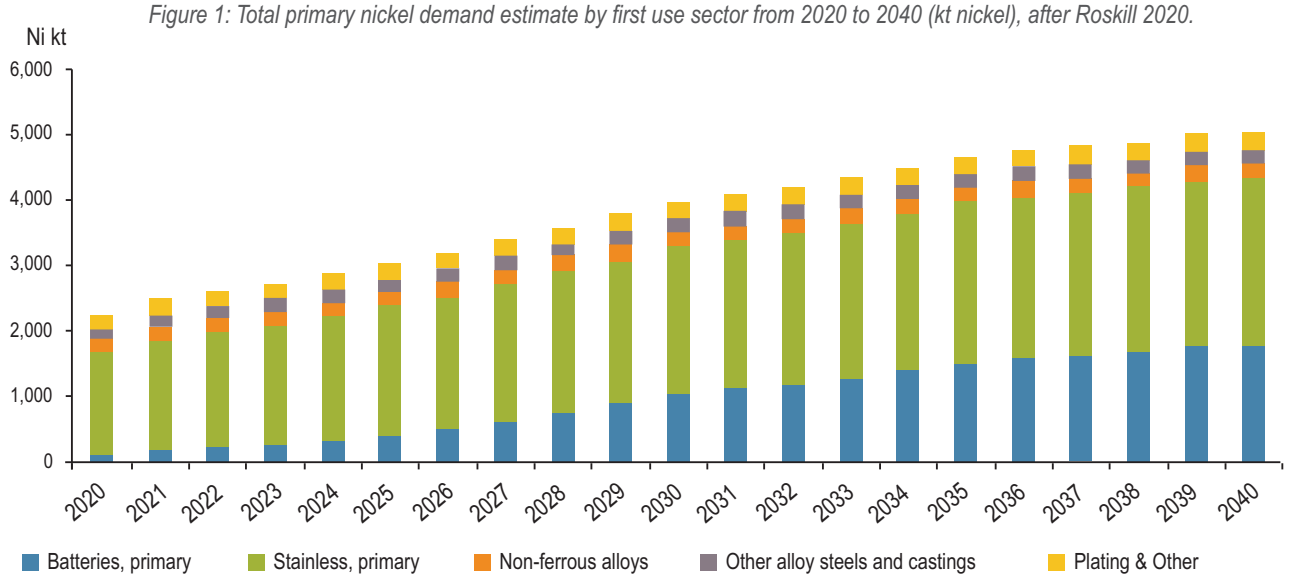
The KNP is comprised of a series of major undeveloped nickel-cobalt-scandium laterite deposits, which total **830Mt at 0.71% Ni and 0.046% Co (5.9Mt contained nickel metal, 380kt contained cobalt metal[1]).** Ardea is well placed to provide essential supplies of sustainably sourced nickel and cobalt, along with other Critical Minerals (notably scandium and the Rare Earths neodymium, praseodymium, and cerium). All KNP projects are located within 150km of the regional mining hub of the City of Kalgoorlie-Boulder, Western Australia.

Ardea's principal focus continues to be the development of the KNP, commencing with the Goongarrie Hub nickel laterite deposits. However, Ardea's strategic tenure in the heart of the Eastern Goldfields of Western Australia is also highly prospective for nickel sulphide which is mined extensively throughout the region.

The nickel sector continues to experience a rapid rise in demand linked to the Lithium Ion Battery (**LIB**) supply chain as well as traditional uses such as stainless steel (Figure 1). Current nickel production levels are not expected to keep pace with demand. It is expected that currently identified laterite and sulphide nickel deposits that can ensure sustainable and ethical mineral supply will be developed in the years ahead to meet the burgeoning demand.

1 Resource breakdown, last disclosed in Ardea ASX Release 16 June 2021.
Per Goongarrie Expansion Study ASX release, 24 July 2018. All the material assumptions underpinning the forecast financial information derived from a production target, in the initial public report referred to in rule 5.17 continue to apply and have not materially changed.

Figure 1: Total primary nickel demand estimate by first use sector from 2020 to 2040 (kt nickel), after Roskill 2020.



Source: Roskill, 2020

For personal use only

Kalgoorlie Nickel Project - Goongarrie Hub

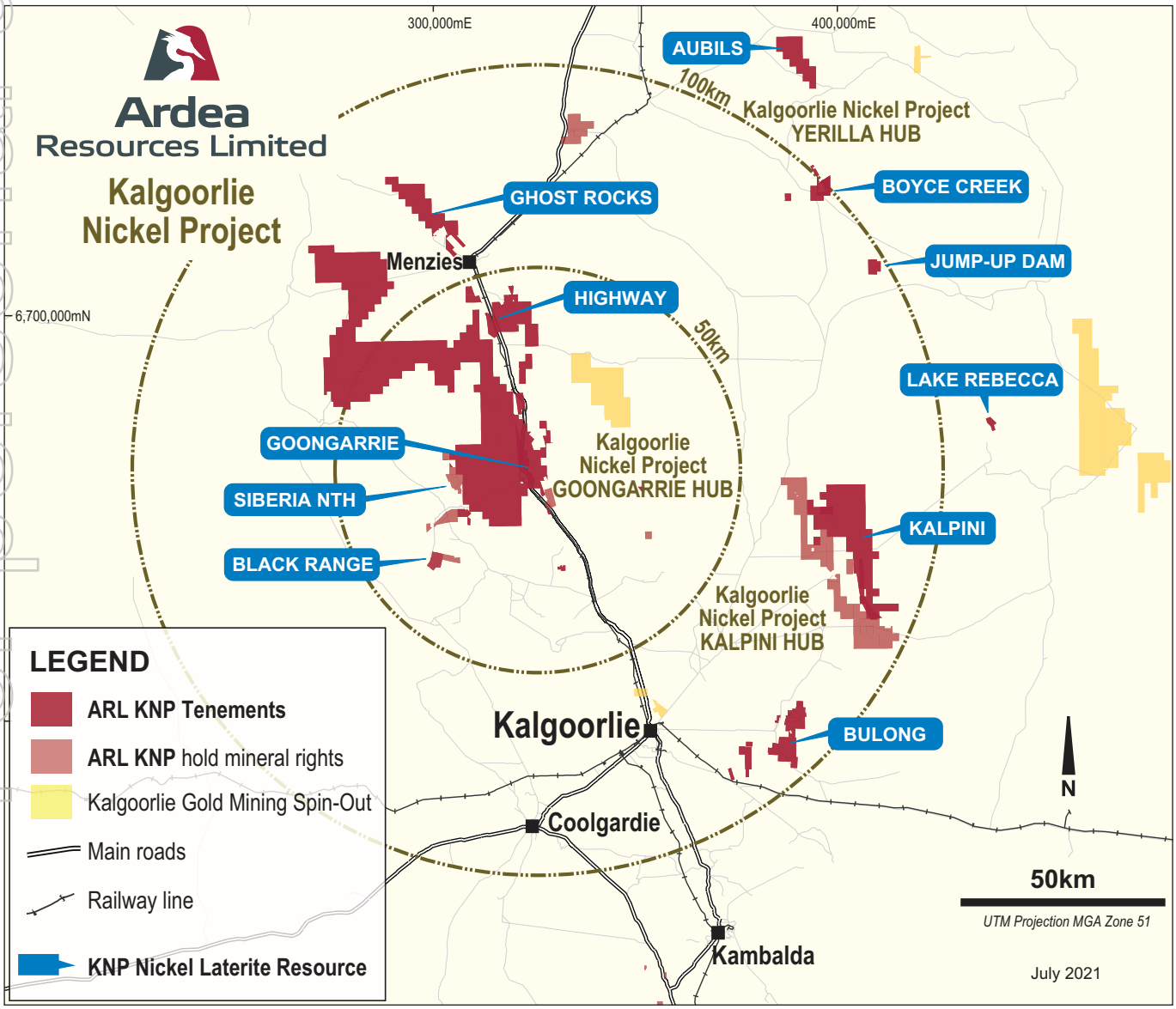
Overview

The Goongarrie Hub is located 70km northwest of the mining city of Kalgoorlie-Boulder and is Ardea's most advanced project, within the broader Kalgoorlie Nickel Project (Figure 2). Resources from the Goongarrie and Highway deposits are planned to be the base load feed for a High-Pressure Acid Leach (**HPAL**) with supporting Atmospheric Leach (**AL**) circuit, the plant being located at Goongarrie South. The resources at Goongarrie South are dominantly the premium goethite style and extend continuously over 25km of strike. At Goongarrie Hill, 6km north of the planned Goongarrie plant site and extending over a strike length of 5km, and at Highway, 30km north, extending over a strike length of 6km, the dominant ore types are magnesium-rich serpentine styles, being suited to AL processing. All Goongarrie Hub resources are located on granted mining leases with Native Title Agreement in place and tenure 100%-controlled by Ardea.

The project also has mobile coverage and ready access to high quality infrastructure with the Goldfields Highway, rail line and power infrastructure passing through the project area. There are two port options, these being Kwinana and Esperance, that are also serviced by the road and rail network which crosses the Goongarrie Hub.

Critically, the KNP is located on the rail connection to the developing battery hub at the Port of Kwinana industrial area immediately south of Perth. Ardea is engaged with all State and Commonwealth statutory authorities who are coordinating the push for a downstream battery industry within the State of Western Australia where all the feedstocks, including nickel and cobalt, are available at the critical scales required.

Figure 2: KNP location and infrastructure plan. Projection GDA94 MGA94 Zone 51.



For personal use only

Feasibility Programs

Leading HPAL practitioner Mike Miller has been appointed as General Manager Technical Services to lead the KNP Feasibility Study team. Mike has previously held senior management roles at the Ravensthorpe HPAL operation in southern WA, and worked on multiple HPAL and AL feasibility and piloting programs.

The KNP is owned 100% by Ardea and the Goongarrie Hub is undergoing a Feasibility Study for a High-Pressure Acid Leach (**HPAL**) operation, further supplemented with an Atmospheric Leach (**AL**) processing operation (Figure 3).

The KNP will initially produce Mixed Hydroxide Product (**MHP**) and following attainment of steady production, can potentially produce Precursor Cathode-active Material (**PCAM**) as an ethical and sustainable supply chain for the Lithium Ion Battery sector. As part of Ardea's membership of the FBICRC research group, the Company will evaluate PCAM production.

Ardea's current Feasibility Study strategy is aimed at adding further value to the development of the Goongarrie Hub and supporting resources within the KNP. One of the main outcomes has been to optimise plant feed at some 2Mtpa (based on the 2018 Expansion Study of 2.25Mtpa). The HPAL leach feed grade is expected to exceed 1% nickel for the first 25 years "life-of-mine". With the completion of the Goongarrie Line (15 February 2021) and Highway (16 June 2021) resource updates defining a high-grade core of 78 million tonnes at 1.0% nickel, confirming potential high-grade feed to the AL circuit. Significant cobalt, scandium and manganese components have also been quantified.

With options available such as developing a second KNP 2Mtpa HPAL train as well as additional AL modules, Ardea is in a unique position within Australia of having this resource optionality due to the large size and exceptional quality of the nickel and cobalt resources, facilitating high grading and selective recovery of key geo-metallurgical mineralisation types.

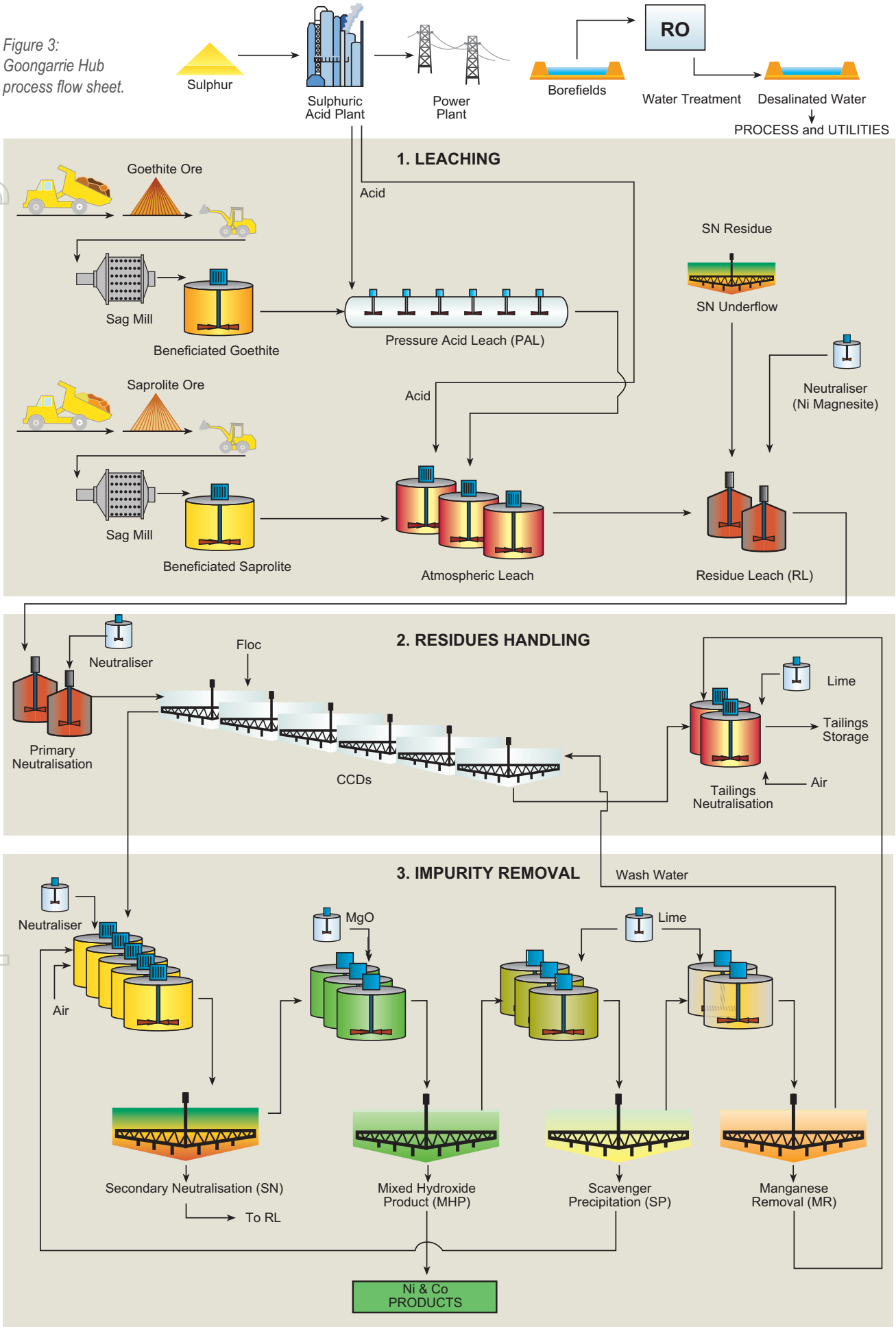
Gap Analysis Study

During the June Quarter 2021, Ardea appointed global consulting engineering firm, Wood, to complete a Gap Analysis Study (**GAS**), reviewing and consolidating all KNP feasibility data, including Ardea's successful Goongarrie Prefeasibility Study (ASX release 28 March 2018) and Expansion Study (ASX release 24 July 2018). Previous studies by Vale Inco in 2009, Heron in 2010 and now Ardea in 2017 to 2018 has seen well in excess of A$55 million expended on PFS level programs.

The considerable feasibility work undertaken by Ardea since the 2018 studies were completed, has culminated in the definition of an enhanced base case flow sheet (Figure 3) being assessed as part of the GAS. The GAS will be completed in the second half of 2021 and along with metallurgical drilling and planned bench-scale metallurgical testwork, will lock in a final scope of work to complete the Goongarrie Hub Definitive Feasibility Study.

Photo: Aerial image of Ardea's Goongarrie Hub.
Photo looking north showing road and rail infrastructure within the project and the benign semi-arid woodland environment, ideal for project development and rapid revegetation post mining.

Figure 3: Goongarrie Hub process flow sheet.



For personal use only

For personal use only

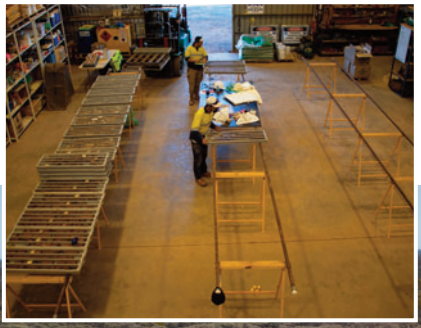
Resource Modelling

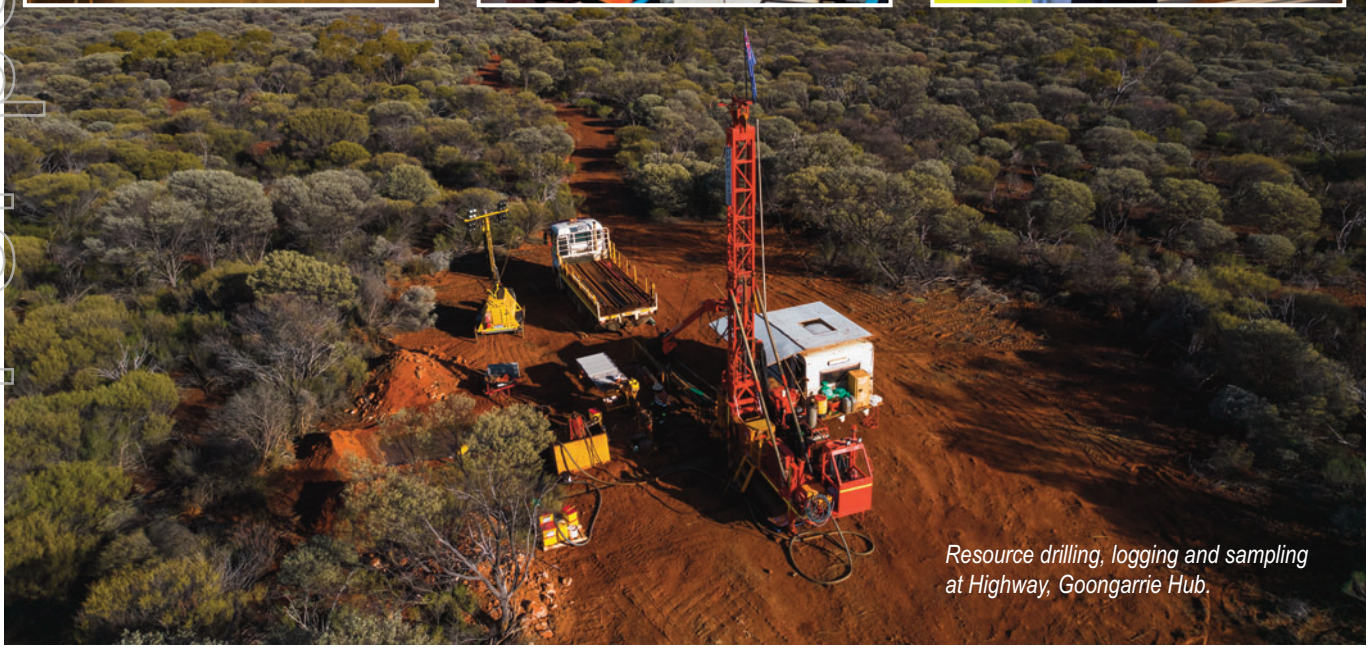
During the 2021 financial year the Goongarrie deposits and Highway deposit had updated Mineral Resource Estimates (**MRE**) completed.

