



ASX & Media Release

30 August 2024

ASX Symbol

ARL

Ardea Resources Limited

Suite 2 / 45 Ord St
West Perth WA 6005

PO Box 1433
West Perth WA 6872

Telephone

+61 8 6244 5136

Email

ardea@ardearesources.com.au

Website

www.ardearesources.com.au

Directors

Mat Longworth
Non-Executive Chair

Andrew Penkethman
Managing Director & CEO

Ian Buchhorn
Executive Director

Maree Arnason
Non-Executive Director

Executive Management

Sam Middlemas
Company Secretary

Rebecca Moylan
Chief Financial Officer

Alex Mukherji
General Manager Land Access

Issued Capital

Fully Paid Ordinary Shares
199,682,915

Performance Rights
3,316,400

Options
3,000,000

ABN 30 614 289 342

KNP – Goongarrie Hub Joint Venture Transaction Completion with Japanese Consortium

Highlights

- Ardea has executed a binding Shareholders' Agreement with GH Nickel Pty Ltd which represents a significant milestone to developing the globally significant KNP – Goongarrie Hub nickel-cobalt development project
- GH Nickel Pty Ltd (Consortium SPV) is the vehicle through which Sumitomo Metal Mining, and Mitsubishi Corporation through its fully owned subsidiary Mitsubishi Development Pty Ltd (Consortium) will acquire shares in Kalgoorlie Nickel Pty Ltd (KNPL)
- The Consortium will fund 100% of the DFS costs up to the agreed budget of approximately A\$98.5 million. At the conclusion of the DFS spend, the Consortium will have subscribed to a 35% ownership in KNPL and retain the right to increase its ownership in KNPL to 50% upon a positive Final Investment Decision (FID) decision by the Consortium to build, commission and operate a plus 30,000tpa multi-decade nickel operation¹
- The Shareholders' Agreement sets out the terms and conditions for the joint venture (JV) to enable the development of the KNP – Goongarrie Hub after a positive FID
- With the Consortium's incorporation of the Consortium SPV as its JV vehicle and the Consortium SPV's accession to the April 2024 Cooperation Agreement, all remaining conditions precedent to the Transaction have been satisfied
- With the Transaction now complete, KNPL will continue to expand and accelerate DFS activities in earnest, targeting DFS completion in H2 2025

Ardea Resources Limited (**Ardea** or the **Company**) is pleased to provide an update on its transaction with Sumitomo Metal Mining Co., Ltd (**SMM**), and Mitsubishi Corporation (**MC**) through its fully owned subsidiary Mitsubishi Development Pty Ltd (**MDP**) (**Consortium**) to form a 50:50 incorporated joint venture to develop the Kalgoorlie Nickel Project (**KNP**) – Goongarrie Hub (**Transaction**).²

Ardea, GH Nickel Pty Ltd (**Consortium SPV**) and Kalgoorlie Nickel Pty Ltd (**KNPL**) have entered into a binding Shareholders' Agreement and have now satisfied all conditions precedent to the Cooperation Agreement.³

This transaction represents a major Critical Minerals collaboration between Australia and Japan for multi-decade ESG-compliant nickel production for the international battery sector.

¹ Ardea ASX announcement 5 July 2023.

² Ardea ASX announcement 26 April 2024.

³ Ardea ASX announcement 26 April 2024, Ardea ASX announcement 14 August 2024.



The Shareholders' Agreement is the second transaction document for the Transaction and sets out the terms and conditions on which Ardea and the Consortium will own, develop and operate the KNP – Goongarrie Hub joint venture. The Shareholders' Agreement includes customary provisions for a joint venture of this nature. A summary of the material terms and conditions is set out in the Annexure.

The Consortium is a party to the Shareholders' Agreement through its incorporated joint venture, the Consortium SPV. The incorporation of the Consortium SPV and its accession to the Cooperation Agreement, along with the execution of the Shareholders' Agreement, represents the satisfaction of all remaining conditions precedent to the Cooperation Agreement.

Completion under the Cooperation Agreement is a significant milestone which enables the Consortium to commence fully funding the Definitive Feasibility Study (DFS). DFS activities are being managed by KNPL, which is the vehicle for the joint venture between Ardea and the Consortium.

Andrew Penkethman, Managing Director and CEO of Ardea said:

“This Transaction represents a major Critical Minerals collaboration between Australia and Japan with the Kalgoorlie Nickel Project – Goongarrie Hub being advanced as Australia’s next large-scale, low-cost nickel-cobalt producer that meets the high ESG standards expected from modern society.

