

Globally significant nickel-cobalt resources
and outstanding nickel sulphide and gold
exploration in Western Australia





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Stock Exchange Listing

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

The Home Exchange is Perth.

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Photo above: Part of Ardea's well equipped exploration base at Kalgoorlie, WA

Cover - The faceted multi-coloured jewels represent the rich heart of WA and its diverse character in terms of landscape, minerals, and where Ardea projects are focused. Goongarrie Nickel Cobalt Project pilot plant nickel sulphate crystals - Ardea to produce nickel and cobalt for the growing Electric Vehicle and Static Storage Battery markets.

Chairman's Letter to Shareholders 2020

Dear Shareholders,

On behalf of the Board and Executive Management team of Ardea Resources Limited ("Ardea" or the "Company") I would like to thank you for your continued support, particularly during the second half of the financial year with the onset of the COVID-19 pandemic. Ardea responded quickly to this challenge and implemented policies and procedures to protect our staff, service providers and the communities within which we operate.

Despite this challenge, the Ardea Team have continued to make strong progress in unlocking the full potential of our high-quality Western Australian project portfolio. Ongoing priority workstreams include:

1. **Nickel-cobalt flow-sheet optimisation** leading to development of the Goongarrie Nickel Cobalt Project (GNCP), which is part of our globally significant **Kalgoorlie Nickel Project (KNP)**, located within the Eastern Goldfields world-class gold-nickel province;
2. **Nickel sulphide exploration** within KNP tenements, with a current focus on following up high grade historic drilling results and off hole conductors, at Emu Lake – historic drill intercepts up to **2m at 6.2% Ni, 1.8% Cu and 2.2g/t PGEs**;
3. **Gold exploration** within KNP tenements, where the basement rocks prospective for hosting gold mineralisation are concealed by the nickel laterite cover and/or transported alluvial and lake cover – proof of concept with intercepts in very limited initial drilling of up to **8m at 4.9g/t Au in the Aphrodite North area and 8m at 6.6g/t Au at Lady Charlotte in the Grafter area**, both being previously undrilled green-fields targets; and
4. As part of the gold strategy, firming up a potential 2021 **Kalgoorlie-focused gold spin-out** with in specie share distribution at nil cost to Ardea Shareholders.

Ardea is in a unique position to have a large strategic land holding with potential to supply sustainable ethically sourced Critical Minerals to help meet the needs of a modern low-carbon society. Project Enhancements are continuing on our flagship GNCP, with a focus on completing the Goongarrie Line and Highway resource updates, targeting >1% nickel leach feed grade and plant optimisation predicated on mineralised neutraliser. The resource updates will also include a maiden scandium component which will further demonstrate the projects' strategic value.

Over 100 gold targets have been defined within Ardea's Eastern Goldfields tenure with this project pipeline ranked and being systematically explored. Early success at gold projects such as Big Four, Aphrodite North and Grafter provide proof of concept of an emerging gold camp buried by transported cover, only 70km north of the mining hub City of Kalgoorlie-Boulder.

Ardea have been working with specialist nickel sulphide consultancy Newexco throughout 2020 and have defined multiple nickel sulphide targets at Emu Lake, within the Kalpini project tenements. Ground and down hole Electro Magnetic (EM) surveys are being planned, with compelling targets to be drill tested. Two off hole conductors have already been defined and could represent high grade nickel sulphide pods, using a Silver Swan exploration model.

The spin out of Ardea's Lachlan Fold Belt tenements in New South Wales was successfully completed with the Godolphin IPO offers raising \$7.5 million. After meeting all conditions, Godolphin was admitted to the ASX on 16 December and commenced trading on 18 December 2019. The in specie distribution resulted in 30 million Godolphin shares being distributed at nil cost to eligible Ardea Shareholders.

The 2021 financial year has commenced at pace with several emerging gold discoveries on the Bardoc Tectonic Zone (BTZ) within Ardea's GNCP tenure. Ongoing drilling will define the potential of these targets, with any discovery success having the potential to be fast tracked towards production as most targets are located on granted mining leases.

I am looking forward to the year ahead and applying my extensive nickel laterite feasibility study, gold discovery and mine development experience within the KNP tenements to build upon the excellent work already completed by the Ardea Team. The significant progress made by Ardea in 2020 would not be possible without the ongoing support of the communities in which we operate and Ardea's employees, directors and consultants. I would like to thank you all for your support and professional work culture.

Yours sincerely



Mat Longworth, Chairman



Activities Report

Corporate Objectives

Ardea is an exploration and development Company with a strategic portfolio of 100%-controlled projects located within the Eastern Goldfields world-class nickel gold province in Western Australia. The Company believes that Western Australia is the world's premium operating jurisdiction with certainty of title demonstrated through 130 years of sustained mineral production and the development of transparent and ethical safety, environmental and operating procedures. Western Australia currently continues to operate internally with minimal economic restrictions due to border closures and exclusion of COVID.

The Company is focused on:

1. Development of the **Goongarrie Nickel Cobalt Project (GNCP)**, which is part of the **Kalgoorlie Nickel Project (KNP)**, a globally significant series of nickel-cobalt-scandium deposits which host the largest nickel-cobalt resource in the developed world;
2. **Nickel sulphide exploration** within KNP tenements aimed at making significant discoveries. Both disseminated and massive nickel sulphide targets have been defined, with any future production entirely complementary to the nickel laterite strategy;
3. **Gold exploration** and resource definition work; focusing on targets proximal to the KNP nickel deposits on the basis of potential infrastructure synergy with the nickel-cobalt developments; and
4. **Gold corporate activity**, including farm-outs and new tenement applications complementing existing nickel-gold projects leading to a potential Kalgoorlie-focused gold spin-out.

The KNP is comprised of a series of major undeveloped nickel-cobalt laterite deposits, which total 773Mt at 0.70% nickel and 0.05% cobalt and are located within 150km of the regional mining hub of the City of Kalgoorlie-Boulder, Western Australia. With total contained metal tonnages of over 5.4Mt nickel and over 400,000t of cobalt, the KNP is a globally significant resource and the largest highest nickel grade deposit of its kind in Australia.

Ardea's nickel-cobalt resources are located on granted mining leases, with a Native Title agreement in place, which will help expedite future project development.