The combined Mineral Resources at the Goongarrie and Highway deposits that are planned to feed a starter 2Mtpa processing plant development at the KNP Goongarrie Hub are reported below (Table 1), with an initial focus on the high-grade resource based on a 0.8% Ni cut-off.

Table 1 - Highway and Goongarrie (ASX release 15 February and June 16, 2021) nickel and cobalt Mineral Resources using a 0.8% Ni cut-off grade.

Deposit	Resource Category	Quantity (Mt)	Nickel (%)	Cobalt (%)	Contained nickel (kt)	Contained cobalt (kt)
Goongarrie Hub	Measured	11.0	1.13	0.106	125	11.6
(GH, GS, BF & SD)	Indicated	41.5	0.97	0.070	404	29.0
	Inferred	7.1	0.95	0.051	67	3.6
	Subtotal	59.6	1.00	0.074	595	44.3
Highway	Indicated	15.1	1.01	0.053	152	8.0
	Inferred	3.7	0.98	0.053	36	2.0
	Subtotal	18.8	1.00	0.053	188	10.0
Combined Deposits	Measured	11.0	1.13	0.106	125	11.6
	Indicated	56.5	0.98	0.066	556	37.1
	Inferred	10.8	0.95	0.051	103	5.6
	Grand Total	**78.3**	**1.00**	**0.069**	**784**	**54.3**





Resource drilling, logging and sampling at Highway, Goongarrie Hub.

For personal use only

Ardea's updated 2021 Goongarrie and Highway resource estimates were incorporated with historic KNP resource estimates compiled by various parties between 2004 and 2009 and signed off to meet JORC-2012 guidelines by Heron Resources in 2013 (refer Table 2 below). The significant observation is that the KNP Goongarrie Hub estimate of 561Mt will be quite able to supply premium plant feed to a HPAL with AL processing plant located at Goongarrie for multiple decades.

Table 2 – Updated KNP nickel and cobalt Mineral Resources based on a 0.5% Ni cut-off grade

Camp	Prospect	Resource Category	Size (Mt)	Ni (%)	Co (%)	Contained Metal Ni (kt)	Contained Metal Co (kt)	Estimation Details Method	Estimation Details Source	Estimation Details Year
Goongarrie	Goongarrie South	Measured	18	0.94	0.085	171	15	LUC	Ardea	2021
		Indicated	82	0.71	0.049	584	40	LUC	Ardea	2021
		Inferred	10	0.64	0.033	61	3	LUC	Ardea	2021
	Highway	Indicated	71	0.69	0.038	487	27	LUC	Ardea	2021
		Inferred	21	0.67	0.040	141	8	LUC	Ardea	2021
	Ghost Rocks	Inferred	47	0.66	0.042	312	20	OK	Snowden	2004
	Goongarrie Hill	Indicated	40	0.65	0.037	259	15	LUC	Ardea	2021
		Inferred	29	0.60	0.025	176	7	LUC	Ardea	2021
	Big Four	Indicated	49	0.71	0.047	346	23	LUC	Ardea	2021
		Inferred	14	0.68	0.043	96	6	LUC	Ardea	2021
	Scotia	Indicated	12	0.71	0.065	82	7	LUC	Ardea	2021
		Inferred	5	0.72	0.043	37	2	LUC	Ardea	2021
	Goongarrie Subtotal	Measured	18	0.94	0.085	171	15			
		Indicated	253	0.69	0.044	1,758	112			
		Inferred	127	0.65	0.037	823	47			
		Combined	***398***	***0.69***	***0.044***	***2,753***	***175***			
Siberia	Siberia South	Inferred	81	0.65	0.033	523	27	OK	Snowden	2004
	Siberia North	Indicated	10	0.64	0.051	64	5	OK	Snowden	2009
		Inferred	53	0.66	0.043	352	23	OK	Snowden	2009
	Black Range	Indicated	9	0.67	0.090	62	8	OK	HGMC	2017
		Inferred	10	0.69	0.100	68	10	OK	HGMC	2017
	Siberia Subtotal	Indicated	19	0.65	0.070	126	13			
		Inferred	144	0.66	0.041	943	59			
		Combined	163	0.66	0.045	1,070	73			
KNP Goongarrie Hub	**TOTAL**	Measured	18	0.94	0.085	171	15			
		Indicated	272	0.69	0.046	1,885	126			
		Inferred	270	0.65	0.039	1,767	107			
		Combined	***561***	***0.68***	***0.044***	***3,822***	***248***			
Bulong	Taurus	Inferred	14	0.84	0.051	119	7	OK	Snowden	2007
	Bulong East	Indicated	16	1.06	0.055	169	9	OK	Snowden	2004
	Bulong East	Inferred	24	0.79	0.053	190	13	OK	Snowden	2004
	Bulong Subtotal	Indicated	16	1.06	0.055	169	9			
		Inferred	38	0.81	0.052	309	20			
		Combined	***54***	***0.88***	***0.053***	***477***	***29***			
Hampton	Kalpini	Inferred	75	0.73	0.044	550	33	OK	Snowden	2004
	Hampton Subtotal	Inferred	75	0.73	0.044	550	33			
KNP Kalpini Hub	**TOTAL**	Indicated	16	1.06	0.055	169	9			
		Inferred	114	0.76	0.047	859	53			
		Combined	***130***	***0.79***	***0.048***	***1,028***	***62***			
Yerilla	Jump Up Dam	Measured	4	0.94	0.048	36	2	OK	Snowden	2008
		Indicated	42	0.78	0.043	324	18	OK	Snowden	2008
		Inferred	18	0.63	0.034	116	6	OK	Snowden	2008
	Boyce Creek	Indicated	27	0.77	0.058	206	16	OK	Snowden	2009
	Aubils	Inferred	49	0.70	0.066	346	33	OK	Heron	2008
KNP Yerilla Hub	**TOTAL**	Measured	4	0.94	0.048	36	2			
		Indicated	68	0.78	0.049	531	33			
		Inferred	68	0.68	0.057	462	39			
		Combined	***140***	***0.73***	***0.053***	***1,028***	***74***			
KNP TOTAL		Measured	22	0.94	0.079	207	17			
		Indicated	357	0.72	0.047	2,584	168			
		Inferred	452	0.68	0.044	3,088	199			
	GRAND TOTAL	***Combined***	***830***	***0.71***	***0.046***	***5,879***	***384***			

Legend: LUC – Local Uniform Conditioning; OK – Ordinary Kriging.

For personal use only

Processing Research and Development - Scandium and Rare Earth Elements

Within Ardea's KNP tenure the priority Research and Development (**R&D**) focus continues upon the Critical Minerals essential for the new age technologies used in limiting carbon emissions, such as the Electric Vehicle (**EV**), Static Storage Battery (**SSB**) and wind-turbine sectors.

Highly-sought Critical Minerals within the KNP lateritic enrichment profile include:

- Nickel-manganese-cobalt (**NMC**) content in LIB including precursor cathode-active material;
- EV electric motor REE magnet metals, most notably Nd-Pr. The KNP also has common Ce, and potential for Dy, La, Tb.
- Scandium for scandium-aluminium lightweight, high-strength fabrication in general and EV chassis in particular;
- Vanadium for community-scale and larger SSBs;
- Critical Minerals targets at potentially extractable grades identified during KNP R&D include:
  - Ba, Cr, Ga, In, Mo, Te, Ti, Sn, W, Y, Zr; and
  - Extra PGEs - Ru, Rh, Os (due to excessive assay cost, using Pt-Pd as a pathfinder in pulp re-assay).

All of these Critical Minerals can be metallurgically assessed because the HPAL process requires complete dissolution of goethite nickel-cobalt mineralisation, thereby rendering all contained metals with the designed exception of iron into solution and thus amenable to recovery. **This does not require each of these metals to be in stand-alone economic concentrations in their own right.** Rather, recovery of these by-product metals relies on fully viable nickel and cobalt recovery, potentially providing significant credits and upside to the project economics.

Critical Minerals research and development is predicated on the Ardea multi-element assay suite used in all sampling programs. The main R&D focus for the Company continues to be searching the archived Ardea drilling sample pulps for re-assay for Critical Minerals (notably REE co-products and fertile nickel sulphide multi-element ratios for PGEs).

Table 3 – Goongarrie Indicative scandium and REE intersections associated with nickel laterite mineralisation (ASX releases 15 February & 16 June 2021).

Pit Area	Drill Hole	Interval m	Width m	Ni %	Co %	Mn %	Sc ppm	Y ppm	Ce ppm	La ppm	Nd ppm	Pr ppm
Highway	HWRC0268	4-6	2	2.40	0.224	0.12	100	250	1230	901	685	193
Elsie North	AGSR001	14-18	4	0.85	0.21	0.98	43	6	968	10	14	4
Pamela Jean	AGSR170	22-24	2	0.63	0.05	0.24	43	318	32	216	340	75
Patricia Anne	AGSR392	24-26	2	0.49	0.07	0.11	52	215	1120	260	341	87
Patricia Anne	AGSR430	8-14	6	1.05	0.77	4.60	14	57	447	161	135	38
Pamela Jean	GSDD004	15-21	6	0.66	0.03	0.07	161	6	15	4	4	1
Pamela Jean	GSRC986	29-32	3	0.81	0.04	0.10	8	72	101	103	110	28
Canegrass South	ABFR012	22-24	2	0.63	0.01	0.13	122	14	34	7	8	2
Canegrass South	ABFR014	26-28	2	0.51	0.05	0.52	128	8	43	5	7	2
Mavis North	ABFR061	20-28	8	0.24	0.05	0.76	37	190	315	70	110	26
Mavis South	ABFR164	12-16	4	0.40	0.07	0.36	36	8	1125	12	16	5

For personal use only

Critical Minerals

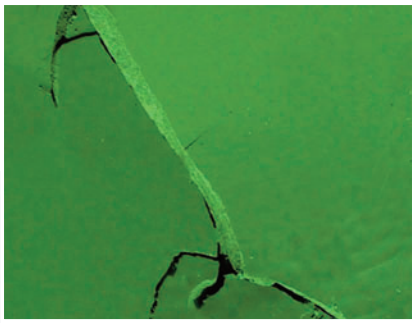
Ardea continues to engage with the Commonwealth Critical Minerals Facilitation Office and other State and Federal agencies. Meetings with various industry groups also continue.

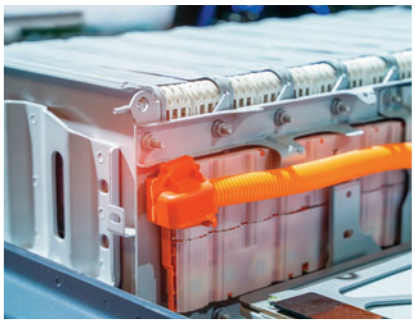
During the year, research continued on the Ardea drill hole data base, defining multiple Critical Minerals REE settings. The REE enrichment mirrors nickel-cobalt enrichment at the Magnesia Discontinuity within the regolith. The R&D programs have focussed on HPAL REE recovery (notably neodymium, praseodymium, and cerium) in parallel circuit with scandium (using Ion Exchange).

An example of the indicative scandium and REE intersections associated with nickel laterite mineralisation within the Goongarrie and Highway deposits are shown in Table 3. Further work is continuing on other deposits within the KNP to help determine Critical Mineral potential and the viability of being able to extract these from the HPAL Pregnant Liquor Solution (**PLS**) as by-products.

No bench-scale metallurgical test work has as yet been completed on REE mineralisation styles. However, desk-top studies suggest a compatibility between REE and scandium in terms of potential metallurgical attributes, which would be expected due to their similar reaction chemistries.

Photos clockwise from top: Mixed hydroxide product produced from a HPAL operation. Battery pack. EV charging. Ardea geologists Aidan Spilsbury and Darren Howe checking on Goongarrie Hub metallurgical testwork drilling.





Scandium and REEs are expected to be taken into solution in the proposed HPAL processing flowsheet for the KNP and could be produced as a by-product. Preliminary calculations for the extraction and deportment of the REEs have been developed and, with testwork support, will be used for the guidance of future investigations. Assessing these options is the focus of current diamond drilling and metallurgical testwork using samples from Highway, Goongarrie South, and Goongarrie Hill, being the main deposits comprising the Goongarrie Hub.

FBICRC

The Future Battery Industry Co-operative Research Centre (**FBICRC**) is an independent research centre where industry, government and researchers can come together to create the tools, technologies, and skills to grow the role of battery storage in Australia's electricity grids, and make Australia a larger downstream player in global battery value chains. FBICRC research projects will help expand Australia's battery minerals and chemicals production, develop opportunities for specialist battery manufacture, support the deployment of batteries to households, communities, and industry, and optimise the circular economy for the use and re-use of battery systems. Ardea continues to work with the FBICRC team on the following work streams:

1. Cathode Precursor Project.
2. Innovative Nickel-Cobalt Extraction.
3. Electrochemical testing of Australian battery materials in standard cell formats.
4. Provenance and Trusted Supply Chains.
5. Certification and Environmental life Cycle Assessment.

Each one of these work streams is aimed at ensuring high-quality product specifications for the LIB sector and sustainable and ethical supply from the best-regarded operating jurisdiction in the world, Australia, led by Western Australia.

The FBICRC are currently building a Precursor Cathode Active Material plant at Curtin University in Perth and it is planned that current **drill core material from the Goongarrie Hub will be used to pilot PCAM flowsheets**. This initiative is seen as a natural progression towards the development of KNP resources, as the deposit can be mined to generate nickel, cobalt, and manganese in the required ratios for PCAM production in a responsible and sustainable manner.

Bench-scale Metallurgy

Diamond drilling commenced at the Goongarrie Hub on 18 July 2021 to obtain test material for bench-scale metallurgical studies involving HPAL and AL reaction kinetics, PCAM metal recovery, mineralised serpentine neutraliser and Sc-REE refining. A detailed testwork program has been designed with the samples being sent to a Perth metallurgical laboratory and supervised by Ardea's key process team.

Hydrogeology

At Goongarrie, all nickel-cobalt-scandium resources are located on granted mining leases. As such, Ardea has first rights to any ground water underlying these areas. Past work by Ardea has defined multiple potential water sources with water for project development expected to be sourced from dedicated bores and conventional open pit dewatering ahead of mining.

Two applications for groundwater extraction licences (**GWL**) have been submitted to the WA Department of Water and Environmental Regulation (**DWER**) to secure this water from tenements already held by Ardea, near the planned Goongarrie Hub processing plant. The first application is for a draw of 2Gl/a from fractured bedrock and the second application is for a draw of 1.5Gl/a from palaeo-channel sands.

Both typical Eastern Goldfields saline water and potable water will be required for project development. Ardea's US-based nanofiltration R&D testwork has already demonstrated the potential for this technology to be used for softening the HPAL water feed and for recycling barren process water to reduce both the project's water consumption and its water evaporation pond footprint.

For personal use only

For personal use only

Environment and Rehabilitation

All project development within the KNP is aimed at ensuring systematic and rapid rehabilitation, concurrent with operations. During 2021, studies continued on minimising carbon emissions from KNP development.

The KNP is located within the Great Western Woodlands, the largest and healthiest temperate (Mediterranean climate) woodland remaining on Earth. The woodlands cover almost 16,000,000 hectares from the Nullarbor Plain in the east to the Wheatbelt in the west; from Esperance in the south through to the inland mulga country north of Kalgoorlie including the KNP as a very small component.

The Great Western Woodlands is an exceptionally well-managed "global biodiversity hotspot" with some 3,500 plant species (half of which are endemic), some 49 mammal species, 14 frog species, 138 reptile species and 215 bird species, all having flourished alongside world-class mining operations for the last 130 years.

Comprehensive KNP flora and fauna surveys by Vale Inco in 2009 and Ardea in 2017 have confirmed environmental sustainability within the "temperate dry laterite" ecosystem.

Mine rehabilitation methodology is facilitated through three decades of WA open pit gold mine operations, and the KNP footprint is minimised through use of mining voids for tailings and mullock (in any event the KNP has a very low strip ratio, thus minimising mullock generation during mining).