With the signing of the Shareholders' Agreement, all conditions precedent to the Transaction have been satisfied, so that the focus for Ardea, the Consortium and KNPL is on completing a quality Definitive Feasibility Study that incorporates the combined skills and experience of all team members and demonstrates a compelling nickel-cobalt development.

I would like to acknowledge the significant contribution from the Ardea and KNPL teams and Ardea’s legal and corporate advisers to completing this Transaction.

Ardea would also like to thank all stakeholders for their willingness to engage and for their ongoing support.

The Company looks forward to providing updates as their collaboration with Sumitomo Metal Mining Co., Ltd and Mitsubishi Corporation continues.”

KNP – Goongarrie Hub Definitive Feasibility Study (DFS) Update

The KNP – Goongarrie Hub DFS is being managed by Ardea subsidiary company, KNPL. DFS work continues with multiple work programs underway. These include ongoing recruitment, infill resource definition drilling at the Big Four/Scotia Dam nickel-cobalt deposit, bench-scale metallurgy, processing plant engineering studies, borefield design, environmental approvals and non-process infrastructure design.

With multiple DFS work streams underway, regular work program updates will continue to be provided.

For personal use only



Transaction Overview

Under the Transaction, the Cooperation Agreement sets out the terms and conditions on which the Consortium, Ardea and KNPL will fund and conduct the DFS, and, upon agreement by the parties and subject to a positive DFS outcome, fund and conduct Front-End Engineering Design (**FEED**) and Pre-Commitment Activities (**PCA**), leading to a FID on the KNP – Goongarrie Hub.

The Consortium will have earned a 35% KNPL interest upon the completion of the DFS and progressively earn a 50% interest in KNPL, with Ardea retaining the other 50% upon a successful FID.

KNPL has continued to undertake early stages of DFS work utilising the funding support arrangement of \$12M from SMM.⁴ Completion under the Cooperation Agreement (through the satisfaction of the conditions precedent) concludes the funding support arrangement, and allows the Consortium to commence full funding of the DFS with a budget of \$98.5M (which includes the funding provided under the funding support arrangement).

The Shareholders' Agreement sets out the terms and conditions for the incorporated joint venture between Ardea and the Consortium, to enable the development of the KNP – Goongarrie Hub after FID.

The final transaction document, the Offtake Agreement, which is not a condition precedent to the Transaction, will be finalised after the DFS is completed with the benefit of detailed final nickel-cobalt sale product specifications.

A summary of the material terms and conditions of the Shareholders' Agreement is set out in the Annexure. Beyond the terms disclosed in the Annexure, other customary provisions for a joint venture of this nature are included in the Shareholders' Agreement.

Transaction Milestones

The following is an indicative timeline. Following DFS completion, the joint venture will work towards agreeing to proceed with FEED, PCA and debt financing, leading to the parties making a FID.

Event	Timing
DFS commencement	Commenced May 2024 and ongoing
First issue of shares to Consortium SPV (equal to an ownership interest of 17.5%)	The Consortium SPV funding 50% of the DFS budget
DFS completion (second tranche of shares to be issued to Consortium SPV (equal to an aggregate ownership interest of 35%))	H2 2025
FEED & PCA commencement	Subject to DFS results
Debt Financing & FID (Upon making a positive FID, the Consortium SPV's aggregate ownership interest will equal 50%)	Subject to FEED results

⁴ Ardea ASX announcement 8 July 2024, Ardea ASX announcement 14 August 2024.



About Sumitomo Metal Mining

Sumitomo Metal Mining Co., Ltd. (SMM) dates from the 16th century and copper processing in Japan. SMM is an integrated producer covering from mineral resources development, smelting & refining, to the production of battery materials and functional materials. By connecting the core businesses, it has advantages in sustainable value chains. With experience and know-how in mining development, it owns a number of quality resource interests for copper and gold. For nickel, its strength lies in HPAL (High Pressure Acid Leach), a technology to recover metals such as nickel and cobalt from nickel oxide ores. SMM successfully developed and operates two HPAL operations in the Philippines, at Coral Bay and Taganito.

About Mitsubishi Corporation

Mitsubishi Corporation (MC) operates a wide range of businesses spanning multiple industries and overseen by eight industry-specific business groups: Environmental Energy, Materials Solution, Mineral Resources, Urban Development & Infrastructure, Mobility, Food Industry, Smart-Life Creation, and Power Solution.