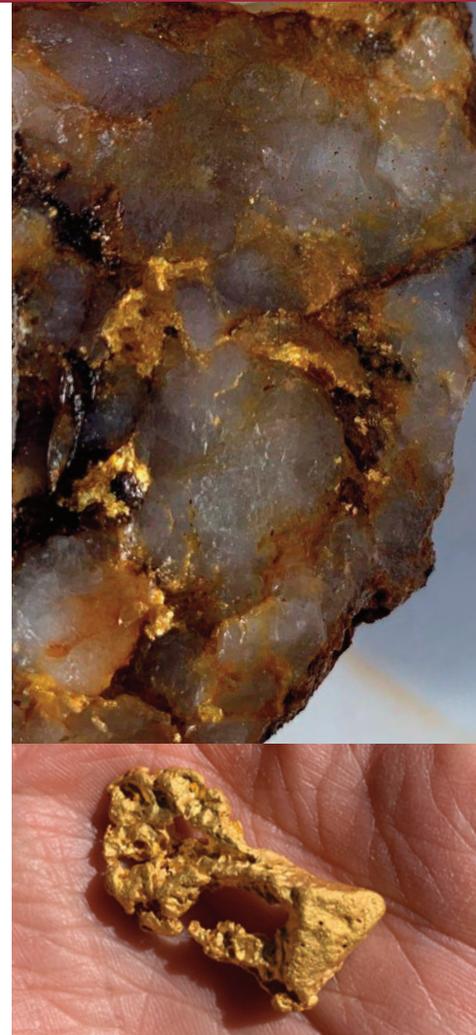
Nickel demand is expected to grow strongly in the decade ahead from traditional uses such as stainless steel and more significantly the rapidly emerging technologies such as Lithium Ion Batteries (LIB). The majority of auto manufacturers continue to commit to nickel-manganese-cobalt (NMC) 811 batteries for their planned Electric Vehicle expansion, which uses more nickel than earlier technology batteries. This adoption of NMC 811 battery technology is expected to place even greater demand on nickel.

Ardea is seeking to become a significant player in the LIB supply chain by producing high purity, sustainable, ethically sourced nickel and cobalt from the KNP. Optionality to consider production of other Critical Minerals also exists with scandium, Rare Earth Elements (REE), High Purity Alumina, vanadium and manganese also present and extractible within the KNP mineralisation, as confirmed by Ardea's standard 65 element drill assay suite.

In addition to advancing Ardea's strategic KNP nickel-cobalt resources, the Company continues to evaluate its Eastern Goldfields tenement holding and define compelling nickel sulphide and gold exploration targets. These targets are ranked and worked up to the drilling stage, with exploration a critical budget allocation, as any new discovery success is expected to generate significant additional Shareholder value.

Ardea's KNP is unique among the world's lateritic nickel-cobalt deposits in that it has developed upon ultramafic rocks that are within and are a part of major, crustal-scale gold-mineralised structures, notably the Bardoc Tectonic Zone (BTZ).

Within Ardea's KNP tenements the primary focus by past explorers has been on nickel-cobalt laterite exploration, with minimal gold or nickel sulphide exploration completed within the last 20 years. Over this period there have been significant advances in the geological understanding of the Eastern Goldfields and exploration technologies.



Photos top: Ardea's KNP projects are highly prospective for gold
Photo opposite: Exploration drilling at Lady Charlotte prospect within the Grafter area

Resource breakdown, last disclosed in Ardea 2019 Annual Report, ASX Release 24 October 2019.. 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.



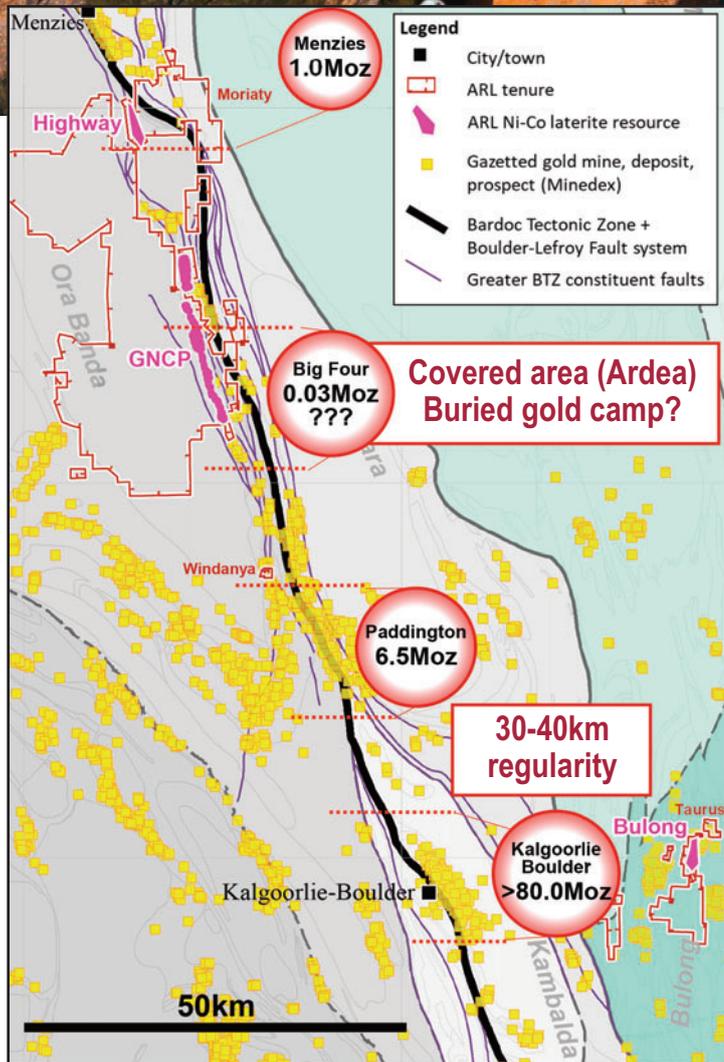


Figure 1: Gold endowment along the Bardoc Tectonic Zone and the contiguous Boulder-Lefroy Fault, after Hodkiewicz et al.

The Ardea Team stay at the forefront of these advances, utilising the historic KNP data base assays and new assays from the archived KNP drill sample pulps to synthesis exploration models which are now making significant new discoveries.

There are multiple benefits to gold exploration within the KNP tenements including first and foremost discovery success, as shown by the emerging Aphrodite North and Lady Charlotte gold discoveries. But every hole drilled provides new knowledge, and where gold is not intersected, these areas are effectively sterilised and can be considered as infrastructure sites for the development of future nickel-cobalt operations.

Nickel sulphide exploration opportunities have been defined at multiple KNP project areas, with a current focus on following up historic high-grade drilling results and untested off hole Electro-Magnetic (EM) conductor plates within Ardea's Emu Lake Kalpini project.

A balance will continue to be achieved between advancing Ardea's strategic KNP nickel-cobalt resources and nickel sulphide and gold exploration opportunities with the goal of progressing multiple work streams to allow full value to be captured from the Company's quality Western Australian tenement portfolio.