The KNP's benign and manageable environmental footprint contrasts strongly with many tropical laterite projects. Such nickel laterite projects that are classified as a "wet tropical laterite" require marine tailings or valley tailings storage with consequent environmental risk (including seismic thixotropy). Additionally, wet tropical laterite production areas commonly involve non-restorable rain forest habitat destruction, which is justifiably a total anathema for OECD battery metal end-users.

Ardea Bulong nickel and gold area M25/151.
The immediate area was subject to intense alluvial dry-blower gold mining in the 1890s and 1930s with total flora denudation.

WA Nickel Sulphide and Gold projects

Ardea's extensive and strategic land holding in the Eastern Goldfields of WA covers over 4,300km^2 and in addition to the globally significant KNP nickel-cobalt-scandium resource, is highly prospective for nickel sulphide, Critical Minerals, and gold.

Ardea Nickel Sulphide Strategy

Ardea's principal focus continues to be the development of the KNP. However, Ardea's strategic tenure in the heart of the Eastern Goldfields of Western Australia is also highly prospective for nickel sulphide which is mined extensively throughout the region.

The KNP nickel sulphide targets are a valuable asset in a region of multiple nickel sulphide concentrators, with some constrained by insufficient feed availability.

Ardea controls an extensive holding of ultramafic stratigraphy which hosts the KNP nickel laterite resources (Figure 4). This same tenure is highly prospective for both Kambalda style komatiite lava flow and Nova-Julimar style intrusive-related nickel sulphide mineralisation. It is important to note that any nickel sulphide discovery has the potential to be processed supplementary to laterite mineralisation through the autoclave planned for Goongarrie.

Although sulphides would only be processed in limited quantities relative to the lateritic throughput, they have the added benefit of helping control autoclave oxidising potential, assisting exothermic reaction kinetics (reduce autoclave steam heating requirement), and typically improving overall nickel recoveries. An additional bonus is that metal concentrations considered deleterious to conventional nickel sulphide flotation concentrator processing (and that have historically curtailed development of several Eastern Goldfields deposits) do not affect the HPAL process, opening the possibility of mineral extraction from nickel sulphide deposits that may otherwise be overlooked.

During 2021, Ardea's nickel sulphide work included diamond drilling at Emu Lake, RC drilling at Highway and Black Range, and multiple surface and down-hole geophysical programs.

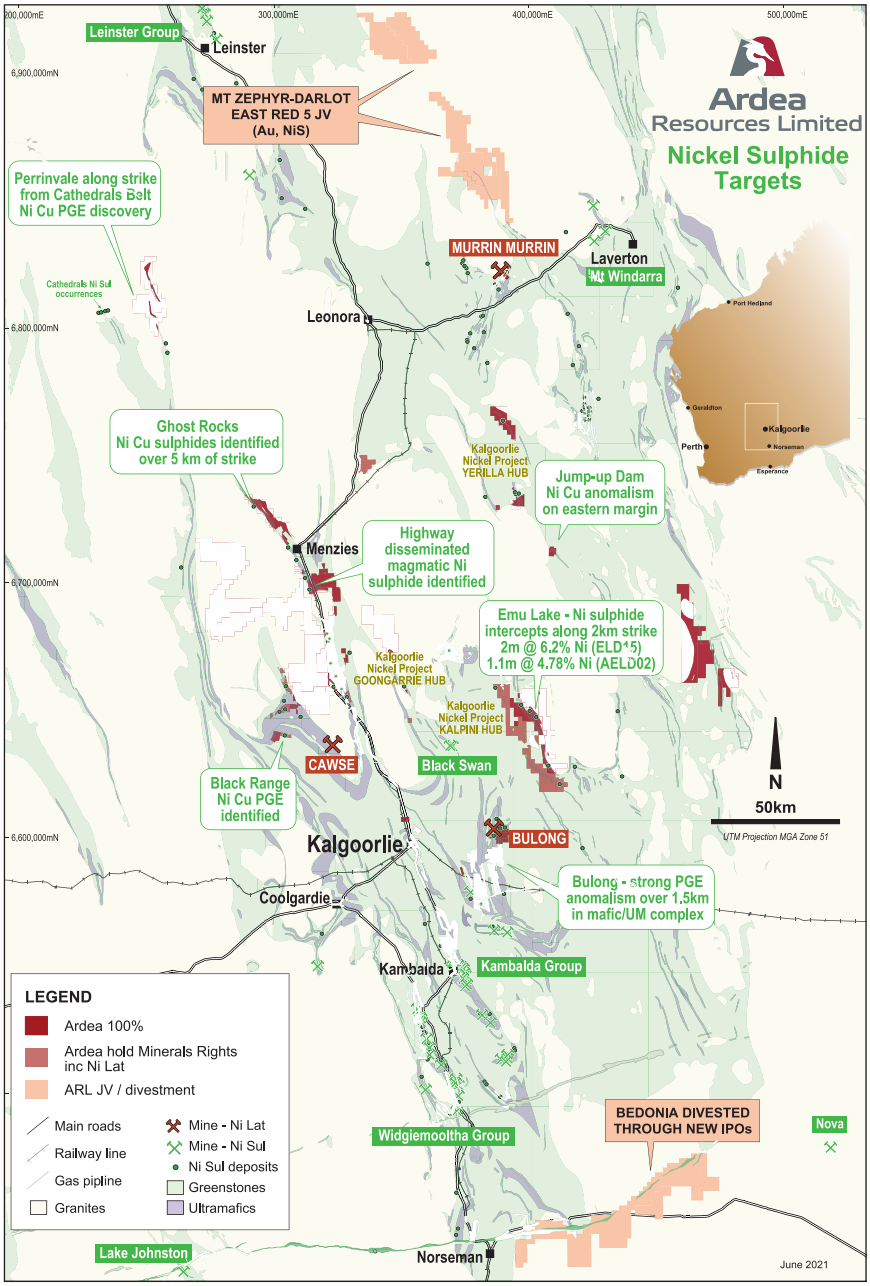


Figure 4: Ardea tenement location plan highlighting tenements and nickel sulphide prospectivity.

For personal use only

Emu Lake Nickel Sulphide and Gold Prospect

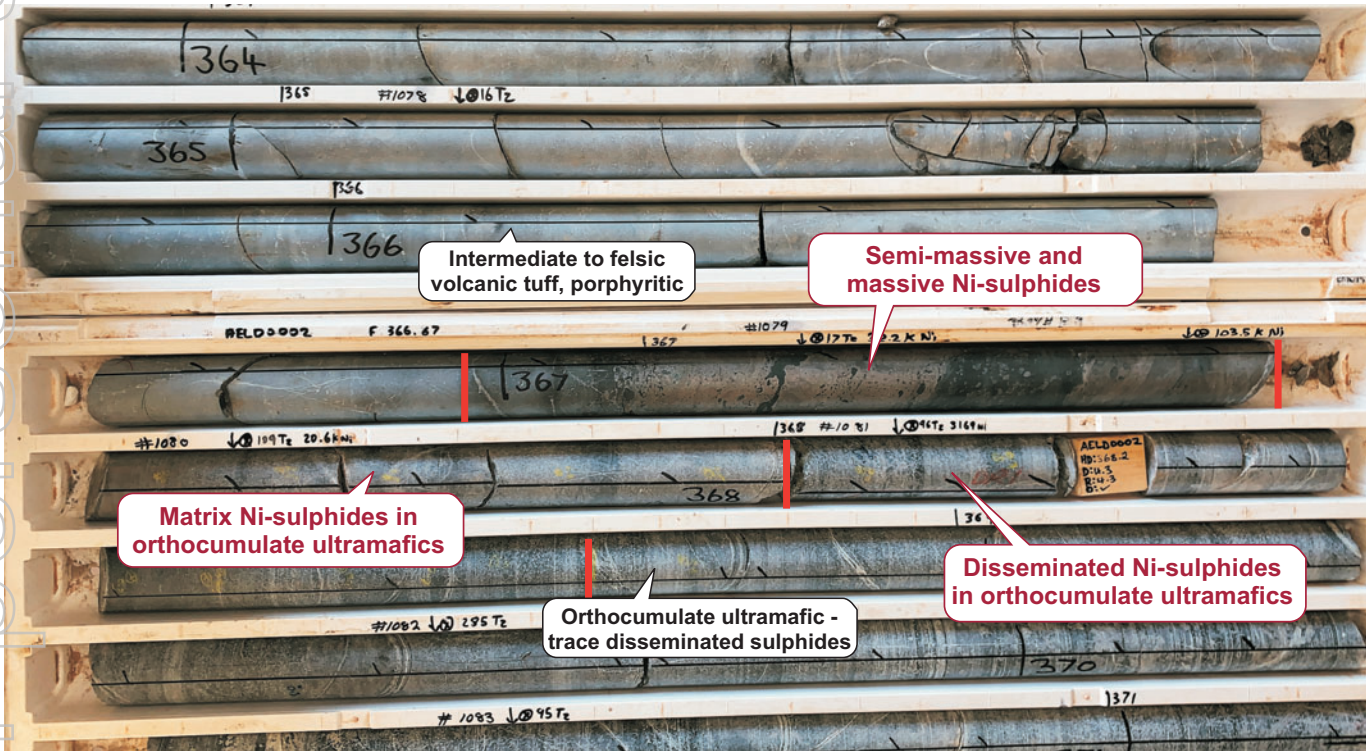
The Kalpini Nickel Project extends over 240km^2 and hosts 75Mt at 0.73% nickel and 0.044% cobalt occurring as lateritic nickel mineralisation (Ardea ASX announcement, 16 June 2021). The leading Ardea nickel sulphide target at Kalpini, Emu Lake, is located 70km north-east of Kalgoorlie (Figure 4). This strategic tenement package contains an Eastern and Western Ultramafic belt each with 20km of strike of prospective nickel sulphide ultramafic stratigraphy held 100% by Ardea and mostly within granted mining leases. The project is located 35km east of the Black Swan Nickel Project, owned by Poseidon Nickel Ltd, within a comparable parallel komatiite volcanic belt.

Recent Ardea drilling (ASX release 10 June and 13 July 2021) has intersected a semi-massive basal contact nickel sulphide occurrence in diamond drillhole AELD0002 and returned assays of:

- **1.1m @ 4.78% Ni**, 0.16% Cu, 0.47g/t Pt, 0.20g/t Pd from 366.9m downhole **consisting of semi-massive and matrix-style nickel sulphides, within a broader zone of:**
- **4.8m @ 1.44% Ni** and 0.09% Cu, 0.20g/t Pt, 0.09g/t Pd from 365.9m depth.

This represents one of the best nickel sulphide intercepts historically at Emu Lake (Figure 5) and demonstrates the prospectivity of this new more westerly ultramafic position that has received little attention in the past. Most previous drilling has been concentrated on the Binti Main zone to the north and east with historic intersections of remobilised stringers of nickel sulphide.

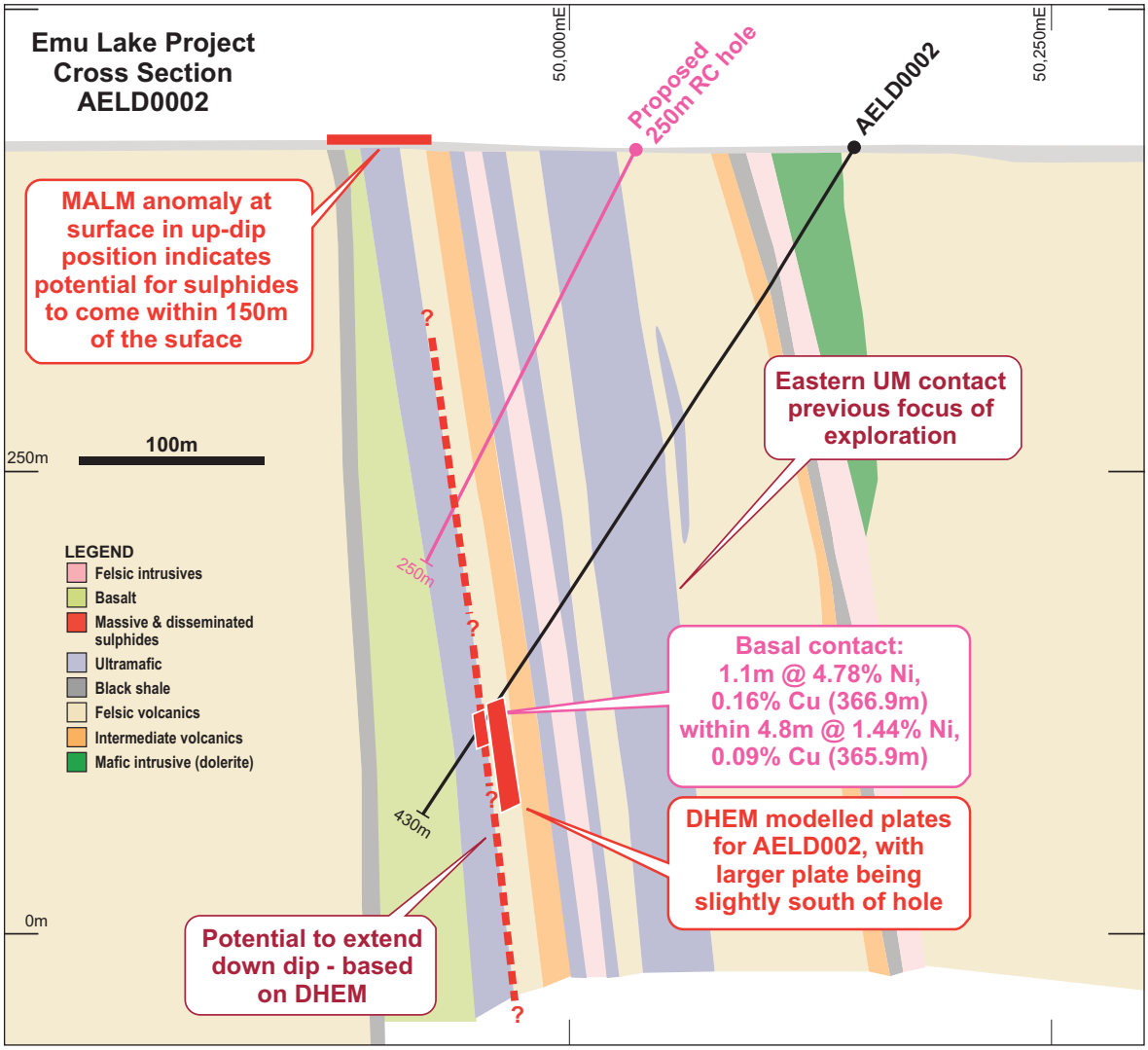
Figure 5: Ardea diamond drill hole, AELD0002 showing massive (top) and disseminated (bottom) sulphides and assay results.



For personal use only

As shown in the below figure (Figure 6), the stratigraphy is dipping steeply east and has been slightly overturned with the way-up to the west. Following the AELD0002 intersection, Ardea completed a Mise a la Masse (**MALM**) geophysical survey, defining a potential anomaly. A single RC drillhole was completed with results awaited.

Figure 6: Emu Lake cross section looking north showing trace of drill hole, AELD0002, and interpreted geology with the new nickel sulphide zone on the western ultramafic unit. The MALM anomaly at surface indicates potential for the nickel sulphide horizon to extend to approximately 150m of the surface.

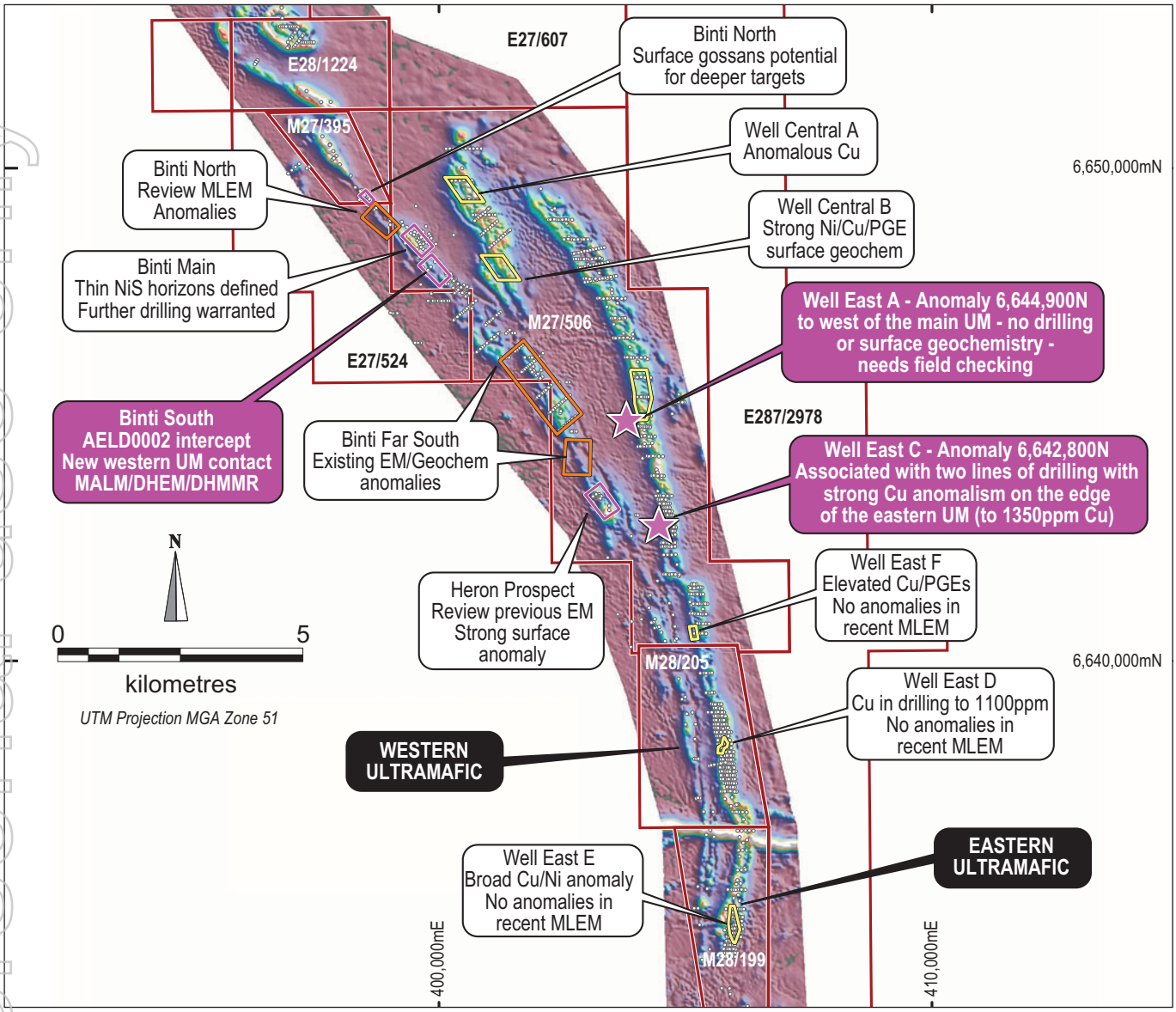


MLEM Surveys

Two anomalies associated with recent surface moving loop electromagnetic (**MLEM**) surveys are being followed up on the Eastern Ultramafic unit at Kalpini (see Figure 7 for location). These anomalies have been geophysically modelled as relatively short strike length conductive plates directly west of the nickel laterite drilling where little surface data exists. The southern anomaly is associated with a strong copper anomaly in the nickel laterite drilling in this area with results up to 0.13% copper over 2m in two drillholes, 80m apart along strike. Other nickel sulphide targets in the broader Kalpini area are also shown in Figure 7 and highlight the large number of targets and prospectivity of the Kalpini Project.