About Mitsubishi Development Pty Ltd

Mitsubishi Development Pty Ltd has contributed to global industries for more than 50 years through its developments in the mineral resources sector and is a wholly owned subsidiary of Mitsubishi Corporation.

This announcement is authorised for release by the Board of Ardea Resources Limited.

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

Andrew Penkethman

Managing Director and Chief Executive Officer

Tel +61 8 6244 5136

For personal use only

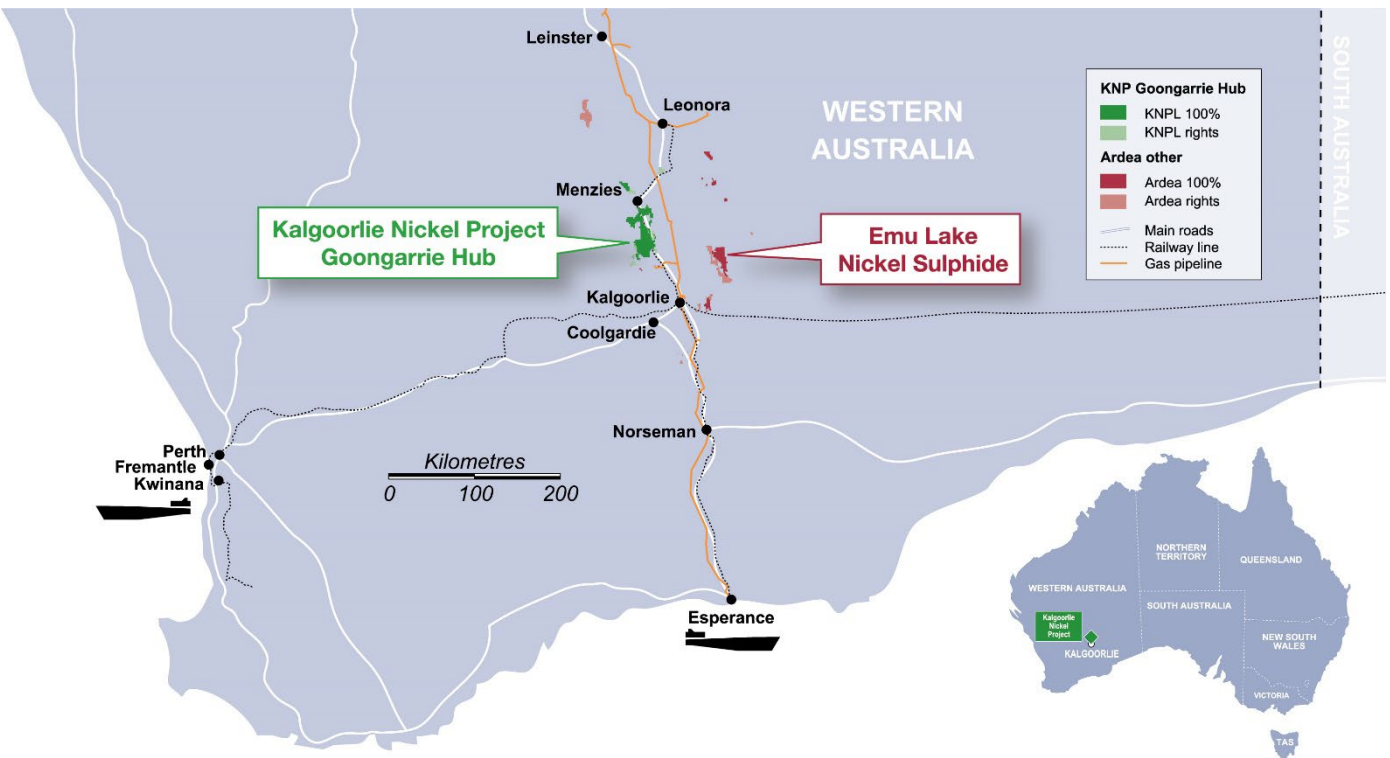


About Ardea Resources

Ardea Resources (ASX:ARL) is an ASX-listed nickel development company in joint venture with Sumitomo Metal Mining and Mitsubishi Corporation to build, commission and operate a plus 30,000tpa multi-decade nickel operation¹:

- Development of the Kalgoorlie Nickel Project (KNP) and its sub-set the Goongarrie Hub, a globally significant series of nickel-cobalt and Critical Mineral deposits which host the largest nickel-cobalt resource in the developed World at **854Mt at 0.71% nickel and 0.045% cobalt for 6.1Mt of contained nickel and 386kt of contained cobalt**. The Goongarrie Hub has 584Mt for 4.0Mt of contained nickel (Consortium right to earn 50%) and Kalpini Hub has 270Mt for 2.1Mt of contained nickel (Ardea 100% unencumbered interest) (Ardea ASX release 30 June 2023), located in a jurisdiction with exemplary Environmental Social and Governance (ESG) credentials.
- Scoping Study initial programs being planned for the Kalpini Hub nickel resources.
- Advanced-stage exploration at compelling nickel sulphide targets, such as Kalpini, and Critical Minerals targets including scandium and Rare Earth Elements throughout the KNP Eastern Goldfields world-class nickel-gold province, with all exploration targets complementing the KNP nickel development strategy.

For personal use only



Follow Ardea on social media





CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

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

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

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

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

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

Competent Persons statement

The Resource Estimation, exploration and industry benchmarking summaries are based on information reviewed or compiled by Mr. Ian Buchhorn, and Mr Andrew Penkethman. Mr Buchhorn is a Member of the Australasian Institute of Mining and Metallurgy and Mr Penkethman is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Both Mr Buchhorn and Mr Penkethman are full-time employees of Ardea Resources Limited and have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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 Buchhorn and Mr Penkethman have reviewed this press release and consent to the inclusion in this report of the information in the form and context in which it appears. Mr Buchhorn and Mr Penkethman own Ardea shares.

Ardea wishes to clarify that its current Kalgoorlie Nickel Project (KNP) Mineral Resource Estimate (MRE) following JORC Code (2012) guidelines is:

Camp	Prospect	Resource	Size	Ni	Co	Contained Metal	
		Category	(Mt)	(%)	(%)	Ni (kt)	Co (kt)
KNP TOTAL		Measured	22	0.94	0.079	207	17
		Indicated	361	0.73	0.047	2,622	169
		Inferred	471	0.70	0.043	3,272	200
GRAND TOTAL		Combined	854	0.71	0.045	6,101	386

Note: 0.5% nickel cutoff grade used to report resources. Minor discrepancies may occur due to rounding of appropriate significant figures.

The Mineral Resource Estimate information shown in this ASX release has been previously released on the ASX platform by Ardea in ASX release 30 June 2023, in accordance with Listing Rule 5.8.

The Ore Reserve information shown in this ASX release has been previously released on the ASX platform by Ardea in ASX release 5 July 2023, in accordance with Listing Rule 5.9.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous market announcements noted above and that all material assumptions and technical parameters underpinning the Mineral Resource Estimate and Ore Reserve in the previous market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcements.

For personal use only



Updated KNP nickel and cobalt Mineral Resource Estimate based on a greater than 0.5% Ni cut-off grade, as at 30 June 2023.

Camp	Prospect	Resource Category	Size (Mt)	Ni (%)	Co (%)	Contained Metal		Estimation Details			
						Ni (kt)	Co (kt)	Method	Source	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	2023	
		Inferred	21	0.67	0.040	141	8	LUC	Ardea	2023	
	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 Dam	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	525	27	OK	Snowden	2004	
	Siberia North	Indicated	14	0.72	0.042	102	6	Ni(UC) Co(OK)	Snowden	2009	
		Inferred	72	0.74	0.034	534	25	Ni(UC) Co(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	24	0.70	0.061	165	14			
		Inferred	163	0.69	0.038	1,127	61				
		Combined	186	0.69	0.040	1,292	75				
KNP Goongarrie Hub	TOTAL	Measured	18	0.94	0.085	171	15				
		Indicated	277	0.70	0.046	1,923	127				
		Inferred	289	0.67	0.037	1,951	108				
		Combined	584	0.69	0.043	4,044	250				
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	
		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				
Kalpini 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	
	Kalpini Yerilla HubTOTAL		Measured	4	0.94	0.048	36	2			
KNP	TOTAL	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	TOTAL	Measured	22	0.94	0.079	207	17				
		Indicated	361	0.73	0.047	2,622	169				
		Inferred	471	0.70	0.043	3,272	200				
		GRAND TOTAL	Combined	854	0.71	0.045	6,101	386			