Goongarrie Nickel Cobalt Project

Overview

The GNCP within the KNP is considered an optimum project development site given the proximity to the mining service City of Kalgoorlie-Boulder and the benign arid environmental setting, which favour **GNCP as a future sustainable and ethical source of the nickel and cobalt that the Electric Vehicle and Static Storage Battery industries** increasingly favour. Current priority workflows include:

- **Strategic Partner Process** – Exponential growth in the LIB supply chain continues with multiple global organisations looking to secure future ethical supplies of nickel and cobalt and expand production capacity to meet growing demand. Ardea remains committed to ensuring nickel and cobalt off-take from the GNCP is linked to a project funding commitment and that completion of the Definitive Feasibility Study is linked to the specific requirements of the Strategic Partner/s to ensure that project development scale and end product specifications meet their needs. With Ardea's large Western Australian based KNP resource base, the Company is one of a select few on a global scale able to ensure ethical supply that can be ramped up to >40,000tpa of nickel metal equivalent. Recent Strategic Partner discussions indicate that several potential partners have a preference for securing a Mixed Sulphide Precipitate (MSP). Ardea continues to progress discussions with potential project partners, alongside advisors, KPMG.
- **Resource Update** – A resource update is nearing completion for the full 25km of strike covered by the GNCP deposits, Goongarrie Hill, Goongarrie South, Big Four and Scotia Dam. In addition to nickel-cobalt estimates, this resource will include a maiden scandium estimate and detailed material type classifications for mine planning. The project has required re-assay of some 3,000 archived drill sample pulps, a task which has added considerable complexity and time requirements to the program, but with the models now generated, has been of excellent value.
- **High Grade Mine Schedule** – Goongarrie and Highway will be included in the Life of Mine plan and updated mining study once the resource updates have been completed, with the aim of maintaining High Pressure Acid Leach (HPAL) leach feed grades of over 1% nickel for at least the first 15 years of operation. Open pit optimisations and detailed mine scheduling is including a tailings pit back-fill schedule, waste landform locations and pit de-watering, utilising the updated GNCP wireframes and block models.
- **Mineralised Neutraliser** – High-nickel magnesium serpentine units with associated carbonate saprock have been identified in Research and Development (R&D) programs that can be used as a local source of in-pit neutraliser, which will minimise waste rock generation and reduce the need for transporting consumables such as lime to site.
- **Flow Sheet** – Mass balance reviews continue and are expected to further enhance the GNCP economics. These options include:
 - o Replacement of leach residue filters with a conventional Counter Current Decantation circuit;
 - o Co-disposal of spent tailings with mine waste;
 - o Replacement of raw water thermal crystallisation with Reverse Osmosis;
 - o Replacement of chemical water softening with nanofiltration; and
 - o Modelling alternative in-pit neutralising agents (with nickel credits).
- **Environment and Approvals** – The GNCP is being designed to minimise its environmental footprint in line with Ardea's commitment to best practice Environmental, Social and Governance principles. Key planned development attributes to minimise the project footprint include:
 - o The strip ratio is low at approximately 2:1, minimising project waste rock generation;
 - o Waste is either used for construction of integrated waste landforms, progressive back-fill of exhausted pits or rehabilitating completed mine areas, always finishing with re-forestation;
 - o Slurry tailings are planned to be deposited in exhausted pits, eliminating the need for above-ground valley-fill Tailings Storage Facilities;
 - o Early-mined nodular surface laterite waste is particularly well suited as road base for site access roads or rehabilitation materials;
 - o The ultramafic mine waste from anecdotal observation favours local flora assemblages for revegetation including agroforestry; and
 - o There are no indications of Acid Mine Drainage risk.



The Goldfields Highway and Kalgoorlie-Leonora rail line and optic fibre line cross GNCP tenure south of Goongarrie, providing direct access to ports and markets



- **Water sources and treatment** - Highly encouraging results have recently been received from a second round of membrane separation test-work completed in the United States. This R&D strongly supports the technical feasibility of producing a relatively soft permeate with good yields under a high-pressure filtration strategy. The application of membrane separation is expected to simplify the water treatment section of the flowsheet and result in reduced Capital and Operating Costs, as opposed to the 2018 PFS flowsheet using a thermal desalination base-case.
- **Tenement Consolidation** – KNP and in particular GNCP tenure continues to be consolidated and adjoining infrastructure sites secured. During the last 12 months, opportunistic tenement acquisitions that contain nickel sulphide and gold targets on regional gold Tectonic Zones have been secured.
- **Stakeholder Engagement** – Strong support continues to be received from the Communities and Local Government in the jurisdictions within which Ardea operates.



Feasibility Programs

Ardea's "WINNER" (Water, In-pit Neutraliser and Nickel Enhanced Reserve study) workstreams continue with a key focus on leveraging off Ardea's extensive reserve and resource base additional to its flag-ship GNCP. Other projects within short haulage distance of the planned GNCP HPAL process plant, initially the Highway and Siberia North deposits, are being appraised for selective high-grade (>1% nickel) plant feed.

The aim is to optimise plant feed grades for an initial 2Mtpa HPAL train exceeding 1% nickel for at least 15 years. Options to develop a second 2Mtpa HPAL train will also be considered. Ardea is in a unique position of having this resource optionality due to the very large size of the nickel and cobalt resources, facilitating high grading and selective recovery of key geo-metallurgical mineralisation types.

Work during the year was focused on resource modelling, pit optimisations, mine planning, metallurgy, environmental studies, permitting and availability of infrastructure sites. These programs shape and define the planned site layout, which is the critical parameter for the approvals process and maintaining a sustainable site.

Processing Research and Development

The Research and Development (R&D) focus continues on 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 potentially occurring within the KNP lateritic enrichment profile include:

- Nickel, manganese and cobalt (NMC) being overwhelmingly the most common constituents of LIB cathodes;
- EV electric motor REE magnet metals notably neodymium and praseodymium. The KNP has common cerium, and potential for dysprosium, lanthanum and terbium.
- Scandium for scandium-aluminium lightweight, high-strength EV chassis;
- High Purity Alumina (HPA) for sapphire glass in EVs and mobile devices such as phones and computers;
- Vanadium for SSBs;
- Other Critical Minerals targets identified within the KNP assay data base include:
 - Barium, chromium, gallium, indium, molybdenum, tellurium, titanium, tungsten, yttrium, zirconium; and
 - Extra Platinum Group Metals - ruthenium, rhodium, osmium (due to excessive assay cost, using platinum-palladium as a pathfinder in pulp re-assay).

Critical Minerals

Ardea continues to engage with the Commonwealth Critical Minerals Facilitation Office. Research continued on the Ardea drill hole data base, defining multiple Critical Minerals and REE settings. The REE enrichment mirrors nickel-cobalt enrichment at the Magnesia Discontinuity within the regolith profile. The R&D programs have focused on REE recovery (notably cerium, neodymium and praseodymium) in parallel circuit with scandium (using Ion Exchange).

Ardea have archived over 20 years of drill assay pulp samples at their West Kalgoorlie Operations Office. These drill assay pulps are being systematically re-assayed throughout the KNP starting with an approximate 80x80m collar spacing at Highway and then 160x80m spacing at Goongarrie Hill, Siberia North, Bulong and Kalpini. Results continue to be reviewed and interpreted and incorporated in the resource update. This same approach is being systematically applied to all KNP resource areas.