For personal use only

Figure 7: Nickel sulphide targets in the Emu Lake and broader Kalpini project area. Showing the two recent MLEM targets on the Eastern Ultramafic and the location of the recent significant nickel sulphide drilling intercept (AELD0002). MGA Zone 51 projection.



Goongarrie Hub, well serviced by road and rail insfrastructure

For personal use only

For personal use only

Bardoc Tectonic Zone Nickel Sulphide

Exploration to unlock the nickel sulphide potential throughout Ardea's ground holding in the Bardoc Tectonic Zone (**BTZ**) continued during 2021 with the assistance of a dedicated nickel sulphide expert. The Company also accelerated research work with the CSIRO to further assess the ultramafic sequences of the KNP, where nickel sulphide mineralisation, if it exists, would be located in undrilled fresh rock beneath the lateritic deposits. Using various geochemical markers and re-evaluating historical geophysical data, new targets are being developed for potential drill testing.

Ardea gold strategy

Nickel laterite by definition will be localised upon crustal-scale Tectonic Zones (**TZ**), which structures control geological events from initial olivine komatiite rift volcanism, epiclastic sedimentation, Layered Mafic Complex emplacement, late stage diorite intrusion and finally through to the late stage crustal convective cells responsible for orogenic gold deposition.

The TZs are exceptional greenfields gold targets. The Bardoc Tectonic Zone (**BTZ**) is the northern strike continuation of the Boulder Lefroy TZ, which hosts major gold camps at Kalgoorlie-Boulder (>80Moz gold), New Celebration (3.2Moz) and the St Ives (6.5Moz).

Despite the obvious gold pedigree of Ardea's tenure, during the last 23 years it has been solely developed as a nickel-cobalt laterite project, with ownership and control successively by Heron Resources and then Vale Inco (**PFS 2009**). There has been no systematic and modern gold exploration.

With Ardea's acquisition of the project in 2017, for the first time in two decades, systematic gold evaluation commenced, through Ardea's gold and multi-element pathfinder assay suite and detailed geophysical data interpretation to help "see" through the cover blanket laterite and lake sediments.

In terms of developing a gold exploration model, Ardea's approach has highlighted the presence of intense deformation, iron-rich dolerite, and late-stage diorite intrusives within the Goongarrie Hub and other project areas, all the key elements for significant gold mineralisation within Kalgoorlie-Boulder's Eastern Goldfields gold province.

The current focus is on simplifying the project portfolio with the proposed spin-out of its Kalgoorlie region gold tenements into a new Initial Public Offering (**IPO**) named **Kalgoorlie Gold Mining Limited (KalGold).**

KalGold will offer existing Ardea shareholders, and new subscribers to the IPO, exposure to a publicly-listed company with a portfolio of gold exploration assets in the highly gold-prospective Kalgoorlie region of the Eastern Goldfields, WA.

Highlights of the proposed IPO include (ASX release 24 August 2021):

- Ardea Shareholders to receive an ***in-specie*** **distribution of 35 million KalGold vendor shares at nil cost**, plus have a priority right to subscribe for KalGold IPO shares.
- The capital raise to include the issue of up to 60 million new fully paid ordinary shares in KalGold at an issue price of $0.20 per share, raising up to **$12 million for exploration and development** before IPO costs.
- A portfolio of **1,077km^2** in **73 tenements with multiple gold drill targets within 150km of Australia's gold capital, the City of Kalgoorlie Boulder**, universally accepted as Australia's premium gold destination.
- Leveraging off an established **operations team based in West Kalgoorlie** to quickly advance targets post IPO towards production, notably at Bulong.

For personal use only

COMPLIANCE STATEMENT (JORC 2012)

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

1. Kalgoorlie Nickel Project on 21 October 2013 and 31 July 2014, October 2016, 2016 Heron Resources Annual Report and 6 January 2017.
2. KNP Cobalt Zone Study on 7 August 2017, PFS 28 March 2018 and Expansion Study 24 July 2018.
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.
5. Ardea Annual Report 2019, 24 October 2019.
6. Significant gold exploration results from new target at Goongarrie, 26 June 2020.
7. CSIRO research project commences to define gold behaviour within the critical mineral deposits of the Goongarrie Nickel Cobalt Project, 12 August 2020.
8. Significant gold in first RC drilling at Aphrodite North, 13 August 2020.
9. Ardea BTZ gold exploration success at Lady Charlotte, 24 August 2020.
10. Ardea Annual Report 2020, 29 September 2020.
11. Nickel Sulphide Targets within the Ardea Tenement Portfolio including KNP, 30 September 2020.
12. "Lily Albany" gold discovery confirmed by RC drilling at Aphrodite North, 29 October 2020.
13. High-grade, shallow gold discovery at Zeus, 10m at 13g/t gold, 9 November 2020.
14. Free Milling Gold confirmed for Lily Albany Discovery, 25 November 2020.
15. Ardea commences nickel sulphide core drilling at Emu Lake, 30 November 2020.
16. Tenement Sale and Purchase Agreement signed with Moneghetti Minerals over Bedonia East, 9 February 2021.
17. GNCP High Grade Resource - 60 million tonne at 1.0% Nickel Sustainable Long-life Battery Metal Resource Confirmed, 15 February 2021.
18. Tenement Sale and Purchase Agreement signed with Larvotto Resources over Bedonia West, 26 February 2021.
19. Ardea confirms Nickel Sulphide Drill Target within the Kalgoorlie Nickel Project, 2 March 2021.
20. Emu Lake Nickel Sulphide Target: Diamond Core Drilling Commences, 30 March 2021.
21. Compelling nickel-copper-platinoid sulphide drill target defined at Black Range, 19 April 2021.
22. Basal contact nickel sulphide intersected at Ardea's Emu Lake, 27 April 2021.
23. KNP Highway and Black Range - Nickel Sulphide Drilling Commences, 21 May 2021.
24. High-grade shallow gold intercepts continue at Lady Charlotte, Goongarrie BTZ, 26 May 2021.
25. CSIRO/Ardea research at Goongarrie BTZ – insights for nickel sulphide and gold targets, 27 May 2021.
26. Kalgoorlie Nickel Project – Feasibility Study Underway, 31 May 2021.
27. Kalgoorlie Nickel Project – Additional Tenure Purchase, 7 June 2021.
28. Semi-massive nickel sulphide intercept at Emu Lake, 10 June 2021.
29. Highway Nickel Deposit - Mineral Resource Estimate, 16 June 2021.
30. BTZ gold update – multiple gold intercepts adjoining the nickel-cobalt deposits, 22 June 2021.
31. Successful A$5.7M Capital Raising to Fund Kalgoorlie Nickel Project Feasibility Work, 28 June 2021.
32. Cleansing notice and Application for quotation of securities, 6 July 2021.
33. Nickel Sulphide Exploration Update - Emu Lake, 13 July 2021.

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 are subject to new work programs, notably drilling, metallurgy and JORC Code 2012 resource estimation as applicable.

The information in this report that relates to Exploration Results and Resource Estimates for the Goongarrie Nickel Cobalt Project 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, Resource Estimates 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 activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Buchhorn consents to the inclusion in this report of the matters based on his information in the form and context that it appears. Mr Buchhorn owns shares in Ardea.

The exploration and industry benchmarking summaries are based on information reviewed by 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 press release and consents to the inclusion in this report of the information in the form and context in which it appears. Mr Penkethman owns shares in Ardea.

ASX CHAPTER 5 COMPLIANCE AND PFS CAUTIONARY STATEMENT

The Company has concluded that it has a reasonable basis for providing the forward-looking statements and forecast financial information included in this announcement. The detailed reasons for that conclusion are outlined throughout this announcement and all material assumptions, including the JORC modifying factors, upon which the forecast financial information is based are disclosed in this announcement. This announcement has been prepared in accordance with the JORC Code (2012) and the ASX Listing Rules.

The actual results could differ materially from a conclusion, forecast or projection in the forward-looking information. Certain material factors were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information.

The Goongarrie Nickel Cobalt Project is at the PFS phase and although reasonable care has been taken to ensure that the facts are accurate and/or that the opinions expressed are fair and reasonable, no reliance can be placed for any purpose whatsoever on the information contained in this document or on its completeness. Actual results and developments of projects and the scandium market development may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.

A key conclusion of the PFS and Expansion Study, which are based on forward looking statements, is that the Goongarrie Nickel Cobalt Project is considered to have positive economic potential.

The Mineral Resource used for the PFS was classified under JORC 2012 Guidelines and announced by the Company on 14 March 2018. The cut-off grades adapted for the PFS are the basis of the production target assumed for the PFS.

The Company believes it has a reasonable basis to expect to be able to fund and further develop the Goongarrie Nickel Cobalt Project. However, there is no certainty that the Company can raise funding when required.

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 programs, 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, 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

For personal use only

For personal use only

Ardea Resources Limited

ABN 30 614 289 342

Financial Statements for the year ended 30 June 2021

For personal use only

The Directors present their report on Ardea Resources Limited and the entities it controlled at the end of and during the year ended 30 June 2021 ("financial period").

DIRECTORS & SENIOR MANAGEMENT

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

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

Matthew 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 Bardoc Tectonic Zone gold. Mr Longworth 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 and 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, exploration, discovery, 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 battery minerals, base metals, gold 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 has no other listed 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. 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).

Former Directors
Katina Law – B.Com., CPA, MBA, GAICD - Executive Chair appointed 7 November 2016 and resigned 31 July 2020
Wayne Bramwell – BSc, GradDipBus. MSc, GAICD - Non-Executive Director appointed 29 January 2018 and resigned 15 July 2020

For personal use only

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 25 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 30 June 2021 of $2,298,543 (2020 - $2,077,527).

Ardea is a battery minerals Company focused on the development of the Kalgoorlie Nickel Project (**KNP**). The KNP is comprised of a series of major undeveloped nickel-cobalt-scandium laterite deposits, which total **830Mt at 0.71% Ni and 0.046% Co (5.9Mt contained nickel metal, 384kt contained cobalt metal** – ASX release 16 June 2021). All KNP projects are located within 150km of the regional mining hub of the City of Kalgoorlie-Boulder, Western Australia.

Western Australia

Kalgoorlie Nickel Project (KNP) and Goongarrie Hub
The key objective for Ardea is developing a nickel-cobalt mining operation at the Goongarrie Hub within the KNP which produces sustainable and ethical minerals for the rapidly growing Lithium Ion Battery (**LIB**) supply chain.

The Goongarrie Hub is located 70km northwest of the mining city of Kalgoorlie-Boulder and is Ardea's most advanced project, within the broader KNP. Resources from the Goongarrie and Highway deposits are planned to be the base load feed for a High-Pressure Acid Leach (HPAL) plant with supporting Atmospheric Leach (AL) circuit, located at Goongarrie South. The resources at Goongarrie South are dominantly the premium goethite style and extend continuously over 25km of strike. At Goongarrie Hill, 6km north of the planned Goongarrie plant site and extending over a strike length of 5km, and at Highway, 30km north, extending over a strike length of 6km, the dominant ore types are magnesium-rich serpentine styles, being suited to AL processing. All Goongarrie Hub resources are located on granted mining leases with Native Title Agreement in place and tenure 100%-controlled by Ardea. The KNP resource category breakdown is as follows:

Resource Estimate for the KNP based on a 0.5 % nickel cut-off. Note that all values have been rounded appropriate to their deemed accuracy.

Resource Category	Quantity (Mt)	Nickel (%)	Cobalt (%)	Contained nickel (kt)	Contained cobalt (kt)
Measured	22	0.94	0.079	207	17
Indicated	357	0.72	0.047	2,584	168
Inferred	452	0.68	0.044	3,088	199
KNP Total Resources	**830**	**0.71**	**0.046**	**5,879**	**384**

For personal use only

Drilling
During the 2021 financial year, 255 drill holes were completed for 22,114.7m on KNP tenements.
112 air core holes were drilled for 4,243m on a combination of Goongarrie Hub site infrastructure and hydrogeology targets. 138 reverse circulation holes for 15,762m were drilled on a combination of site infrastructure, nickel sulphide and gold targets. Five core holes were drilled for 2,109.7m on a combination of site infrastructure, nickel sulphide and gold targets.
Ardea's standard multi-element geochemical samples were taken from all drilling completed to maximise knowledge gained from this drilling, so that the Company can consider all mineral potential, with a priority on nickel and other Critical Minerals occurring within the KNP.

Metallurgy
Metallurgical drilling is currently in progress at the Goongarrie Hub with significant additional test work planned during the 2022 financial year as part of ongoing feasibility study work streams. This work will build upon work already completed such as the successful completion of a pilot plant program which produced high specification Mixed Sulphide Product and nickel and cobalt sulphate in 2018 for use in cathodes for Electric Vehicle and Static Storage batteries. The flow sheet has continued to evolve to ensure sustainable and ethical mineral supply and to maximise resource utilisation. The KNP will initially produce Mixed Hydroxide Product (MHP) and following attainment of steady production, can potentially produce Precursor Cathode-Active Material (PCAM) for the LIB sector. PCAM production will be assessed during 2022 as part of Ardea's membership of the FBICRC.

Approvals
Referral to EPA is linked to completion of the Goongarrie Hub DFS.

Definitive Feasibility Study, Goongarrie Hub
The completion of the Definitive Feasibility Study is linked to the in progress metallurgical test work. Feasibility Study work completed to date supports a robust project development:

- Pre-Feasibility Study, lodged 28 March 2018, based on a production rate up to 1.5Mtpa;

Case	Pre-tax NPV_8	Post-tax NPV_8	IRR	Payback
1.0Mtpa	A$1.43 billion	A$1.04 billion	25 %	5.3 years
1.5Mtpa	A$1.93 billion	A$1.40 billion	25 %	5.6 years

- Expansion Study, lodged 24 July 2018, based on a production rate up to 2.25Mtpa;

Case	Pre-tax NPV_8	Post-tax NPV_8	IRR	Payback
2.25Mtpa	A$3.1 billion	A$2.3 billion	27 %	5.1 years

- As part of the completion of the DFS an updated Ore Reserve will be defined based on the Mineral Resource Estimate updates completed on the Goongarrie and Highway deposits during 2021, that include a high grade core of **78 million tonnes at 1.0% nickel and 0.069% cobalt (784kt contained nickel metal, 54kt contained cobalt metal** – ASX release 16 June 2021). This material is planned to be the dominant plant feed to maximise nickel and cobalt production.

Mineral Resource Estimate for the Goongarrie Hub deposits, Highway and Goongarrie (ASX release 15 February and June 16, 2021) using a 0.8% Ni cut-off grade. Note that all values have been rounded appropriate to their deemed accuracy.

Resource Category	Quantity (Mt)	Nickel (%)	Cobalt (%)	Contained nickel (kt)	Contained cobalt (kt)
Measured	11.0	1.13	0.106	125	11.6
Indicated	56.5	0.98	0.066	556	37.1
Inferred	10.8	0.95	0.051	103	5.6
KNP Total Resources	**78.3**	**1.00**	**0.069**	**784**	**54.3**

For personal use only

CORPORATE AND FINANCIAL POSITION

As at 30 June 2021 the Consolidated Entity had cash reserves of $5.7 million (2020 - $10 million).

RISK MANAGEMENT

The Board is responsible for the oversight of the Consolidated Entity's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management with the Managing Director (or equivalent) having ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk to the Consolidated Entity are highlighted in the Business Plan presented to the Board by the Managing Director (or equivalent) each year.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of operations and the financial position of the Consolidated Entity.

EARNINGS/LOSS PER SHARE	**2021**	**2020**
	Cents	**Cents**
Basic loss per share	(1.84)	(1.81)
Diluted loss per share	(1.84)	(1.81)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors the following significant changes in the state of affairs of the Consolidated Entity that occurred during the financial period under review:

- During the year there were 7,446,811 new shares issued as a Placement to Sophisticated Investors at 47 cents per share to raise funds of $3,500,000;
- The Company also completed a successful Share Purchase Plan which resulted in the issue of 2,923,336 new shares at 47 cents per share to raise funds of $1,373,968;
- Subsequent to the end of the financial year, the Company issued 10,363,637 new shares at 55 cents per share on 6 July 2021 as a Placement to Sophisticated Investors to raise funds of $5,700,000.