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

For personal use only



Annexure - Summary of material terms and conditions of Shareholders' Agreement

For personal use only

<p>Parties</p>	<p>Ardea Resources Limited (ACN 614 289 342) (Ardea) GH Nickel Pty Ltd (ACN 679 300 693) (Investor) (each a Shareholder) Kalgoorlie Nickel Pty Ltd (ACN 137 889 199) (Company) Note: GH Nickel Pty Ltd is the incorporated joint venture of Sumitomo Metal Mining Co., Ltd, and Mitsubishi Corporation through its fully owned subsidiary Mitsubishi Development Pty Ltd (i.e. the Consortium).</p>
<p>Joint venture</p>	<p>The Company will operate as an incorporated joint venture between Ardea and the Investor on the terms set out in the Cooperation Agreement and the Shareholders' Agreement.</p> <p>The scope of the joint venture is the development and financing of the KNP – Goongarrie Hub.</p>
<p>Funding</p>	<p>After FID, the Shareholders are required to contribute to funding in accordance with their respective shareholding.</p> <p>If a Shareholder does not fund an amount, the non-funding Shareholder's interest in the Company will be diluted. The other funding Shareholder has the right to fund the additional funding not provided by the non-funding Shareholder.</p>
<p>Governance</p>	<p>The Company's board of directors will initially consist of 2 nominees of Ardea. On DFS completion, the board will consist of 2 nominees of Ardea and one nominee of the Investor.</p> <p>After FID, board appointment rights will be in accordance with Shareholder ownership in the Company. Certain matters, customary of a joint venture, require supermajority approval (65%) or reserved matter approval (85%) of the board or shareholders, as applicable. After FID, the Investor will have a casting vote on certain matters.</p>
<p>Default</p>	<p>Customary default provisions for a joint venture of this nature. If an event of default occurs, a defaulting Shareholder will have a prescribed period to remedy the default, and if the default is not remedied the non-defaulting Shareholder is granted an option to purchase the defaulting Shareholder's entire interest in the Company (leading to the defaulting Shareholder's exit).</p> <p>Additionally, if either Shareholder is in default of its funding obligations, the defaulting Shareholder's interest in the Company will be diluted. The non-defaulting Shareholder may, at its discretion, fund the default shortfall.</p>
<p>Acquisition of minority shareholding</p>	<p>After FID, if a minority Shareholder holds an interest of 12.5% or less in the Company, the majority Shareholder is granted an option to purchase the minority Shareholder's interest.</p>
<p>Change of control</p>	<p>If Ardea is subject to a change of control, the Investor will be granted a right to dispose of its shares to a third party within a prescribed period, outside of the agreed exit windows.</p>



For personal use only

<p>Non-compete</p>	<p>Ardea undertakes not to engage in the development, construction and operation of a nickel laterite processing plant utilising HPAL technology outside the Eastern Goldfields region (Restricted Business). This undertaking:</p> <ul style="list-style-type: none"> • continues until 2 years after the end of the operation of the KNP – Goongarrie Hub, or 10 years after the Shareholders’ Agreement is terminated, whichever is earlier; and • applies to any related body corporate of Ardea (including any third party that acquires control of Ardea) or to a party which acquires Ardea’s interest in the Company. <p>Ardea agrees to discuss with the Investor regarding any proposed acquisitions of tenements or project development within the Eastern Goldfields region, which relate to the Restricted Business.</p>
<p>Exit provisions</p>	<p>After FID and prior to completion of the construction phase, Shareholders may only dispose of their interest in the Company in certain prescribed scenarios in accordance with the terms of the Shareholders’ Agreement.</p> <p>After completion of the construction phase, Shareholders may at their discretion dispose of their interest in the Company and customary drag and tag rights for a transaction of this nature will apply.</p>
<p>Disposal to third party</p>	<p>If a disposing Shareholder wishes to dispose of its interest, a non-disposing Shareholder has a right of first offer (ROFO).</p> <p>If the ROFO is not exercised, or lapses, the disposing Shareholder may within a prescribed period elect to sell its interest in the Company to a third party. A non-disposing Shareholder with at least 30% interest in the Company will have a right of first refusal on the third party sale.</p>
<p>Warranties</p>	<p>Standard representations and warranties for a transaction of this nature.</p>
<p>Term and termination</p>	<p>The Shareholders’ Agreement remains in force until it is terminated.</p>
<p>Governing law</p>	<p>Western Australia</p>