Ardea's Andrew Penkethman (Managing Director & CEO) with Matt Painter (General Manager - Exploration) undertaking project appraisal within the KNP

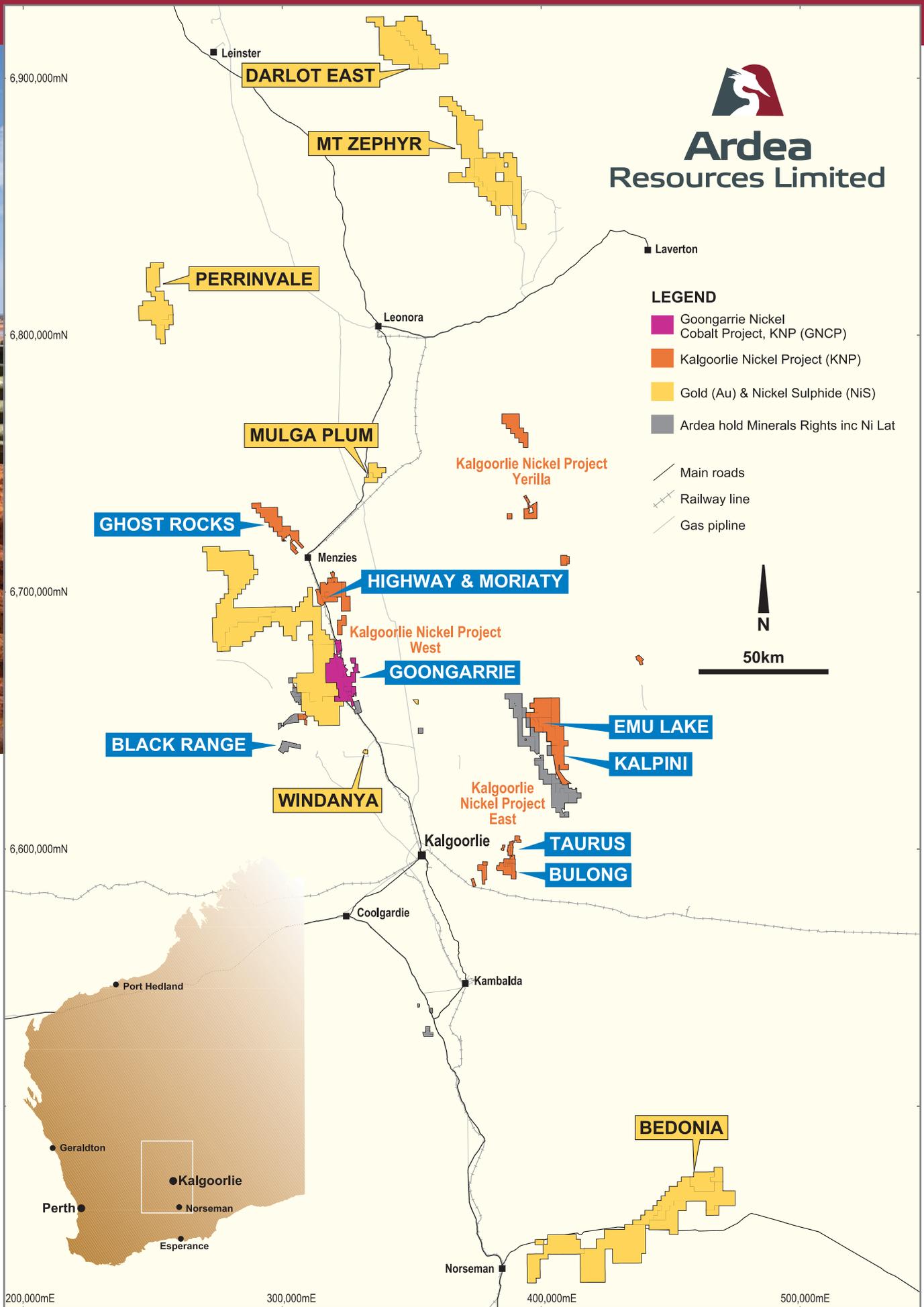


Figure 2: Ardea's strategic project portfolio within the Eastern Goldfields of Western Australia



WA Nickel Sulphide and Gold projects

Ardea has a significant number of additional projects outside of the flagship GNCP. Most of these projects host nickel-cobalt laterite resources of the KNP (that could supplement future GNCP production), but also host significant “green-fields” nickel sulphide and/or gold mineralisation (see Figure 2).

The Ardea Western Australian mineral tenure covers over 4,000km² and represents a strategic land holding in one of Australia’s premier nickel sulphide and gold provinces.

In light of the record high Australian dollar gold price, Ardea will continue to systematically appraise, assess, and explore its tenements for gold mineralisation and consider strategic opportunities which complement existing projects.

The following summary updates Ardea’s priority exploration projects and recent progress.

Ardea gold strategy

The nickel laterites of Western Australia’s Eastern Goldfields province are typically localised around crustal-scale Tectonic Zones (TZ), which 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 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 ancient 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 GNCP, all the key elements for significant gold mineralisation within Kalgoorlie-Boulder’s Eastern Goldfields gold province.

Ardea will continue to advance its gold strategy and has already defined well in excess of 100 targets, which have been ranked and are being systematically explored. The immediate priority is on the top ranked gold targets at the GNCP, where all drilling information helps provide critical information to assist with siting future GNCP infrastructure.

Bardoc Tectonic Zone

Ardea’s GNCP is unique among the world’s lateritic nickel-cobalt deposits in that it has developed on ultramafic rocks that are within and a part of a major, crustal-scale gold-mineralised structure being the Bardoc Tectonic Zone (BTZ). The BTZ hosts gold mining centres, from south to north, at Paddington, Goongarrie, Comet Vale and Menzies (see Figure 1).

Ardea has granted tenure with known gold endowment from south to north at Windanya, GNCP, Highway, Moriaty and Ghost Rocks, holding a cumulative 65km of the regionally significant BTZ (see Figure 1). The majority of the BTZ on these project areas is obscured by shallow cover and the development of the laterite profile. For this reason, historic gold exploration is limited. However, Ardea’s gold target generation and exploration work continues to confirm the gold prospectivity with a maiden resource defined at Big Four Gold and emerging discoveries on the Aphrodite North trend and at Lady Charlotte within the Grafter project area. Further work is underway to unlock the gold potential of Ardea’s under-explored projects, including a research project with Australia’s national science agency, the Commonwealth Scientific and Industrial Research Organisation (CSIRO). The CSIRO’s Regolith Geosciences team is studying the behaviour of gold within and adjacent to the Critical Mineral occurrences of the Goongarrie Nickel Cobalt Project.

Big Four gold prospect

The Big Four gold prospect is located 70km north northwest of the City of Kalgoorlie Boulder, within the footprint of the GNCP. Infill and extensional drilling completed by Ardea in January 2020 and historic data collated by the Company has enabled estimation of an Inferred Mineral Resource being **178kt at 2.7g/t gold** for 15,300oz gold (0.5g/t Au cut off).



This result provides proof of concept of the gold mineralisation potential of the BTZ within Ardea's GNCP, which elsewhere is concealed by Quaternary sediments and the overprinting nickel laterite profile.