OPTIONS/PERFORMANCE RIGHTS OVER UNISSUED CAPITAL

Unlisted Options

There were no Options issued during the year or on issue at 30 June 2021 (2020 – Nil).

Performance Rights

As at 30 June 2021 there were 4,236,000 Performance Rights on issue. During the year the Company issued 2,610,000 Performance Rights to Directors and Employees under the Ardea Performance Rights Plan that was approved at the 2020 AGM. 2,850,000 Performance Rights lapsed without achieving the hurdle or following employees leaving the Company. Subsequent to the end of the financial year a further 431,000 Performance Rights have been issued.

For personal use only

CORPORATE STRUCTURE

Ardea Resources Limited (ACN 614 289 342) is a Company limited by shares that was incorporated on 17 August 2016 and is domiciled in Australia.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen since the end of the financial period 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 the following:

On 6 July 2021 the company completed an equity raising to institutional and sophisticated investors where the Company issued 10,363,637 new shares at 55 cents per share to raise funds of $5,700,000.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Consolidated Entity are included elsewhere in this Annual Report. Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors, to do so would be likely to prejudice the business activities of the Consolidated Entity.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities. So far as the Directors are aware there has been no known breach of the Consolidated Entity's licence conditions and all exploration activities comply with relevant environmental regulations.

INFORMATION ON DIRECTORS

As at the date of this report the Directors' interests in shares and unlisted performance rights of the Consolidated Entity are as follows:

Director	Title	Directors' Interests in Ordinary Shares	Directors' Interests in Performance Rights
Mathew Longworth	Non-Executive Chair Appointed on 21 July 2020	-	400,000
Andrew Penkethman	Managing Director Appointed 5 February 2020	123,829	1,300,000
Ian Buchhorn	Non-Executive Director Appointed on 17 August 2016	12,830,585	800,000

DIRECTORS' MEETINGS

The number of meetings of the Consolidated Entity's Directors held in the period each Director held office during the financial period and the numbers of meetings attended by each Director were:

Director	Board of Directors' Meetings	
	Meetings Attended	*Meetings held while a director*
Mathew Longworth (appointed 31/7/2020)	11	11
Andrew Penkethman	12	12
Ian Buchhorn	12	12
Katina Law (resigned 31/7/2020)	1	1
Wayne Bramwell (resigned 3 July 2020)	-	-

In addition to the above there were 2 Audit Committee Meetings and 1 Remuneration Committee Meeting held with the full board in attendance at each Meeting.

For personal use only

REMUNERATION REPORT

Recommendation 8.1 of the *ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition)* states that the Board should establish a Remuneration Committee. The Board has formed the view that given the number of Directors on the Board, this function could be performed just as effectively with full Board participation. Accordingly, it was resolved that there would be no separate Board sub-committee for remuneration purposes and Remuneration Committee meetings would be made up of the full board.

This report details the amount and nature of remuneration of each Director of the Consolidated Entity and executive officers of the Consolidated Entity during the period.

Overview of Remuneration Policy

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and the executive team. The broad remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide the Managing Director and the executive team with a remuneration package consisting of a fixed and variable component that together reflects the person's responsibilities, duties and personal performance. An equity based remuneration arrangement for the Board and the executive team was put in place following the 2017 AGM approval and updated at the 2020 AGM. The remuneration policy is to provide a fixed remuneration component and short term incentive payments with a specific equity related component, with performance conditions. The Board believes that this remuneration policy is appropriate given the stage of development of the Consolidated Entity and the activities which it undertakes and is appropriate in aligning Director and executive objectives with shareholder and business objectives.

The remuneration policy in regard to setting the terms and conditions for the Managing Director has been developed by the Board taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

Directors receive a superannuation guarantee contribution required by the government, which is currently 10% per annum (9.5% up to 30 June 2021) and do not receive any other retirement benefit. Some individuals, however, have chosen to sacrifice part or all of their salary to increase payments towards superannuation.

All remuneration paid to Directors is valued at cost to the Consolidated Entity and expensed. Options and Performance Rights are valued using either the Black-Scholes methodology or the Binomial model. In accordance with current accounting policy the value of these options is expensed over the relevant vesting period.

Non-Executive Directors

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting and was approved at a maximum of $500,000 at the 2017 AGM. Actual remuneration paid to the Consolidated Entity's Non-Executive Directors is disclosed below. Remuneration fees for Non-Executive Directors are not linked to the performance of the Consolidated Entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Consolidated Entity and it is intended all will receive options or performance rights.

Senior Executives and Management

The Consolidated Entity aims to reward executives with a level of remuneration commensurate with their position and responsibilities within the Consolidated Entity so as to:

- Reward executives for Consolidated Entity and individual performance against targets set by reference to appropriate benchmarks;
- Reward executives in line with the strategic goals and performance of the Consolidated Entity; and
- Ensure that total remuneration is competitive by market standards.

Structure

Remuneration consists of the following key elements:

- Fixed remuneration;
- Issuance of unlisted options/performance rights; and
- Short term incentive payments.

For personal use only

Fixed Remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis including any employee benefits eg. motor vehicles) as well as employer contributions to superannuation funds.

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Remuneration packages for the staff who report directly to the Managing Director (or equivalent) are based on the recommendation of the Managing Director (or equivalent), subject to the approval of the Board in the annual budget setting process.

Service Agreements

Mr Andrew Penkethman was appointed as Chief Executive Officer on 1 April 2019 and Managing Director on 5 February 2020 and is employed under an executive services agreement on a salary of $290,000 plus statutory superannuation and short and long term incentives (increased to $350,000 in June 2021). He was awarded 1,200,000 Performance Rights in 3 equal tranches by the board on 7 July 2019 under the Employee Share Option Scheme that was approved at the 2017 AGM, and a further 500,000 Performance Rights following approval at the 2020 AGM. The agreement is subject to a mutual 3 month notice period.

Mr Ian Buchhorn was appointed as an Executive Director - Technical on 8 September 2017 and is employed under an executive services agreement on a salary of $330,000 plus statutory superannuation and short and long term incentives (subsequently reduced to 80%). He was awarded 900,000 Performance Rights in 3 equal tranches that were approved by shareholders at the 2017 AGM, a further 400,000 Performance Rights approved at the 2019 AGM, and a further 400,000 Performance Rights approved at the 2020 AGM. Of these the first tranche of 300,000 was converted into fully paid ordinary shares in 2018 after achieving the performance hurdle, and the 2nd and 3rd tranches expired without achieving the performance hurdle. The balance of 800,000 performance rights remain on issue subject to performance hurdles. The agreement is subject to a mutual 3 month notice period.

Details of the nature and amount of each element of the remuneration of each Director and Executive Officer of Ardea Resources Limited paid/accrued during the financial period are as follows:

	Primary		Post Employment	Equity Compensation	
2020/2021	**Base Salary/Fees $**	**Bonus $**	**Superannuation Contributions $**	**Performance Rights $**	**Total $**
Directors					
M Longworth – Non-Executive Chair (i)	70,625	-	-	16,495	87,120
A Penkethman – Managing Director (ii)	297,250	45,000	28,238	70,596	441,084
I Buchhorn – Executive	270,600		25,707	72,082	368,389
K Law – Non-Executive Chair (iii)	33,333	-	-	-	33,333
W Bramwell – Non-Executive (iv)	20,000	-	-	-	20,000
Executives					
S Middlemas - Company Secretary (v)	87,000			9,065	96,065
2019/2020					
Directors					
K Law – Executive Chair (iii)	128,333			59,191	187,524
A Penkethman – Managing Director (ii)	268,000	37,500	25,460	49,953	380,913
I Buchhorn – Executive	313,500		29,782	59,191	402,473
W Bramwell – Non-Executive (iv)	57,000		3,325	40,077	100,402
Executives					
S Middlemas - Company Secretary (v)	98,250			18,187	116,437

(i) Mr Longworth was appointed Non-Executive Chair on 31 July 2020.
(ii) Mr Penkethman was appointed CEO on 1 April 2019 and was appointed Managing Director on 5 February 2020.
(iii) Ms Law was appointed Non-Executive Chair on 7 November 2016, and moved into an executive role in July 2018 until February 2019, and resigned from the board on 31 July 2020. All fees were paid to her Consulting Company Fitzroy Consulting Services.
(iv) Mr Bramwell was appointed as a Non-Executive Director on 29 January 2018 and resigned from the board on 3 July 2020. Fees were paid to his Consulting Company Sabre Investments from February 2020.
(v) Mr Middlemas was appointed Company Secretary on 20 October 2016. All fees for providing Company Secretarial services were paid to Sparkling Investments Pty Limited.

Other than the Directors and executive officers disclosed above there were no other executive officers who received emoluments during the financial period ended 30 June 2021.

The Managing Directors cash bonus was paid in June 2021 and represented 90% of the available bonus of $45,000 based on the number of KPIs achieved (the remainder of the bonus lapsed). The KPIs have been updated for 2021/22 in line with operating and market conditions that have been set by the full Board.

For personal use only

Performance Rights issued during the current financial period

During the current financial year the Company issued a further 2,610,000 Performance Rights to Directors and Employees under the Ardea Performance Rights Plan that was approved at the 2020 AGM. The Performance Rights convert into fully paid ordinary shares for $Nil consideration upon the attainment of the following performance hurdles:
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.
Class 'H' 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 'I' Performance Rights: upon the Company's Shares reaching a 30 day VWAP which is equal to or greater than $0.91 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.

During the financial year 2,085,000 Performance rights lapsed without the hurdle being achieved and a further 765,000 Performance rights lapsed following employees leaving the Company.

Subsequent to year end, there have been a further issue of 431,000 Performance rights that were issued to employees and consultants of the Company.

The Performance Rights issued during the financial year were valued using a hybrid employee share option pricing model that simulates the Company's share price at the expiry date.

The variables used to value the Performance Rights are as follows:

Item	Class D	Class E	Class F	Class G	Class H	Class I
Underlying Security	$0.365	$0.365	$0.69	$0.69	$0.46	$0.46
Exercise Price	Nil	Nil	Nil	Nil	Nil	Nil
Share Price Barrier	$0.60	$0.77	$0.93	$1.12	$0.77	$0.91
Grant Date	2 Jul 19	2 Jul 19	2 Dec 19	2 Dec 19	3 Dec 20	3 Dec 20
Expiration Date	31 Dec 21	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 22	31 Dec 23
Life of Rights (years)	2.5	3.5	2	3	2	3
Volatility	100%	100%	100%	100%	100%	100%
Risk free rate	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%

The likelihood of achieving each of the Performance hurdles was then considered leading to a value for the Class D Performance Rights of 17.15 cents (total $169,957), the value of the Class E Performance Rights of 19.72 cents (total $78,880) the value of the Class F Performance Rights of 31.4 cents (total $157,000) and the value of the Class G Performance Rights of 36.28 cents (total $181,400), the value of the Class H Performance Rights of 18.27 cents (total $238,424) and the value of the Class I Performance Rights of 22.08 cents (total $288,144). These values will be expensed over the life of the Performance rights, and will be reassessed at each audit period to ensure the underlying assumptions remain, with adjustments to be made with any changing conditions.

For personal use only

Other Transactions with Directors

The Company rents office and storage facilities in Kalgoorlie from an entity associated with Executive Director Ian Buchhorn on normal arms length commercial terms. Total rent paid for the financial year was $75,480, (2020 - $75,525).

The Company uses Indigenous Professional Services Pty Ltd (an entity associated with Non-Executive Chair Katina Law) to provide HR consulting work on normal arms length commercial terms. Total paid during the financial year was $2,240 (2020 - $4,000).

Director and KMP Movement in Shares and Performance Rights

The aggregate numbers of shares and performance rights of the Company held directly, indirectly or beneficially by Directors and Executive Officers of the Consolidated Entity or their personally-related entities are as follows:

	Ordinary Shares					Performance Rights[1]			
2021	**Opening**	**Purchases**	**Disposals**	**Closing**		**Opening**	**Issued**	**Expired/ Lapsed**	**Closing**
Mr M Longworth	-	-	-	-		-	400,000	-	400,000
Mr A Penkethman	60,000	63,829	-	123,829		1,200,000	500,000	400,000	1,300,000
Mr I Buchhorn	12,511,440	319,145	-	12,830,585		700,000	400,000	300,000	800,000
Ms K Law	1,008,046	-	1,008,046	-		700,000	-	700,000	-
Mr W Bramwell	10,000		10,000	-		425,000	-	425,000	-
Mr S Middlemas	538,046	35,655	-	573,701		210,000	120,000	150,000	180,000
2020									
Ms K Law	1,008,046		-	1,008,046		600,000	400,000	300,000	700,000
Mr A Penkethman	60,000	-	-	60,000		-	1,200,000	-	1,200,000
Mr I Buchhorn	11,851,440	660,000	-	12,511,440		600,000	400,000	300,000	700,000
Mr W Bramwell	-	10,000	-	10,000		225,000	200,000	-	425,000
Mr S Middlemas	538,046		-	538,046		300,000	60,000	150,000	210,000

(1) Directors and Staff were issued Performance Rights subject to a number of performance hurdles.

INDEMNIFYING OFFICERS AND AUDITOR

During the year the Company paid an insurance premium to insure certain officers of the Consolidated Entity. The officers of the Consolidated Entity covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Consolidated Entity. The insurance policy does not contain details of the premium paid in respect of individual officers of the Consolidated Entity. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Consolidated Entity has not provided any insurance for an auditor of the Consolidated Entity.

AUDITORS' INDEPENDENCE DECLARATION

Section 370C of the *Corporations Act 2001* requires the Consolidated Entity's auditors Butler Settineri (Audit) Pty Limited, to provide the Directors of the Consolidated Entity with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is attached and forms part of this Directors' Report.

NON-AUDIT SERVICES

The external auditors have not undertaken any non-audit work during the financial year.

PROCEEDINGS ON BEHALF OF THE CONSOLIDATED ENTITY

No person has applied for leave of Court to bring proceedings on behalf of the Consolidated Entity or intervene in any proceedings to which the Consolidated Entity is a party for the purpose of taking responsibility on behalf of the Consolidated Entity for all or any part of those proceedings. The Consolidated Entity was not party to any such proceedings during the year.

For personal use only

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Consolidated Entity support and have adhered to the principles of corporate governance. The Consolidated Entity's corporate governance practices have been disclosed in Appendix 4G in accordance with ASX listing rule 4.7.3 at the same time as the annual report is lodged with the ASX. Further information about the Company's corporate governance practices is set out on the Company's web site at www.ardearesources.com.au/corporate-governance. In accordance with the recommendations of the ASX, information published on the web site includes codes of conduct and other policies and procedures relating to the Board and its responsibilities.

DATED at Perth this 24th day of September 2021
Signed in accordance with a resolution of the Directors

Mathew Longworth
Non-Executive Chair

Compliance Statement (JORC 2012)

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

1. *Kalgoorlie Nickel Project on 21 October 2013 and 31 July 2014, October 2016, 2016 Heron Resources Annual Report and 6 January 2017.*
2. *KNP Cobalt Zone Study on 7 August 2017, PFS 28 March 2018 and Expansion Study 24 July 2018.*
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.*
5. *Ardea Annual Report 2019, 24 October 2019.*
6. *Significant gold exploration results from new target at Goongarrie, 26 June 2020.*
7. *CSIRO research project commences to define gold behaviour within the critical mineral deposits of the Goongarrie Nickel Cobalt Project, 12 August 2020.*
8. *Significant gold in first RC drilling at Aphrodite North, 13 August 2020.*
9. *Ardea BTZ gold exploration success at Lady Charlotte, 24 August 2020.*
11. *Nickel Sulphide Targets within the Ardea Tenement Portfolio including KNP, 30 September 2020.*
12. *"Lily Albany" gold discovery confirmed by RC drilling at Aphrodite North, 29 October 2020.*
13. *High-grade, shallow gold discovery at Zeus, 10m at 13g/t gold, 9 November 2020.*
14. *Free Milling Gold confirmed for Lily Albany Discovery, 25 November 2020.*
15. *Ardea commences nickel sulphide core drilling at Emu Lake, 30 November 2020.*
16. *Tenement Sale and Purchase Agreement signed with Moneghetti Minerals over Bedonia East, 9 February 2021.*
17. *GNCP High Grade Resource - 60 million tonne at 1.0% Nickel Sustainable Long-life Battery Metal Resource Confirmed, 15 February 2021.*
18. *Tenement Sale and Purchase Agreement signed with Larvotto Resources over Bedonia West, 26 February 2021.*
19. *Ardea confirms Nickel Sulphide Drill Target within the Kalgoorlie Nickel Project, 2 March 2021.*
20. *Emu Lake Nickel Sulphide Target: Diamond Core Drilling Commences, 30 March 2021.*
21. *Compelling nickel-copper-platinoid sulphide drill target defined at Black Range, 19 April 2021.*
22. *Basal contact nickel sulphide intersected at Ardea's Emu Lake, 27 April 2021.*
23. *KNP Highway and Black Range - Nickel Sulphide Drilling Commences, 21 May 2021.*
24. *CSIRO/Ardea research at Goongarrie BTZ – insights for nickel sulphide and gold targets, 27 May 2021.*
26. *Kalgoorlie Nickel Project – Feasibility Study Underway, 31 May 2021.*
27. *Kalgoorlie Nickel Project – Additional Tenure Purchase, 7 June 2021.*
28. *Semi-massive nickel sulphide intercept at Emu Lake, 10 June 2021.*
29. *Highway Nickel Deposit - Mineral Resource Estimate, 16 June 2021.*
30. *BTZ gold update – multiple gold intercepts adjoining the nickel-cobalt deposits, 22 June 2021.*
31. *Successful A$5.7M Capital Raising to Fund Kalgoorlie Nickel Project Feasibility Work, 28 June 2021.*
32. *Cleansing notice and Application for quotation of securities, 6 July 2021.*
33. *Nickel Sulphide Exploration Update - Emu Lake, 13 July 2021.*

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 are subject to new work programs, notably drilling, metallurgy and JORC Code 2012 resource estimation as applicable.