Metallurgical composites have been prepared from the RC drill samples and are currently undergoing metallurgical testwork, confirming gravity and cyanide leach recoverable gold (no refractory gold identified). Once completed, the total gold recoveries will be available to advance discussions on monetising the Big Four Gold deposit.

Grafter gold prospect

The Grafter gold prospect is an underexplored area, covering 3.7 x 1.5km in the south-eastern GNCP (Figure 3), located approximately 65km north northwest of the City of Kalgoorlie Boulder. Around 80% of the area is covered by transported and laterite cover and has been interpreted from a combination of field work and desk top studies as a deformed mafic hangingwall sequence highly prone to gold mineralisation. As the area was previously held by prospectors, there has been no modern systematic exploration. The Ardea exploration team have identified similar structural relationships to BTZ-BLF "structure kinks" as documented at the Paddington, Kalgoorlie and New Celebration gold camps.

A modest "toe in the water" first-pass RC exploration program has commenced at Grafter to test three different types of target (A / Lady Charlotte, B and C – Figure 3), with the knowledge gained to be used to continue to refine the exploration targeting approach on concealed BTZ gold targets. Two RC holes were completed at Lady Charlotte in July 2020. The initial RC result from ABR0286, **8m at 6.57g/t Au from 24m**, is an excellent start to the first round of gold exploration drilling at Grafter. This intercept is interpreted to represent high grade supergene mineralisation, with the primary lode position and orientation to be defined by follow-up RC drilling.

The prospect is located immediately south of an extensive plain of transported cover. The initial Grafter drilling was selected at Lady Charlotte on the expectation of shallower transported cover, thus allowing a more cost-effective window in on the sub-surface geology. On the regional scale, it is very interesting that on drill-testing, the first exposures for several kilometres are mineralised. Follow-up exploration drilling is planned to recommence in late September 2020.

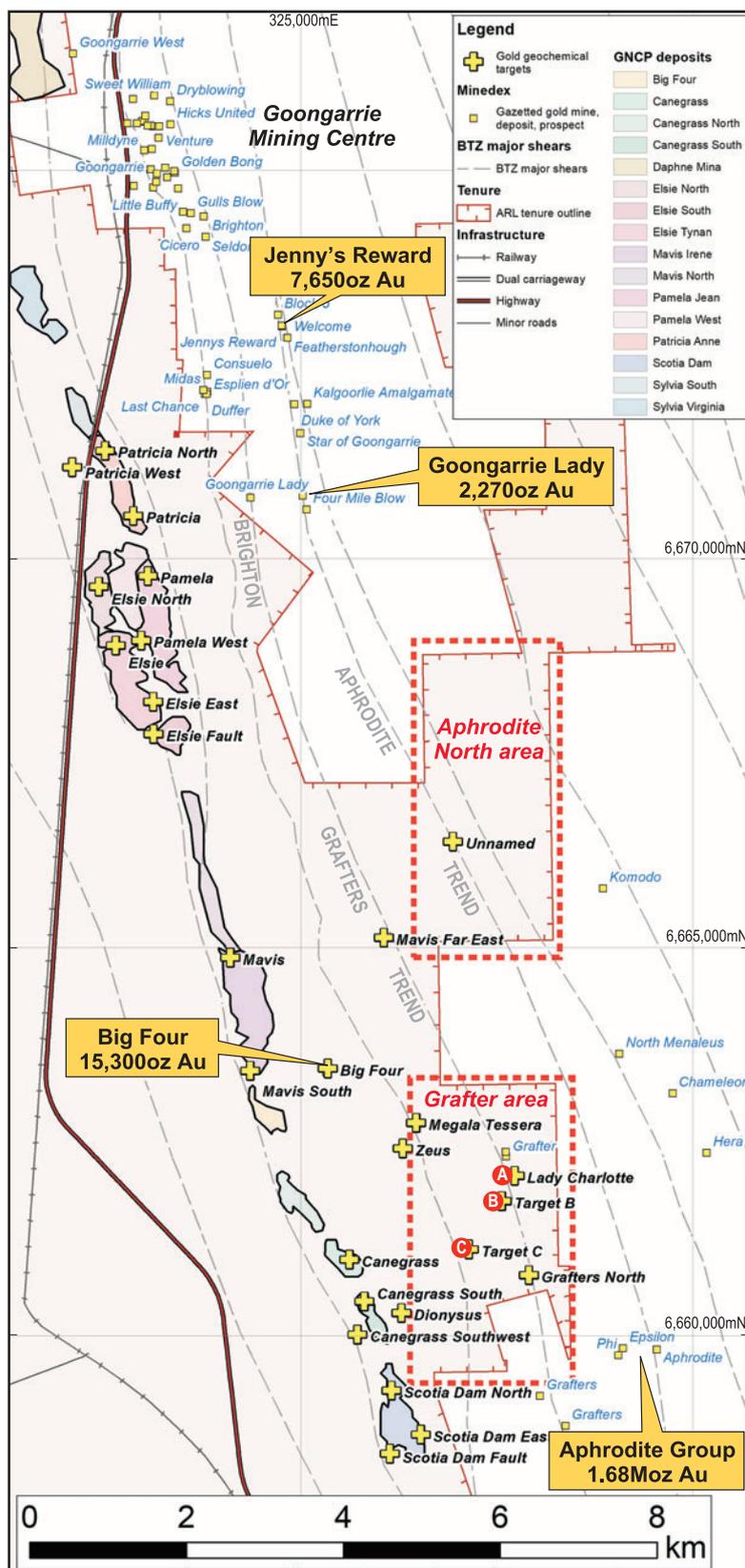


Figure 3: GNCP location plan, showing Ardea tenements in red and highlighting the location of the Grafter (red dashed box) and Aphrodite North (red dashed box) prospects. The location of the three initial target areas, A (Lady Charlotte), B and C, to be explored at Grafter are shown along with the main interpreted gold trends (dashed grey lines) and prospects (yellow crosses). Projection GDA94 MGA94 Zone 51.



Aphrodite North gold prospect

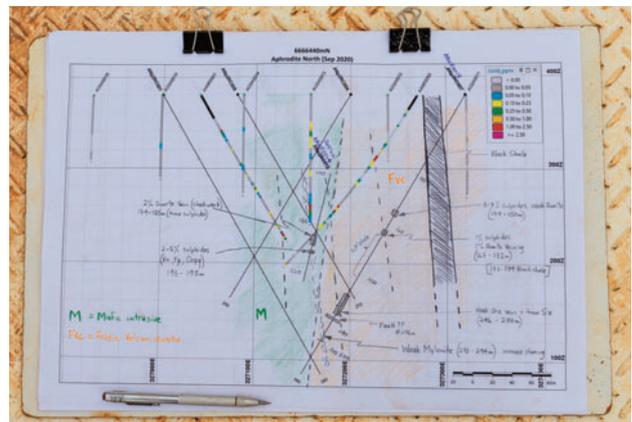
The Aphrodite North area is located approximately 80km north of the City of Kalgoorlie-Boulder (Figure 3). Aphrodite North is entirely covered by 30-40m of transported material and thus exhibits no surface gold anomalism. The target structure extends in a north-northwest orientation throughout Ardea's Mining Lease, M29/426 and is located 3km east of the nearest of the nickel-cobalt deposits that constitute the GNCP.