The information in this report that relates to Exploration Results and Resource Estimates for the Goongarrie Nickel Cobalt Project 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, Resource Estimates 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 activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Buchhorn consents to the inclusion in this report of the matters based on his information in the form and context that it appears. Mr Buchhorn owns shares in Ardea.

The exploration and industry benchmarking summaries are based on information reviewed by 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 press release and consents to the inclusion in this report of the information in the form and context in which it appears. Mr Penkethman owns shares in Ardea.

BUTLER SETTINERI
Real People. Better Business

For personal use only

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Ardea Resources Limited for the year ended 30 June 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 audit; and

b) No contraventions of any applicable code of professional conduct in relation to the audit.

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

BUTLER SETTINERI (AUDIT) PTY LTD

LUCY P GARDNER
Director

Perth
Date: 24 September 2021

Unit 16, First Floor
Spectrum Offices
100 Railway Road
(Cnr Hay Street)
Subiaco WA 6008

Tel : (08) 6389 5222
Fax : (08) 6389 5255
mail@butlersettineri.com.au
www.butlersettineri.com.au

Locked Bag 18
Subiaco WA 6904
Australia

Proactive • Quality • Supportive

Butler Settineri (Audit) Pty Ltd
RCA No. 289109 ABN 61 112 942 373
Liability limited by a scheme approved under Professional Standards Legislation

For personal use only

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2021

	NOTES	2021	2020
		$	$
Other income	2	**188,219**	245,805
Employee expenses		**2,332,968**	2,446,680
Insurance expenses		**51,650**	51,918
Secretarial fees		**79,590**	86,190
Corporate expenses		**278,289**	222,966
Computer support services		**86,104**	86,180
Depreciation	3	**92,089**	125,187
Rent		**106,017**	110,522
Share Based Payments		**243,640**	341,625
Write-off of Exploration Expenditure		**423,675**	2,216,045
Revaluation of Investments		**985,920**	(1,043,613)
Employee costs recharged to capitalised exploration		**(2,461,488)**	(2,573,237)
Other expenses		**268,308**	252,869
Loss before income tax		**(2,298,543)**	(2,077,527)
Income tax	5	**-**	-
Net loss attributable to members of the Consolidated Entity's	14	**(2,298,543)**	(2,077,527)
Other Comprehensive Loss net of tax		**-**	-
Total Comprehensive Loss		**(2,298,543)**	(2,077,527)
Basic earnings/(loss) per share (cents per share)	19	**(1.84) cents**	(1.81) cents
Diluted earnings/(loss) per share (cents per share)	19	**(1.84) cents**	(1.81) cents

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

For personal use only

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	NOTES	2021	2020
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**5,689,762**	10,006,059
Other receivables	6	**1,025,238**	362,045
Lease Assets	6A	**51,787**	69,050
Other assets	7	**19,027**	18,984
TOTAL CURRENT ASSETS		**6,785,814**	10,456,138
NON-CURRENT ASSETS			
Plant and equipment and motor vehicles	8	**35,153**	121,113
Investments	9	**1,326,055**	2,371,976
Lease Assets	6A	**-**	51,788
Capitalised mineral exploration expenditure	10	**27,954,447**	20,496,211
TOTAL NON-CURRENT ASSETS		**29,315,655**	23,041,088
TOTAL ASSETS		**36,101,469**	33,497,226
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	**361,975**	412,870
Lease Liabilities	6A	**51,787**	69,050
Provisions	12	**398,308**	261,043
TOTAL CURRENT LIABILITIES		**812,070**	742,963
NON-CURRENT LIABILITIES			
Lease Liabilities	6A	**-**	51,788
TOTAL CURRENT LIABILITIES		**-**	51,788
TOTAL LIABILITIES		**812,070**	794,751
NET ASSETS		**35,289,399**	32,702,475
EQUITY			
Contributed equity	13(a)	**41,328,919**	36,685,870
Share Based Payment Reserve	15	**4,172,819**	3,930,401
Accumulated losses	14	**(10,212,339)**	(7,913,796)
TOTAL EQUITY		**35,289,399**	32,702,475

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2021

	Notes	Contributed Equity $	Share Based Payment Reserve $	Losses $	Total $
BALANCE AT 30 JUNE 2019		39,897,118	3,588,776	(5,836,269)	37,649,625
Total Comprehensive Income		-	-	(2,077,527)	(2,077,527)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	13(b)	2,788,752	-	-	2,788,752
Return of Capital – Godolphin Resources	13(b)	(6,000,000)	-	-	(6,000,000)
Performance Rights issued to staff		-	341,625	-	341,625
BALANCE AT 30 JUNE 2020		36,685,870	3,930,401	(7,913,796)	32,702,475
BALANCE AT 30 JUNE 2020		**36,685,870**	**3,930,401**	**(7,913,796)**	**32,702,475**
Total Comprehensive Income		**-**	**-**	**(2,298,543)**	**(2,298,543)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	13(b)	**4,873,969**	**-**	**-**	**4,873,969**
Less share issue costs	13(b)	**(230,920)**	**-**	**-**	**(230,920)**
Performance Rights issued to staff		**-**	**242,418**	**-**	**242,418**
BALANCE AT 30 JUNE 2021		**41,328,919**	**4,172,819**	**(10,212,339)**	**35,289,399**

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

For personal use only

For personal use only

CONSOLIDATED STATEMENT OF CASHFLOWS
For the year ended 30 June 2021

	NOTES	2021	2020
		$	$
Cash flows from operating activities			
Interest received		**62,089**	170,889
Other Income		**146,851**	50,000
Payments to suppliers and employees (inclusive of goods and services tax)		**(763,614)**	(311,896)
Net cash used in operating activities	20(a)	**(554,674)**	(91,007)
Cash flows from investing activities			
Payments for exploration and evaluation		**(9,578,518)**	(5,651,379)
Research and development refund received		**1,040,381**	1,969,264
Proceeds (Payments) for investments		**139,594**	(203,063)
Proceeds (Payments) for plant and equipment (net)		**(6,129)**	5,196
Net cash used in investing activities		**(8,404,672)**	(3,879,982)
Cash flows from financing activities			
Proceeds from the issue of shares		**4,874,002**	2,788,753
Costs of shares issued		**(230,953)**	-
Net cash provided by financing activities		**4,643,049**	2,788,753
Net increase (decrease) in cash held		**(4,316,297)**	(1,182,236)
Cash at the beginning of the financial period		**10,006,059**	11,188,295
Cash at the end of the financial period		**5,689,762**	10,006,059

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

For personal use only

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial report of the Company, Ardea Resources Limited and its controlled entities ("Ardea" or "Consolidated Entity"), are stated to assist in a general understanding of the financial report. These policies have been consistently applied as presented, unless otherwise indicated.

Ardea Resources Limited is a Company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the official list of the Australian Securities Exchange. The financial statements are presented in Australian dollars which is the Consolidated Entity's functional currency.

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*.

Ardea Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial report was authorised for issue by the Directors.

(b) Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The only significant estimate in the financial report is the R&D incentive rebate accrued which is based on management's estimate of the eligible expenditure incurred in the year.

(c) Basis of Consolidation

Controlled Entities

The consolidated financial statements comprise the financial statements of Ardea Resources Limited and its subsidiaries as at 30 June 2021.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. The subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity and ceases to be consolidated from the date on which control is transferred out of the consolidated entity.

The acquisition of the subsidiaries have been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of the subsidiaries for the period from their acquisition.

For personal use only

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred asset or liability is recognised in relation to those temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and future tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(e) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(f) Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis.

(g) Employee Entitlements

Liabilities for wages and salaries, annual leave and other current employee entitlements expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

For personal use only

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, Plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property, plant and equipment and Motor Vehicles
Property, Plant and equipment, and Motor Vehicles are stated at cost less accumulated depreciation and any impairment in value.

The carrying values of property, plant and equipment and Motor Vehicles are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

Depreciation
Depreciable non-current assets are depreciated over their expected economic life using either the straight line or the diminishing value method. Profits and losses on disposal of non-current assets are taken into account in determining the operating loss for the year. The depreciation rate used for each class of assets is as follows:

- Plant & equipment and Motor Vehicles 20 - 33%

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. GST incurred is claimed from the ATO when a valid tax invoice is provided. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(j) Payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Contributed Equity

Issued capital is recognised as the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

For personal use only

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Exploration and Evaluation Expenditure

Mineral exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest and is subject to impairment testing. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Where a mineral resource has been identified and where it is expected that future expenditures will be recovered by future exploitation or sale, the impairment of the exploration and evaluation is written back and transferred to development costs. Once production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Costs of site restoration and rehabilitation are recognised when the Consolidated Entity has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Exploration and evaluation assets are assessed for impairment if:

- (i) sufficient data exists to determine technical feasibility and commercial viability, and
- (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then re-classified from intangible assets to mining property and development assets within property, plant and equipment.

(m) Earnings per Share

Basic earnings per share ("EPS") are calculated based upon the net loss divided by the weighted average number of shares. Diluted EPS are calculated as the net loss divided by the weighted average number of shares and dilutive potential shares.

(n) Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework, to identify and analyse the risks faced by the Consolidated Entity. These risks include credit risk, liquidity risk and market risk from the use of financial instruments. The Consolidated Entity has only limited use of financial instruments through its cash holdings being invested in short term interest bearing securities. The primary goal of this strategy is to maximise returns while minimising risk through the use of accredited Banks with a minimum credit rating of A1 from Standard & Poors. The Consolidated Entity has no debt, and working capital is maintained at its highest level possible and regularly reviewed by the full board.

For personal use only

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Leases

The Group as lessee
At inception of a contract, the Group assesses if the contract contains a lease or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate. All lease payments are included in the measurement of the lease liability.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.
Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

(p) Share-based payment transactions

The Company provides benefits to employees (including Directors and consultants) of the Consolidated Entity in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (“Equity–settled transactions”).

There is currently a plan in place to provide these benefits being an Employee Share Option Plan (“ESOP”) which provides benefits to Directors, consultants and senior executives.

The cost of these equity-settled transactions is measured by reference to fair value at the date at which they are granted. The fair value is determined by an external valuer using either the Black - Scholes or Binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Ardea Resources Limited (“market conditions”).

The cost of equity settled securities is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“vesting date”).

Where the Consolidated Entity acquires some form of interest in an exploration tenement or an exploration area of interest and the consideration comprises share-based payment transactions, the fair value of the equity instruments granted is measured at grant date. The cost of equity securities is recognised within capitalised mineral exploration and evaluation expenditure, together with a corresponding increase in equity.

For personal use only

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Financial assets at fair value through profit and loss are limited to holdings of listed securities and are valued based on the quoted share price at the relevant reporting date with the associated changes in fair value through profit and loss.

Other financial assets are measured at amortised cost.

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(r) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods, and have not been adopted by the Consolidated Entity. The Consolidated Entity's assessment of the impact of these new standards and interpretations is that they will have no material impact and will only effect disclosure provisions in future full year accounts.

For personal use only

	2021 $	2020 $
2. OTHER INCOME		
Interest	**41,368**	162,238
Other Income	**146,851**	83,567
	188,219	245,805
3. EXPENSES		
Contributions to employees superannuation plans	**188,781**	178,263
Depreciation - Plant and equipment	**92,089**	125,187
Provision for employee entitlements	**101,248**	44,663
4. AUDITORS' REMUNERATION		
Audit – Butler Settineri (Audit) Pty Limited		
Audit and review of the financial statements	**28,494**	26,533

5. INCOME TAX

No income tax is payable by the Consolidated Entity as it has carry forward losses for income tax purposes for the year, so current tax, deferred tax and tax expense is $Nil.

(a) Numerical reconciliation of income tax expense to prima facie tax payable

Loss from continuing operations	**(2,298,544)**	(2,077,527)
Tax at the tax rate of 26% (2020 - 27.5%)	**(597,622)**	(571,320)
Tax effect of amounts which are deductible in calculating taxable income:		
Non-deductible expenses/gains	**63,476**	1,744,319
Other allowable expenditure/income	**(91,284)**	(83,848)
Deferred tax asset not brought to account	**625,430**	(1,089,151)
Income tax expense	**-**	-

(b) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	**19,057,370**	11,543,528
Potential tax benefit at 26% (2020 - 27.5%)	**4,954,916**	3,174,470

(c) Unbooked Deferred Tax Assets and Liabilities

Unbooked deferred tax assets comprise:

Provisions/Accruals/Other	**348,942**	245,694
Tax losses available for offset against future taxable income	**19,057,370**	11,543,528
	19,406,312	11,789,222

Unbooked deferred tax liabilities comprise:

Capitalised mineral exploration and evaluation expenditure	**32,039,829**	14,779,208

(d) Franking credits balance

The Consolidated Entity has no franking credits available as at 30 June 2021.

For personal use only

6. OTHER RECEIVABLES

Current

	2021	2020
	$	$
GST recoverable	**22,486**	41,000
Bonds and guarantees	**-**	-
R&D Receivable	**900,000**	300,000
Interest Receivable and Other	**102,752**	21,045
	1,025,238	362,045

6A. LEASE ASSETS & LIABILITIES

Current

Lease Assets	**51,787**	69,050
Lease Liabilities	**51,787**	69,050

Non-Current

Lease Assets	**-**	51,788
Lease Liabilities	**-**	51,788

The Company has capitalised the lease on its West Perth office – the lease has a fixed term of 1 remaining year and is not subject to any rent increases. Consequently the accounting treatment has the equal and opposite asset and liability values to put on the balance sheet.

7. OTHER ASSETS

Current

Prepayments	**19,027**	18,984

8. PROPERTY, PLANT AND EQUIPMENT

Plant and office equipment		
At cost	**274,483**	268,324
Accumulated depreciation	**(274,483)**	(234,631)
	-	33,693
Motor Vehicles		
At cost	**209,068**	209,068
Accumulated depreciation	**(173,915)**	(121,648)
	35,153	87,420
Property and buildings		
At cost	**-**	-
Accumulated depreciation	**-**	-
	-	-
	35,153	121,113

For personal use only

8. PROPERTY, PLANT AND EQUIPMENT (continued)

	2021	2020
	$	$

Reconciliation

Reconciliation of the carrying amounts for each class of plant and equipment and Properties and Buildings are set out below:

Plant and office equipment		
Carrying amount at beginning of the period	**33,693**	86,487
Additions	**6,129**	19,804
Depreciation	**(39,822)**	(72,598)
Carrying amount at the end of the year	**-**	33,693
Motor Vehicles		
Carrying amount at beginning of the year	**87,420**	166,799
Disposals	**-**	(22,831)
Depreciation	**(52,267)**	(56,548)
Carrying amount at the end of the year	**35,153**	87,420
Property and buildings		
Carrying amount at beginning of the year	**-**	364,946
Disposals	**-**	(364,946)
Carrying amount at the end of the year	**-**	-

9. INVESTMENTS

Non-Current

Investment in Unlisted Company	**-**	10,000
Unlisted Options in Listed Company (1)	**1,004,390**	1,004,390
Investment in Listed Entities (2)	**321,665**	1,357,586
	1,326,055	2,371,976

1. The Company received 15 million Unlisted Options exercisable at 25 cents any time prior to 31 December 2022 in Godolphin Resources Limited as part of the spin-out of the NSW assets. These have been valued using a Black Scholes model as at 30 June 2020/2021.
2. Shares in Listed Entities are valued at the closing share price on ASX at 30 June 2021.

Particulars in relation to the controlled entities

Ardea Resources Limited is the parent entity.

Name of Controlled entity	Class of Shares	Equity Holding 2021	Equity Holding 2020
Atriplex Pty Ltd ACN 113 719 207	Ordinary	**100%**	**100%**
Yerilla Nickel Pty Ltd ACN 123 249 810	Ordinary	**100%**	**100%**
Ardea Exploration Pty Ltd ACN 137 889 279	Ordinary	**100%**	**100%**
Kalgoorlie Nickel Pty Ltd ACN 137 889 199	Ordinary	**100%**	**100%**
Kalgoorlie Gold Mining Pty Ltd ACN 645 666 164[1]	Ordinary	**100%**	**-**

1. The Company incorporated Kalgoorlie Gold Mining Pty Ltd on 5 November 2020 and it was converted to Kalgoorlie Gold Mining Limited on 22 July 2021 in preparation for a proposed IPO in late 2021. It had no activity and was dormant as at 30 June 2021.

For personal use only

10. CAPITALISED MINERAL EXPLORATION EXPENDITURE

	2021	2020
	$	$
Non-Current		
In the exploration phase		
Cost brought forward	**20,496,211**	24,461,802
Add: Expenditure incurred during the year (at cost)	**9,512,317**	5,634,199
Less Godolphin Spinout tenements	**-**	(6,693,655)
R&D Refund received/receivable	**(1,630,406)**	(690,090)
Exploration expenditure written off	**(423,675)**	(2,216,045)
	27,954,447	20,496,211

The recoupment of costs carried forward is dependent on the successful development and/or commercial exploitation or alternatively sale of the respective areas of interest.

Included in the capitalised mineral exploration expenditure above is an amount of $10,059,770 relating to the company's assets in gold projects in Kalgoorlie which are being considered for disposal by the consolidated entity to a new company, Kalgoorlie Gold Mining Limited, by means of an IPO process. These assets have not been reclassified as held-for-sale as the potential disposal is subject to shareholder approval and a successful capital raising under the IPO Process.