The Aphrodite North target was identified on a structural feature within the BTZ hosting significant gold deposits outside of Ardea's tenure. The structural line connects the 1.7Moz Aphrodite gold deposit (BDC ASX release 25 June 2020) to the south, with the Goongarrie Lady and Jenny's Reward open pits at the historic Goongarrie gold mining centre to the north. It demarcates the contact zone between the Victorious Basalt and the overlying Black Flag Formation volcanoclastic sediments, and is a common regional host to gold mineralisation. On Ardea's ground, this trend is entirely covered by transported sands and lake clays located on flat scrubby plains south of Lake Goongarrie.

First-pass regional aircore drilling completed in May 2020 defined anomalous gold mineralisation over a 2.4km northwest trend. Gold anomalism and interpreted structural complexity was strongest on section 6666440mN with this section the priority for follow-up RC drilling completed in July 2020.

The results from RC holes AANR0001 and 2 on section 6666440mN, include:

- AANR0001: **6m at 3.60g/t Au** from 44m from the West 2 Lode
including 2m at 9.99g/t Au from 44m
and 8m at 4.94g/t Au from 172m to 180m End of Hole (EOH) in Main Lode
including 4m at 9.42g/t Au from 172m
- AANR0002: **10m at 1.52g/t Au** from 76m from the East 2 Lode
and 2m at 0.63g/t Au from 226m to 228m EOH from Main Lode



RC drilling and drill chip logging at Aphrodite North July 2020. The working section used in the field showing the target dolerite host rock, multiple zones of quartz veining, foliation intensity and potassic alteration - sericite, biotite, quartz, carbonate and pyrite increasing with depth.

These results confirmed a typical Eastern Goldfields dolerite-hosted orogenic gold system with multiple lodes defined over a 170m horizontal width at the contact of a western dolerite with eastern andesitic volcanoclastics and shale. Based on a nominal 0.5g/t Au cut-off within a 0.1g/t Au lode envelope, visual quartz-pyrite-calcite veining and sericite-chlorite-biotite alteration (with multi-element confirmation), six preliminary lode structures have been defined. Each of these lodes will require follow-up drilling.

The return of such encouraging grades in an initial RC drill program, being significantly higher in bedrock than the earlier aircore program in weathered saprolite, is highly encouraging. Unfortunately, drill conditions required AANR0001 to be stopped at 180m within a zone of strong potassic alteration and well short of the planned depth of 250m. Accordingly, the Main Lode remains open. Scissor hole AANR0002 was designed to test the Main Lode at approximately the same piercement point, but also had to be stopped before the 250m target depth, at 228m.

AANR0002 had just entered the Main Lode East, returning 2m at 0.63g/t Au after drilling some 30m of strong carbonate veining that characterises the approach of lode contacts.

Drillholes to the north and south also intersected hypogene gold mineralisation. Despite grades not being as high as those intersected in AANR0001 and AANR0002, it is important to note that strong veining and alteration are associated with the more moderate gold grades. Whether some of these lodes are outside the controlling mineralised plunge cannot yet be assessed, so it is important that these lower grade zones are followed up to fully define the extent of gold mineralisation throughout the Aphrodite North area.

Follow-up RC drilling to infill the Main Lode gap between holes AANR0001 and 2 is a high priority, along with defining gold mineralisation extents along strike. RC drilling commenced on 8 September 2020 with results for this emerging gold discovery keenly awaited.

RC drill chips at Aphrodite North and close up of alteration.



Highway - Moriarty gold and nickel sulphide prospects

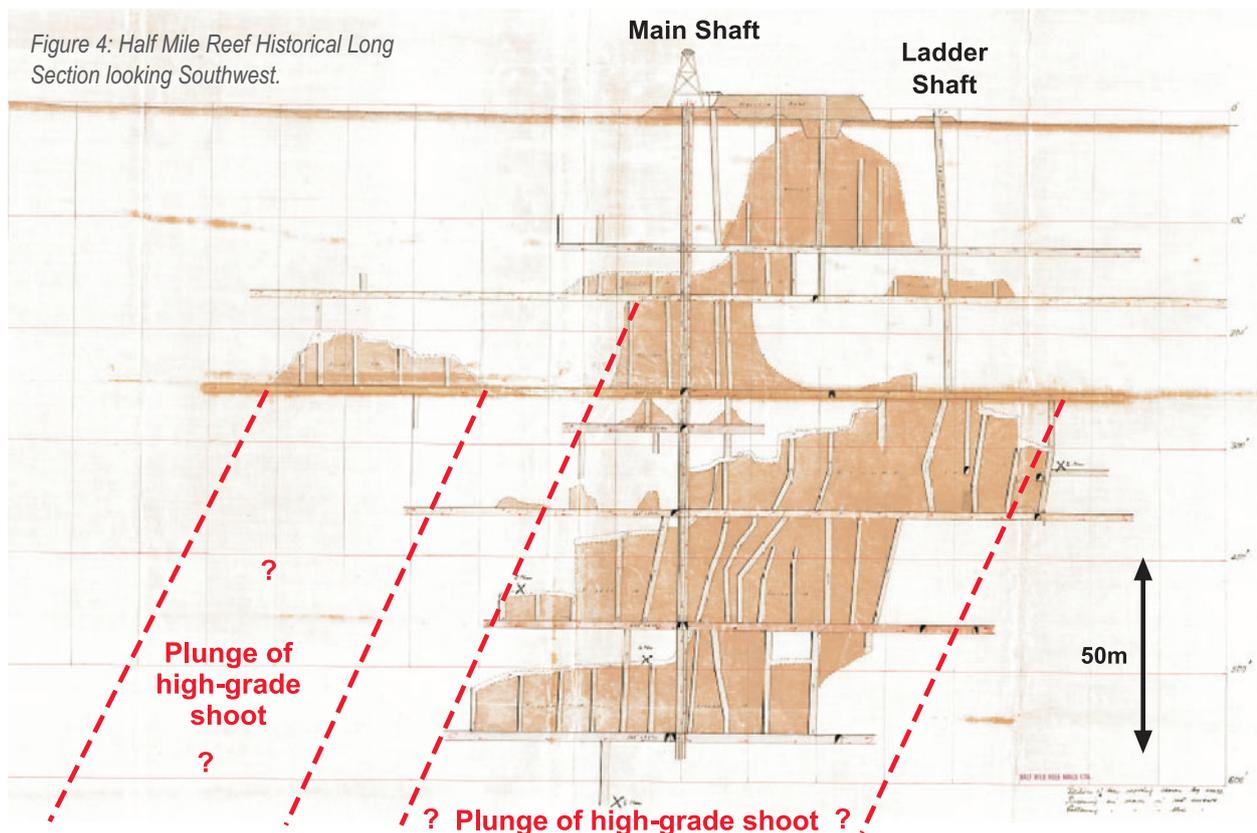
The Moriarty tenements, at the eastern boundary of the Highway nickel laterite project are located immediately north of the GNCP tenements (Figure 1, 2 and 8) within the BTZ. Detailed compilation of over 50 years of historic exploration was completed during the year, including assessment of old reports, plans and drill logs, the open file drill hole database, nickel sulphide petrology and legacy EM survey information. All existing data has been compiled into a GIS digital platform with detailed geological interpretation underway. Nickel sulphide and gold exploration targets have been defined and added to and ranked against targets already defined at other Ardea projects. Follow-up exploration programs are planned for priority targets once the current GNCP gold programs are completed.

Windanya gold prospect

Windanya is hosted within the BTZ, 50km north of Kalgoorlie and 20km south of the GNCP Scotia Dam nickel-cobalt deposit. It is a major historical gold mining centre that was operational in the 1900s (see Figure 2). Significant historic gold workings are evident on the tenement and extend as a corridor to other workings to the north and south of Ardea's tenure.

Sourcing of historic information and data interpretation has been completed, with a focus on the Half Mile Reef gold mine located near the centre of Ardea's Windanya ground holding. Half Mile Reef was a major underground gold mine at its peak in the early 1900s, and was the location of the regional State gold production battery. Historic records sourced for the Half Mile Reef indicate that between 1897 and 1906, 23,480 tonnes of ore were mined from an underground operation, producing 12,993 ounces of gold. This indicates a recovered gold grade of 17.2 g/t, with the head grade likely to be considerably higher.

Ardea is the first Company to source all historical data, including old mine plans (Figure 4) and to create digital files so that this information can be assessed in 3D. These files confirm that a 183m (600 foot) deep shaft was developed, with stoping to a depth of at least 170m. Level development and discontinuous stoping was completed over a horizontal distance of at least 213m (700 foot). This information has been modelled in 3D to help refine the controls on high grade gold mineralisation historically mined and has been projected down plunge as a check on the effectiveness of historical drilling. The majority of historic drilling around the old mine workings was either too shallow or missed the plunge projection of the main mineralised structure. Ardea is the first Company to compile and assess all legacy data in such detail to provide confidence for drill-hole siting in future exploration. A number of targets have been defined and initial exploration drilling around the Half Mile workings is expected to commence in October 2020.



Bulong and Taurus gold prospect

Ardea's Bulong tenements are located approximately 30km east of the City of Kalgoorlie Boulder. The regionally significant crustal scale gold-controlling structure, the Goddard Fault, trends north-south and passes through Ardea's Bulong tenure (Figure 5). This structure represents a northern splay of the regionally significant Mount Monger Fault, which hosts gold mineralisation to the south, with the best-known operating mine in the area at Daisy Milano.

Historically, the focus on the Bulong tenements has been on high grade laterite hosted nickel-cobalt mineralisation (54.1Mt at 0.88% Ni and 0.05% Co, for contained metal of 476.1kt nickel and 28.8kt cobalt) as part of the KNP resource base, with minimal historical gold exploration.

Ardea commenced systematic gold exploration with a detailed mapping and sampling program around the historic Taurus underlay shaft and multiple workings in the area. Fifty four rock chip samples were collected during the mapping program with 22 samples (40%) 1g/t Au or greater and the average grade for all samples collected in this program was 4.86g/t Au. This program has refined the controls on gold mineralisation in the project area.

Mapping has identified several other possible Taurus lode repeats as well as providing orientation and shear sense indicators. This information will be used to complement historic drill data, which is presently being compiled in detail, and other historic datasets. 3D models will be constructed from these datasets to enable definition of drill targets.

Ardea works with Kalgoorlie-Boulder prospectors who have been recovering alluvial, eluvial and primary gold in the area which is assisting with Ardea target generation and furthering the understanding of the controls on Bulong gold mineralisation.

In addition to the significant nickel-cobalt resources hosted at Bulong, 36 exploration targets have been defined. These range from gold, PGEs and base metals (nickel, copper, lead and zinc).

Limited historic nickel-cobalt laterite drill holes have been located over some of the gold targets and a search for the historic pulps within Ardea's West Kalgoorlie sample archive facilities has been completed and samples submitted for multi-element assay, including gold for the first time. This is a low impact and much cheaper form of exploration, as it removes the need to redrill holes.

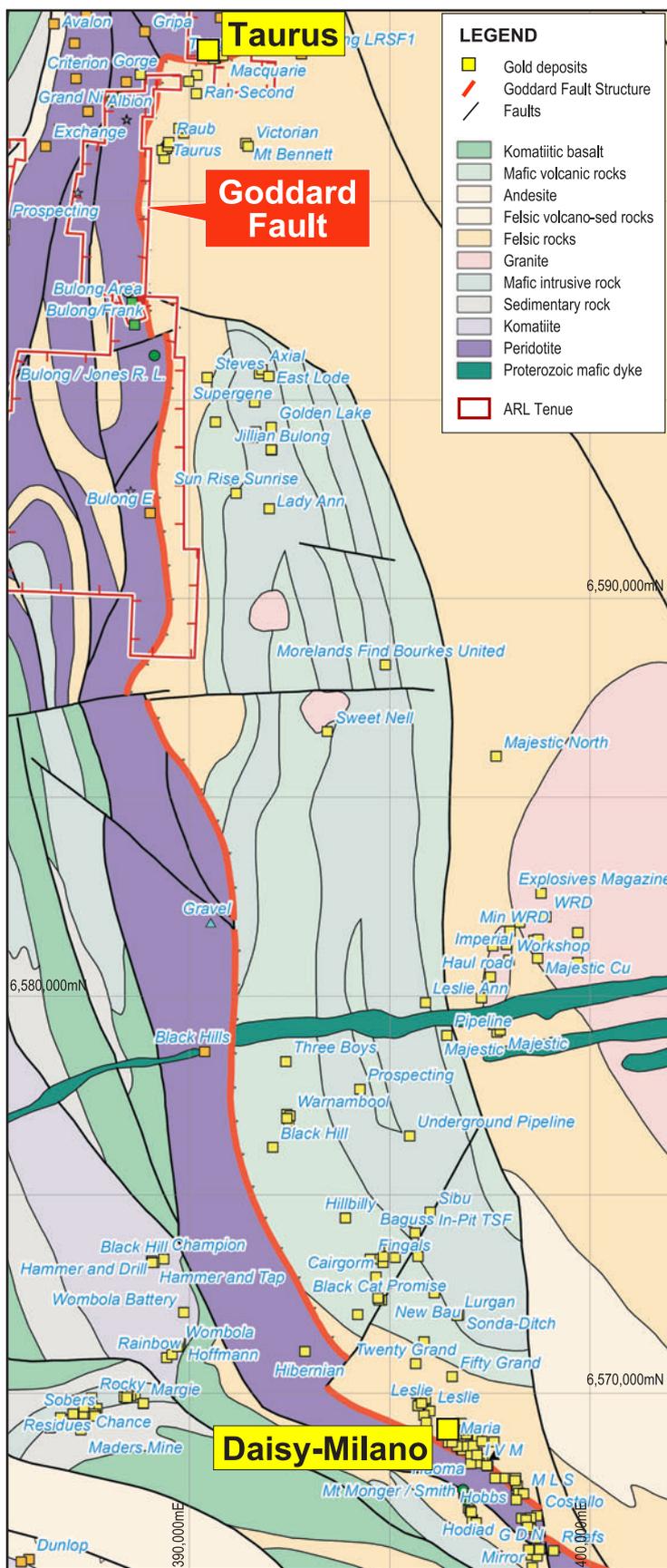


Figure 5: Bulong Project location plan showing Ardea's tenements in red and the regionally significant Goddard Fault.