11. TRADE AND OTHER PAYABLES

Current (Unsecured)		
Trade creditors	**335,975**	388,870
Other creditors and accruals	**26,000**	24,000
	361,975	412,870

Included within trade and other creditors and accruals is an amount of $245,075 (2020 - $321,301) relating to exploration expenditure.

12. PROVISIONS

Current		
Employee entitlements	**398,308**	261,043

13. CONTRIBUTED EQUITY

	2021	2020
	$	$
(a) Ordinary Shares		
127,670,582 (2020 - 117,300,435) fully paid ordinary shares	**41,328,919**	36,685,870

(b) Share Movements during the Year

	2021		2020	
	Number of Shares	**$**	**Number of Shares**	**$**
Beginning of the financial period	**117,300,435**	**36,685,870**	106,145,424	39,897,118
New share issues during the period				
Placement and SPP at 47c/share	**10,370,147**	**4,873,969**		
IPO Options exercised at 25c/share	**-**	**-**	11,155,011	2,788,752
Godolphin Return of Capital	**-**	**-**	-	(6,000,000)
Less costs of issue	**-**	**(230,920)**		-
	127,670,582	**41,328,919**	117,300,435	36,685,870

For personal use only

13. CONTRIBUTED EQUITY (Continued)

(c) Unlisted Options

There were no options on issue during the year ended 30 June 2021 (2020 – Nil)

(d) Share Based Payments

During the current financial year there were a number of Share Based payments made to Directors and Employees with 2,610,000 Performance Rights, (2020 – 2,941,000) issued during the period and there were 2,850,000 Performance Rights (2020 – 1,685,000) that lapsed. There were no shares issued during the period from the conversion of Performance Rights (2020 – Nil). Subsequent to year end there have been a further 431,000 Performance Rights issued on 28 July 2021.

(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.

(f) Capital Risk Management

Due to the nature of the Consolidated Entity's activities, being mineral development and exploration, the Consolidated Entity does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Consolidated Entity's capital risk management is the current working capital position against the requirements to meet exploration programmes and corporate overheads. The Consolidated Entity's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Consolidated Entity at 30 June 2021 are as follows:

	2021	2020 $
Cash and cash equivalents	**5,689,762**	10,006,059
Trade and other receivables	**1,025,238**	362,045
Other assets	**19,027**	18,984
Trade and other payables	**(361,976)**	(412,870)
Provisions	**(398,308)**	(261,043)
Working capital position	**5,973,743**	9,713,175

14. ACCUMULATED LOSSES

Accumulated losses at the beginning of the period	**7,913,796**	5,836,269
Net loss attributable to members	**2,298,543**	2,077,527
Accumulated losses at the end of the year	**10,212,339**	7,913,796

For personal use only

15. RESERVES

	2021	2020
	$	$
Share Based Payment Reserve		
Balance at the beginning of the period	**3,930,401**	3,588,776
Add: Amounts expensed in current period	**242,418**	341,625
Balance at the end of the period	**4,172,819**	3,930,401

Share Option reserve
The share option reserve comprises any equity settled share based payment transactions.

16. RELATED PARTIES

Full remuneration and other transaction details for Directors and Executives are included in the Directors report where the information has been audited as indicated.

17. EXPENDITURE COMMITMENTS

(a) Exploration

The Consolidated Entity has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Consolidated Entity's exploration programmes and priorities. As at balance date, total exploration expenditure commitments on tenements held by the Consolidated Entity have not been provided for in the financial statements and those which cover the following twelve month period amount to $3,992,500 (2020 - $3,440,447). These obligations are also subject to variations by farm-out arrangements or sale of the relevant tenements.

(b) Capital Commitments

The Consolidated Entity had no capital commitments at 30 June 2021.

18. SEGMENT INFORMATION

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

19. EARNINGS/ (LOSS) PER SHARE

	2021 $	2020 $
The following reflects the loss and share Data used in the calculations of basic and diluted earnings/ (loss) per share:		
Earnings/ (loss) used in calculating basic and diluted earnings/ (loss) per share	**(2,298,543)**	(2,077,527)
	Number of Shares	
Weighted average number of ordinary shares used in calculating basic earnings/ (loss) per share:	**125,103,443**	114,207,455
Effect of dilutive securities		
Share options*	**-**	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings/ (loss) per share	**125,103,443**	114,207,455
Basic and Diluted loss per share (cents per share)	**1.84 cents**	1.81 cents

*Non-dilutive securities

As at balance date, 4,236,000 performance rights which represent potential ordinary shares were not dilutive as they would decrease the loss per share.

For personal use only

20. NOTES TO THE STATEMENT OF CASH FLOWS

	2021	2020
	$	$
(a) Reconciliation of the loss from ordinary activities after income tax to the net cash flows used in operating activities		
Loss from ordinary activities after income tax	**(2,298,543)**	(2,077,527)
Non-cash items:		
Depreciation	**92,089**	125,187
Exploration Writedowns	**423,675**	2,216,045
Revaluation of Investments	**985,920**	(1,043,613)
Profit on sale of Investments	**(79,593)**	-
Accrued Interest	**20,721**	8,650
Performance Rights	**242,418**	341,625
Change in operating assets and liabilities:		
Decrease (Increase) in prepayments	**(43)**	(3,540)
Decrease (Increase) in receivables	**(83,915)**	299,318
Increase in trade creditors and accruals	**41,350**	(1,815)
Increase in employee entitlements	**101,247**	44,663
Net cash outflows used in operating activities	**(554,674)**	(91,007)

(b) Non Cash Financing and Investing Activities

Full details of the Non Cash impact of the Performance Rights has been disclosed in the Remuneration Report.

21. FINANCIAL INSTRUMENTS

The Consolidated Entity's activities expose it to a variety of financial risks and market risks. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity.

(a) Interest Rate Risk

The Consolidated Entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market, interest rates and the effective weighted average interest rates on those financial assets, is not significant. Cash and cash equivalents are the only assets effected and the average interest rate received is 0.27% (2020: 1.12%).

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and in the notes to the financial statements.

The Consolidated Entity does not have any material credit risk exposure to any single debtor or group of debtors, under financial instruments entered into by it, and hence no credit loss allowance is required.

(c) Commodity Price Risk and Liquidity Risk

At the present state of the Consolidated Entity's operations it has minimal commodity price risk and limited liquidity risk due to the level of payables and cash reserves held. The Consolidated Entity's objective is to maintain a balance between continuity of exploration funding and flexibility through the use of available cash reserves.

(d) Net Fair Values

For assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The Consolidated Entity has no financial assets where the carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

For personal use only

22. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

Employee Entitlements
The aggregate employee entitlement liability is disclosed in Note 12.

Superannuation Commitments
The Consolidated Entity contributes to individual employee accumulation superannuation plans at the statutory rate of the employees' wages and salaries, in accordance with statutory requirements, to provide benefits to employees on retirement, death or disability.

Accordingly no actuarial assessments of the plans are required.

23. CONTINGENT LIABILITIES

There were no material contingent liabilities not provided for in the financial statements of the Consolidated Entity as at 30 June 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 negotiated with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Consolidated Entity has an interest.

24. EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen since the end of the financial 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 the following:

On 6 July 2021 the company completed an equity raising to institutional and sophisticated investors where the Company issued 10,363,637 new shares at 55 cents per share to raise funds of $5,700,000.

25. PARENT COMPANY

(a) Financial Position

	2021 $	2020 $
Assets		
Total current assets	**6,785,814**	10,502,298
Total non-current assets	**29,315,655**	23,082,099
Total Assets	**36,101,469**	33,584,397
Liabilities		
Total current liabilities	**812,070**	881,922
Total Liabilities	**812,070**	881,922
Net Assets	**35,289,399**	32,702,475
Equity		
Issued capital	**41,328,919**	36,685,870
Reserves	**4,172,819**	3,930,401
Accumulated losses	**(10,212,339)**	(7,913,796)
Total Equity	**35,289,399**	32,702,475
Total comprehensive loss for the year	**2,298,543**	2,077,527

Ardea Resources Limited has not entered into any deed of cross guarantee with its wholly-owned subsidiaries, had no contingent liabilities at 30 June 2021 and no capital commitments at 30 June 2021.

DIRECTORS' DECLARATION

In the opinion of the Directors of Ardea Resources Limited ("the Consolidated Entity"):

(a) the financial statements and notes, set out on pages 21 to 49, are in accordance with the Corporations Act 2001, including:

  (i) complying with Accounting Standards in Australia and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2021 and of its performance, as represented by the results of its operations, for the financial year to 30 June 2021.

(b) there are reasonable grounds to believe that Ardea Resources Limited will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Managing Director and the Company Secretary for the year to 30 June 2021.

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

Signed at Perth this 24th day of September 2021.

Mathew Longworth
Chairman

For personal use only

BUTLER SETTINERI
Real People. Better Business

For personal use only

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

Report on the financial report

Opinion

We have audited the financial report of Ardea Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021 the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's responsibilities for the audit of the 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 financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period.

These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Unit 16, First Floor
Spectrum Offices
100 Railway Road
(Cnr Hay Street)
Subiaco WA 6008

Tel : (08) 6389 5222
Fax : (08) 6389 5255
mail@butlersettineri.com.au
www.butlersettineri.com.au

Locked Bag 18
Subiaco WA 6904
Australia

Proactive • Quality • Supportive

Butler Settineri (Audit) Pty Ltd
RCA No. 289109 ABN 61 112 942 373
Liability limited by a scheme approved under Professional Standards Legislation

For personal use only

Key Audit Matter	How our audit addressed the key audit matter
Capitalised mineral exploration expenditure (*refer note 10)* The Group operates as an exploration entity and its primary activity is the exploration for and evaluation of economically viable mineral deposits. All exploration and evaluation expenditure incurred has been capitalised and recognised as an asset in the Statement of Financial Position. The closing value of this asset is $27,954,447 as at 30 June 2021. The carrying value of capitalised mineral exploration assets is subjective and is based on the Group's intention and ability, to continue to explore the asset. The carrying value may also be affected by the results of ongoing exploration activity indicating that the mineral reserves and resources may not be commercially viable for extraction. This creates a risk that the asset value included within the financial statements may not be recoverable.	Our audit procedures included: • ensuring the Group's continued right to explore for minerals in the relevant exploration areas including assessing documentation such as exploration and mining licences; • enquiring of management and the directors as to the Group's intentions and strategies for future exploration activity and reviewing budgets and cash flow forecasts; • assessing the results of recent exploration activity to determine whether there are any indicators suggesting a potential impairment of the carrying value of the asset; • assessing the Group's ability to finance the planned exploration and evaluation activity; and • assessing the adequacy of the disclosures made by the Group in the financial report.
Research and Development Tax Incentive *(refer notes 6 and 10)* Management and their advisors have applied judgements, assumptions and estimates in determining the R&D Tax Incentive refund recognised for the 2021 year.	Our audit procedures included: • evaluating the assumptions, methodologies and conclusions used by the Group in preparing the R&D Tax Incentive estimate; and • assessing the adequacy of the disclosures made by the Group in the financial report
Deferred Taxation *(refer note 5)* The Company relies on the use of an expert to prepare the taxation disclosures which are included in the financial statements.	In accordance with Australian Auditing Standards, we relied on the work of management's expert with respect to the assumptions used in the calculation of deferred taxes. Our audit procedures included: • examining the qualifications, objectivity and experience of management's expert; • evaluating the assumptions, methodologies and conclusions used by the Group in preparing their estimate of deferred taxes; and • assessing the adequacy of the disclosures made by the Group in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the period ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

For personal use only

Directors' responsibilities for the financial report

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

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

For personal use only

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significant in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh public interest benefits of such communication.

Report on the remuneration report

Opinion

We have audited the remuneration report included on pages 26 to 29 of the directors' report for the year ended 30 June 2021.

In our opinion the remuneration report of Ardea Resources Limited for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001.

Our responsibility is to express an opinion on the remuneration report based on our audit conducted in accordance with Australian Auditing Standards.

BUTLER SETTINERI (AUDIT) PTY LTD

LUCY P GARDNER
Director

Perth
Date: 24 September 2021

For personal use only

The following additional information was applicable at 15 September 2021

1. Distribution of Fully Paid Ordinary Shareholders is as follows:

Size of Holding			Number of Holders	Shares Held	%
1	-	1,000	443	247,006	0.18
1,001	-	5,000	1,358	3,606,707	2.61
5,001	-	10,000	496	3,897,166	2.82
10,001	-	100,000	878	27,133,265	19.66
100,001	-		150	103,150,075	74.73
			3,325	138,034,219	100.00

a) There were 278 shareholders who held less than a marketable parcel.

b) The twenty largest shareholders hold 50.92% of the issued fully paid capital of the Company.

2. Substantial Shareholders of Fully Paid Ordinary Shareholders are as follows:

Holder	Number of Shares	%
Ian Buchhorn and Associates	12,830,585	9.29%
B O'Shannassy and Associates	8,926,335	6.47%

3. Voting Rights

In accordance with the Company's constitution, voting rights are on the basis of a show of hands, one vote for every registered holder and on a poll, one vote for each share held by registered holders.

4. Top 20 Shareholders of Fully Paid Ordinary Shares

		Number of Shares	%
1	CITICORP NOMINEES PTY LIMITED	19,113,475	13.85%
2	HAZURN PTY LTD <BUCHHORN SUPER FUND A/C>	7,148,849	5.18%
3	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	6,931,055	5.02%
4	JOSCO PTY LTD <O'SHANNASSY FAMILY A/C>	5,383,809	3.90%
5	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	3,900,708	2.83%
6	KURANA PTY LTD <BUCHHORN UNIT ACCOUNT>	3,261,393	2.36%
7	MR OLIVIER DUPUY & MS JULIE DUPUY <ENERJEE SUPER FUND A/C>	2,529,000	1.83%
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,277,570	1.65%
9	MR IWAN JONES & MS JOYCE CHRISTINE JONES <I & J JONES SUPER FUND A/C>	2,131,494	1.54%
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,088,426	1.51%
11	B & J O'SHANNASSY MANAGEMENT PTY LTD <JOSCO PTY LTD S/F NO1 A/C>	1,906,936	1.38%
12	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,764,558	1.28%
13	MR MICHAEL ANDREW HARRIS	1,700,000	1.23%
14	MRS PAMELA JEAN BUCHHORN	1,672,073	1.21%
15	JOSCO PTY LTD <O'SHANNASSY FAMILY A/C>	1,666,664	1.21%
16	BNP PARIBAS NOMS PTY LTD <DRP>	1,623,447	1.18%
17	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	1,417,928	1.03%
18	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,266,405	0.92%
19	MARTIN BUCKLEY <THE M BUCKLEY FAMILY A/C>	1,257,051	0.91%
20	LATSOD PTY LTD <DOSTAL SUPERFUND A/C>	1,250,000	0.91%
TOTAL		70,290,841	50.92%

For personal use only

5. Unlisted Options

There is no unlisted options on issue.

6. Share Buy-Backs

There is no current on-market buy-back scheme.

7. Stock Exchanges

The Securities of the Company are not quoted on any other stock exchanges.

For personal use only

Ardea Resources Limited Tenement Schedule (WA) as at 30 June 2021

Goongarrie Hub

Tenement	Location	Ardea Interest (%)	Status	Note
E24/196	Goongarrie	100	Live	
E24/209	Goongarrie	100	Live	
E24/211	Goongarrie	100	Pending	
E29/934	Goongarrie	100	Live	
E29/1028	Goongarrie	100	Live	
E29/1038	Goongarrie	100	Live	
E29/1039	Goongarrie	100	Pending	
E29/1045	Goongarrie	100	Live	
E29/1048	Goongarrie	100	Live	
E30/500	Goongarrie	100	Live	
E30/501	Goongarrie	100	Live	
E30/502	Goongarrie	100	Live	
G29/25	Goongarrie	100	Pending	
L24/239	Goongarrie	100	Live	
L29/134	Goongarrie	100	Live	
L29/135	Goongarrie	100	Live	
L30/67	Goongarrie	100	Live	
L30/68	Goongarrie	100	Live	
L16/141	Goongarrie	100	Pending	
L30/85	Goongarrie	100	Pending	
P29/2646	Highway North	100	Pending	
P29/2647	Highway North	100	Pending	
P29/2648	Highway North	100	Pending	
P29/2649	Highway North	100	Pending	
P24/5528	Goongarrie	100	Pending	
M24/731	Goongarrie	100	Live	3
M24/732	Goongarrie	100	Live	3
M24/744	Goongarrie	100	Live	
M24/778	Goongarrie	100	Live	3
M29/167	Goongarrie	100	Live	
M29/202	Goongarrie	100	Live	
M29/272	Goongarrie	100	Live	
M29/278	Goongarrie	100	Live	
M29/423	Goongarrie	100	Live	
M29/424	Goongarrie	100	Live	
M29/426	Goongarrie	100	Live	
P24/5260	Goongarrie	100	Live	
P24/5328	Goongarrie	100	Live	
P24/5329	Goongarrie	100	Live	
P24/5265	Goongarrie-Carr Boyd	100	Live	
P24/5169	Goongarrie-Windanya	100	Live	
P24/5480	Goongarrie-Windanya	100	Live	
M24/919	Goongarrie-Scotia	100 Ni rights	Live	6
M24/959	Goongarrie-Scotia	100 Ni rights	Live	6
M24/541	Goongarrie	100	Live	
P29/2650	Highway North	100	Pending	
P29/2651	Highway North	100	Pending	
E29/1125	Goongarie East	100	Pending	
L29/146	Goongarie East	100	Pending	

Goongarrie Hub Expansion Siberia

Tenement	Location	Ardea Interest (%)	Status	Note
E24/203	Siberia	100 non Au-Ag rights	Live	4
E29/889	Siberia	100 non Au-Ag rights	Live	4
M24/634	Siberia	100 non Au-Ag rights	Live	1,4
M24/660	Siberia	100 non Au-Ag rights	Live	4
M24/663	Siberia	100 non Au-Ag rights	Live	4
M24/664	Siberia	100 non Au-Ag rights	Live	4
M24/665	Siberia	90 non Au-Ag rights	Live	2,4
M24/683	Siberia	100 non Au-Ag rights	Live	4
M24/686	Siberia	100 non Au-Ag rights	Live	4
M24/772	Siberia	100 non Au-Ag rights	Live	4
M24/797	Siberia	100 non Au-Ag rights	Live	4
M24/915	Siberia	100 non Au-Ag rights	Live	4
M24/916	Siberia	100 non Au-Ag rights	Live	4
P24/5235	Siberia	100	Live	
P24/5236	Siberia	100	Live	
P29/2484	Siberia	100	Live	
P29/2485	Siberia	100	Live	
P24/5416	Siberia	100	Live	
P24/5417	Siberia	100	Live	
P24/5418	Siberia	100	Live	

Goongarrie Hub Expansion Black Range

Tenement	Location	Ardea Interest (%)	Status	Note
M24/757	Black Range	100 non Au-Ag rights	Live	4
M24/973	Black Range	100 non Au-Ag rights	Pending	4
P24/4395	Black Range	100 non Au-Ag rights	Live	4
P24/4396	Black Range	100 non Au-Ag rights	Live	4
P24/4400	Black Range	100 non Au-Ag rights	Live	4
P24/4401	Black Range	100 non Au-Ag rights	Live	4
P24/4402	Black Range	100 non Au-Ag rights	Live	4
P24/4403	Black Range	100 non Au-Ag rights	Live	4

For personal use only

Kalpini Hub - Goongarrie Hub Expansion

Tenement	Location	Ardea Interest (%)	Status	Note
E27/524	Kalpini	100 non-Au rights	Live	9
E27/606	Kalpini	100	Live	
E27/607	Kalpini	100	Live	
E28/1224	Kalpini	100	Live	
E28/2978	Kalpini	100	Pending	
M27/395	Kalpini	100	Live	
M27/506	Kalpini	100	Live	
M27/512	Kalpini	100	Pending	
M28/199	Kalpini	100	Live	
M28/201	Kalpini	100	Live	
M28/205	Kalpini	100	Live	
E27/278	Kalpini-Acra	100 Ni Lat Ore	Live	5
E27/438	Kalpini-Acra	100 Ni Lat Ore	Live	5
E27/520	Kalpini-Acra	100 Ni Lat Ore	Live	5
E27/579	Kalpini-Acra	100 Ni Lat Ore	Live	5
E28/1746	Kalpini-Acra	100 Ni Lat Ore	Live	5
E28/2483	Kalpini-Acra	100 Ni Lat Ore	Live	5
E25/578	Kalpini-Bulong	100	Live	
M25/59	Kalpini-Bulong	100	Live	
M25/134	Kalpini-Bulong	100	Live	
M25/145	Kalpini-Bulong	100	Live	
M25/151	Kalpini-Bulong	100	Live	
M25/161	Kalpini-Bulong	100	Live	
M25/171	Kalpini-Bulong	100	Live	
M25/187	Kalpini-Bulong	100	Live	
M25/209	Kalpini-Bulong	100	Live	
E27/646	Kalpini	100	Pending	
E28/3139	Kalpini	100	Pending	
P25/2296	Kalpini-Bulong	100	Live	15
P25/2297	Kalpini-Bulong	100	Live	15
P25/2304	Kalpini-Bulong	100	Live	15
P25/2305	Kalpini-Bulong	100	Live	15
P25/2306	Kalpini-Bulong	100	Live	15
P25/2454	Kalpini-Bulong	100	Live	
P25/2455	Kalpini-Bulong	100	Live	
P25/2456	Kalpini-Bulong	100	Live	
P25/2457	Kalpini-Bulong	100	Live	
P25/2458	Kalpini-Bulong	100	Live	
P25/2459	Kalpini-Bulong	100	Live	
P25/2460	Kalpini-Bulong	100	Live	
P25/2461	Kalpini-Bulong	100	Live	
P25/2482	Kalpini-Bulong	100	Live	
P25/2483	Kalpini-Bulong	100	Live	
P25/2484	Kalpini-Bulong	100	Live	
P25/2559	Kalpini-Bulong	100	Live	
P25/2560	Kalpini-Bulong	100	Live	
P25/2561	Kalpini-Bulong	100	Live	
P25/2609	Kalpini-Bulong	100	Live	
P25/2613	Kalpini-Bulong	100	Live	
P25/2614	Kalpini-Bulong	100	Live	
P25/2615	Kalpini-Bulong	100	Live	
P25/2650	Kalpini-Bulong	100	Live	
P26/4542	Kalpini-Bulong	100	Pending	
P26/4543	Kalpini-Bulong	100	Pending	
M31/488	Kalpini-Lake Rebecca	100	Pending	
P31/2038	Kalpini-Lake Rebecca	100	Live	
P31/2039	Kalpini-Lake Rebecca	100	Live	
P31/2040	Kalpini-Lake Rebecca	100	Live	
E27/643	Kalpini	100	Pending	
E27/647	Kalpini	100	Pending	
M25/19	Kalpini-Bulong	100	Live	15
P25/2307	Kalpini-Bulong	100	Live	15
P25/2308	Kalpini-Bulong	100	Live	15
P25/2408	Kalpini-Bulong	100	Live	15
P25/2409	Kalpini-Bulong	100	Live	15

For personal use only

Yerilla Hub WA Regional

Tenement	Location	Ardea Interest (%)	Status	Note
E39/2188	Yundamindra	100	Live	
M15/1101	WA Regional	Pre-emp Ni-Co Lat	Live	7
M15/1263	WA Regional	Pre-emp Ni-Co Lat	Live	7
M15/1264	WA Regional	Pre-emp Ni-Co Lat	Live	7
M15/1323	WA Regional	Pre-emp Ni-Co Lat	Live	7
M15/1338	WA Regional	Pre-emp Ni-Co Lat	Live	7
M27/510	WA Regional	100 Ni Lat Ore	Live	8
M27/272	Kanowna East	Non-Au Rights	Live	10
E31/1261	Pinjin	100	Pending	
E28/3036	Pinjin South	100	Pending	
E31/3134	Pinjin	100	Pending	
E28/3040	Pinjin South	100	Pending	
E26/228	Gidji	100	Pending	

Kookynie Gold-Nickel

Tenement	Location	Ardea Interest (%)	Status	Note
E40/350	Kookynie	0	Live	11
E40/357	Kookynie	0	Live	11

Perrinvale Nickel-Gold

Tenement	Location	Ardea Interest (%)	Status	Note
E29/1006	Perrinvale	100	Live	
E29/1078	Perrinvale	100	Live	

Mt Zephyr Gold-Nickel

Tenement	Location	Ardea Interest (%)	Status	Note
E37/1271	Mt Zephyr	100	Live	12
E37/1272	Darlot East	100	Live	12
E37/1273	Darlot East	100	Live	12
E37/1274	Mt Zephyr	100	Live	12
E39/1706	Mt Zephyr	100	Live	12
E39/1854	Mt Zephyr	100	Live	12
E39/1985	Mt Zephyr	100	Live	12

Goongarrie Hub Expansion

Tenement	Location	Ardea Interest (%)	Status	Note
E39/1954	Yeriall-Aubils	100	Live	
E31/1092	Yerilla-Boyce Creek	100	Live	
E31/1169	Yerilla-Boyce Creek	100	Live	
E31/1208	Yerilla-Boyce Creek	100	Live	
E31/1213	Yerilla-Boyce Creek	100	Live	
M31/483	Yerilla-Boyce Creek	100	Live	
M31/493	Yerilla-Boyce Creek	100	Pending	
M31/475	Yerilla-Jump Up Dam	100	Live	
M31/477	Yerilla-Jump Up Dam	100	Live	
M31/479	Yerilla-Jump Up Dam	100	Live	

Bedonia Gold-Nickel

Tenement	Location	Ardea Interest (%)	Status	Note
E63/1827	Bedonia	100	Live	14
E63/1828	Bedonia	100	Live	13
E63/1856	Bedonia	100	Live	13
E63/1857	Bedonia	100	Live	13
E63/1928	Bedonia	100	Live	13
E63/1929	Bedonia	100	Live	14
E63/1974	Bedonia	100	Live	14
E63/1976	Bedonia	100	Live	14
E63/1995	Bedonia	100	Pending	14
E63/2008	Bedonia	100	Live	14

Ardea Resources Limited Tenement Schedule (NSW) as at 30 June 2021

Lachlan Fold Belt Ardea

Tenement	Location	Ardea Interest (%)	Status
EL 8557	Restdown Lithium	100	Live

Notes:

1. Britannia Gold Ltd retains precious metal rights.
2. Impress Ventures Ltd has a 10% equity free-carried interest to a decision to mine.
3. Norton Gold Fields Limited retains certain Au claw-back rights and royalty receivable.
4. Ora Banda Mining Ltd holds Au-Ag rights while Ardea retains all non Au-Ag rights.
5. Acra JV – Northern Star Resources Ltd earn-in with Essential Metals Limited. Former holds gold rights while latter retains nickel sulphide rights. Ardea retains rights to Ni laterite ore.
6. Black Mountain Gold Limited all rights with exception of Ardea retaining Ni rights.
7. Ramelius Resources Limited assignee (Maximus Resources Ltd) all rights, Ardea pre-emptive right to Ni-Co laterite.
8. Paddington Gold Pty Ltd all mineral rights (except nickel sulphide) while Ardea retains rights to nickel laterite ore.
9. By Sale Agreement between Northern Star (Carosue Dam) Pty Ltd and Kalnorth Gold Mines Ltd, Northern Star (Carosue Dam) Pty Ltd now owns Au rights while Ardea retains non-Au rights.
10. Northern Star (Kanowna) Limited holds Au rights. Ardea retains non-Au rights.
11. The Option to purchase the tenements was transferred to Metalicity Limited on 21 November 2020. Ardea retains non Au rights.
12. The Mt Zephyr/Darlot East tenements were farmed out to Red 5 Limited on 18 November 2020 whereby Red 5 Limited may earn 80% equity interest. Ardea is free carried to Decision to Mine.
13. By a Tenement Sale and Purchase Agreement executed on 8 February 2021, Bedonia East was sold to Moneghetti Minerals Limited. Completion is subject to Moneghetti Minerals Limited successfully listing on the ASX in 2021.
14. By a Tenement Sale and Purchase Agreement executed on 25 February 2021, Bedonia West was sold to Larvotto Resources Limited. Completion is subject to Larvotto Resources Limited successfully listing on the ASX in 2021.
15. Purchase of tenements by Binding Terms Sheet and Alluvial Rights Agreements dated 4 June 2021 between the Seller Steven Lionel Kean and Ardea Resources Limited. Transfers pending stamp duty assessment by Department of Finance, WA.

Glossary

AL means Atmospheric Leach circuit

ASIC means Australian Securities and Investments Commission

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate

Australian Registry means Security Transfer Registrars Pty Ltd of 770 Canning Highway, Applecross WA

Ardea or ARL or Company means Ardea Resources Limited (ABN: 30 614 289 342) ARL : ASX is the Ardea code on ASX

Ag means Silver

Au means Gold

Anomaly means a value higher or lower than expected, which outlines a zone of potential exploration interest but not necessarily of commercial significance

Archaean means a period of geological time spanning 3.8 to 2.5 billion years before present

BTZ means Bardoc Tectonic Zone

Co means Cobalt

Critical Minerals means metals and non-metals that are considered vital for the economic well-being of the world's major and emerging economies, yet whose supply may be at risk due to geological scarcity, geopolitical issues, trade policy or other factors. The minerals ranked by Geoscience Australia: Rare-earth elements (REE), gallium (Ga), indium (In), tungsten (W), platinum-group elements (PGE) including platinum (Pt) and palladium (Pd), cobalt (Co), niobium (Nb), magnesium (Mg), molybdenum (Mo), antimony (Sb), lithium (Li), vanadium (V), nickel (Ni), tantalum (Ta), tellurium (Te), chromium (Cr) and manganese (Mn).

Cu means Copper

DHEM means downhole electromagnetics

DWER means WA Department of Water and Environmental Regulation

EM means electromagnetics

EV means Electric Vehicle

ESG means Environmental and Social Governance principles

Feasibility Study means a study with three progressively more detailed stages:

> Scoping Study means a first pass estimate of engineering requirements and costs of a mining operation, processing plant and plant infrastructure. Included in the cost estimates will be infrastructure, tailings disposal, power supply, and owner's costs. The plant design may change as a result of test-work analysis, optimisation studies and engineering improvements performed during execution of the follow-up Pre-feasibility Study. Operating and capital cost estimates are to an order of magnitude accuracy of ± 30%.
>
> Pre-feasibility Study (PFS) means an engineering and cost study of a mining operation, processing plant and plant infrastructure. Included in the cost estimates will be infrastructure, tailings disposal, power supply, and owner's costs. The plant design may change as a result of test-work analysis, optimisation studies and engineering improvements performed during execution of the Pre-feasibility Study. Operating and capital cost estimates are to an accuracy of ± 25%.
>
> Definitive Feasibility Study (DFS) means a feasibility study undertaken to a high degree of accuracy which may be used as a basis for raising finance for the construction of a project. Typically operating and capital cost estimates are to an accuracy of +/- 15-20%. A DFS is the standard of report required by primary debt funders to demonstrate the technical and commercial viability of a project.

FBICRC means Future Batteries Industry Co-operative Research Centre of which Ardea is a member

GAS means the Gap Analysis Study by Ardea appointed global consulting engineering firm, Wood

GWL means groundwater extraction licences

HPAL means High-Pressure Acid Leach

KalGold or Kalgoorlie Gold Mining Limited means Ardea's proposed spin-out of its Kalgoorlie region gold tenements into a new Initial Public Offering (IPO)

For personal use only

For personal use only

KNP means Kalgoorlie Nickel Project, a nickel cobalt laterite project located through an arc 30 to 150km north-north west to east of Kalgoorlie. It is comprised of the:

Goongarrie Hub – Goongarrie South, Goongarrie Hill, Highway, Ghost Rocks, Big Four, Scotia, Black Range and Siberia deposits

Kalpini Hub – Kalpini, Taurus and Bulong deposits

Yerilla Hub – Jump Up Dam, Boyce Creek and Aubils deposits

LIB means Lithium Ion Battery

m means metre and km means kilometres

Mt means Million tonnes

Mineralisation means in economic geology, the introduction of valuable elements into a rock body

MALM means Mise a la Masse geophysical survey

MHP means Mixed Hydroxide Product

MLEM mean Moving Loop Electromagnetic survey

Ni means Nickel

Nickel Laterite means Nickel occurring as an oxidised hydrated iron oxide, ferruginous clay, smectite clay, chlorite and serpentine assemblage overlying weathered ultramafic rock

Nickel Sulphide means nickel and copper occurring as an un-oxidised sulphide assemblage associated with fresh ultramafic rock

NMC means Nickel-manganese-cobalt

OEM mean Original Equipment Manufacturers

PCAM Precursor Cathode-active Material

PGE means Platinum Group Metals - Ruthenium (Ru), Rhodium (Rh), Palladium (Pd), Osmium (Os), Iridium (Ir), and Platinum (Pt)

PLS means Pregnant Liquor Solution

Project means a grouping of prospects within a specific geographic location, often with a common geological setting

Prospect means a target upon which exploration programs are planned or have commenced

Province means a grouping of projects within a geological district defined by a major mineralised crustal structure

R&D means Research and Development

RAB means Rotary Air Blast drilling technique in which a sample is returned to surface outside the rod string by compressed air. Sample quality is poor.

RC means Reverse Circulation drilling method employing a rotating or hammering action on a drill bit which returns a sample to the surface inside the rod string by compressed air. Sample quality is very good, particularly if the drill hole is dry.

REE means Rare Earth Elements, notably Neodymium (Nd), Praseodymium (Pr) and Cerium (Ce).

Reserves or Ore Reserves or Mineral Reserves as defined by JORC Code.

Proven or Proved Ore Reserve means the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include Feasibility Studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. The term "economic" implies that extraction of the Ore Reserve has been established or analytically demonstrated to be viable and justifiable under reasonable investment assumptions.

Probable Ore Reserve is the economically mineable part of an Indicated Mineral Resource.

For personal use only

Resource or Mineral Resource (MRE) means a Mineral Resource Estimate as defined by JORC Code and is a concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. Mineral Resources are further sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

Measured Resource means a 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve.

Indicated Resource means an 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve.

Inferred Resource means an 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continue exploration.

JORC (2012 edition) means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and is a professional code of practice that sets minimum standards for Public Reporting of minerals Exploration Results, Mineral Resources and Ore Reserves. The JORC Code provides a mandatory system for the classification of minerals Exploration Results, Mineral Resources and Ore Reserves according to the levels of confidence in geological knowledge and technical and economic considerations in Public Reports.

Sc means Scandium

SSB means Static Storage Battery

TZ means Tectonic Zones

V means Vanadium

WA means Western Australia

Opposite: Photo caption top to bottom, left to right: Ardea Managing Director, Andrew Penkethman (AP) undertaking KNP assessment with local prospecting stake holders. Ardea geologists Darren Howe and Aidan Spilsbury discussing project assessment over the field desk (back of the ute tray). Ardea's Kalgoorlie Operations office, maintains a large logistics base in the City of Kalgoorlie-Boulder. Ardea personnel AP, Alex Mukherji and Mat Longworth at the Ardea booth during the 2021 Diggers and Dealers event. Ardea Office Manager, Frances Sinclair assessing the Company booth display at the 2021 RIU Explorers Conference. View of an operating drill rig at the Goongarrie Hub through the vegetation.

For personal use only

For personal use only

Ardea Resources Limited

www.ardearesources.com.au