Kalpini - Emu Lake nickel sulphide and gold prospect

Emu Lake is part of the Kalpini group of tenements and located 70km north-east of Kalgoorlie (Figure 2 and 8). The Kalpini group is home to significant lateritic nickel resources of the KNP (75Mt at 0.73% Ni and 0.04% Co, for contained metal of 476.1kt nickel and 28.8kt cobalt). There are multiple historic nickel sulphide drill hole intersections exceeding 1% nickel. Previous explorers include Jubilee Mines, Emu Nickel, Xstrata and Pioneer Nickel. The komatiite belt is known to be fertile for nickel sulphide, with previous explorers recording significant drilling results, such as 2m @ 6.2% nickel in historic core drilling (Heron Resources Limited ASX release 26 November 2013. ELD015, 2m at 6.2% Ni, 1.78% Cu, and 2.17g/t PGEs). Results of this tenor confirm unequivocal nickel sulphide endowment and prospectivity. A limited RC drilling program by Ardea in 2019 identified VMS base metal sulphides in the footwall of the nickel sulphide stratigraphy. This is most favourable in terms of komatiite channel nickel sulphide models.

Ardea is continuing the assessment of the historic data from the region with the assistance of leading nickel sulphide and EM consultants Newexco. A pipeline of nickel sulphide exploration targets have been defined, with follow-up work currently under way (Figure 6). The top priority targets are two off-hole EM conductors that could represent high grade, Silver Swan style nickel sulphide occurrences.

A large number of gazetted gold occurrences are noted to the west of Ardea's Kalpini project, mainly associated with the crustal-scale Emu Fault. Additionally, there are historic gold occurrences within Ardea's tenements, with the area primarily assessed as a nickel-cobalt laterite project and nickel sulphide exploration opportunity in the past. As a result of this, assaying historic drill samples for gold has been extremely limited, with Ardea now the first to do so.

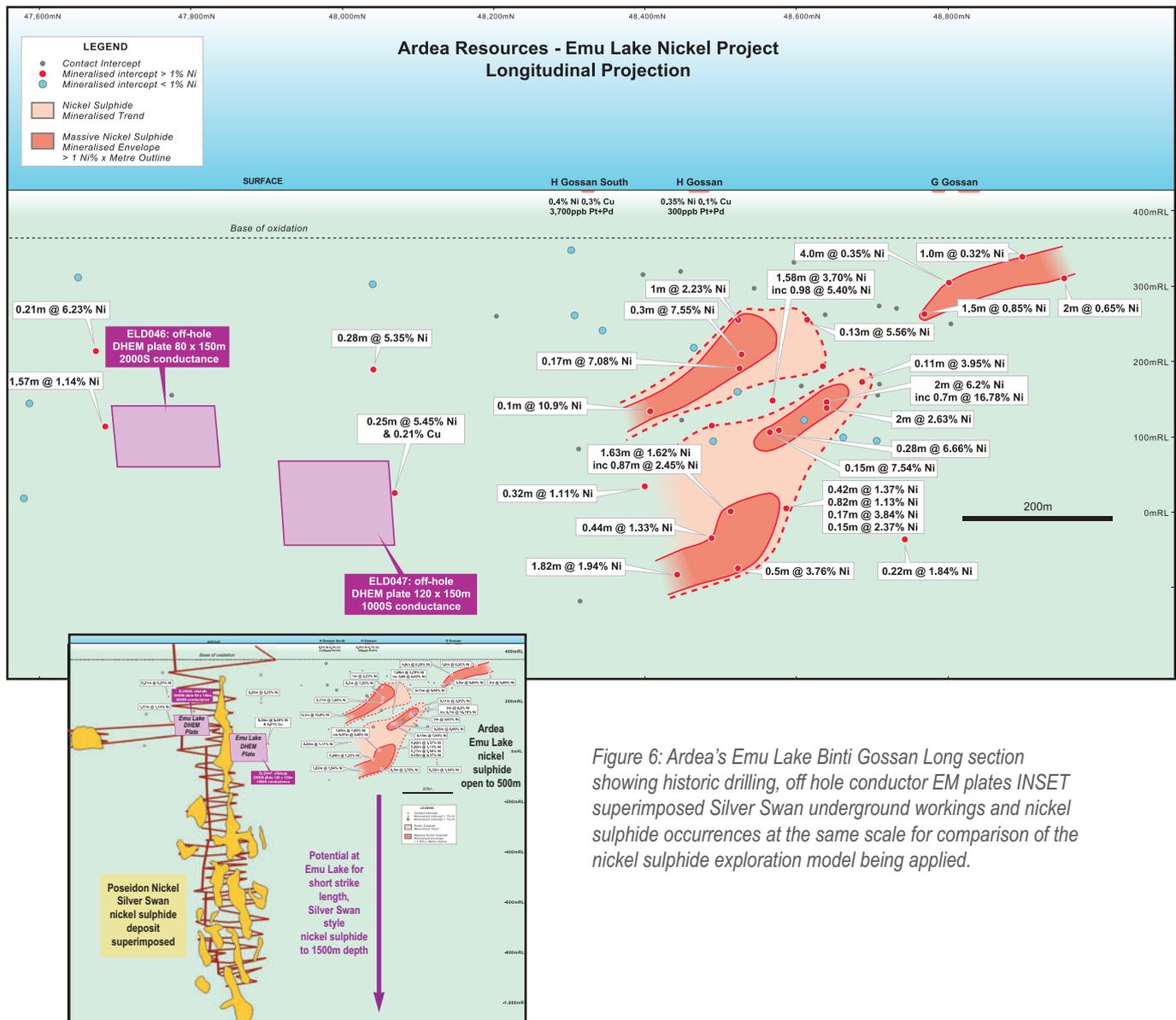


Figure 6: Ardea's Emu Lake Binti Gossan Long section showing historic drilling, off hole conductor EM plates INSET superimposed Silver Swan underground workings and nickel sulphide occurrences at the same scale for comparison of the nickel sulphide exploration model being applied.



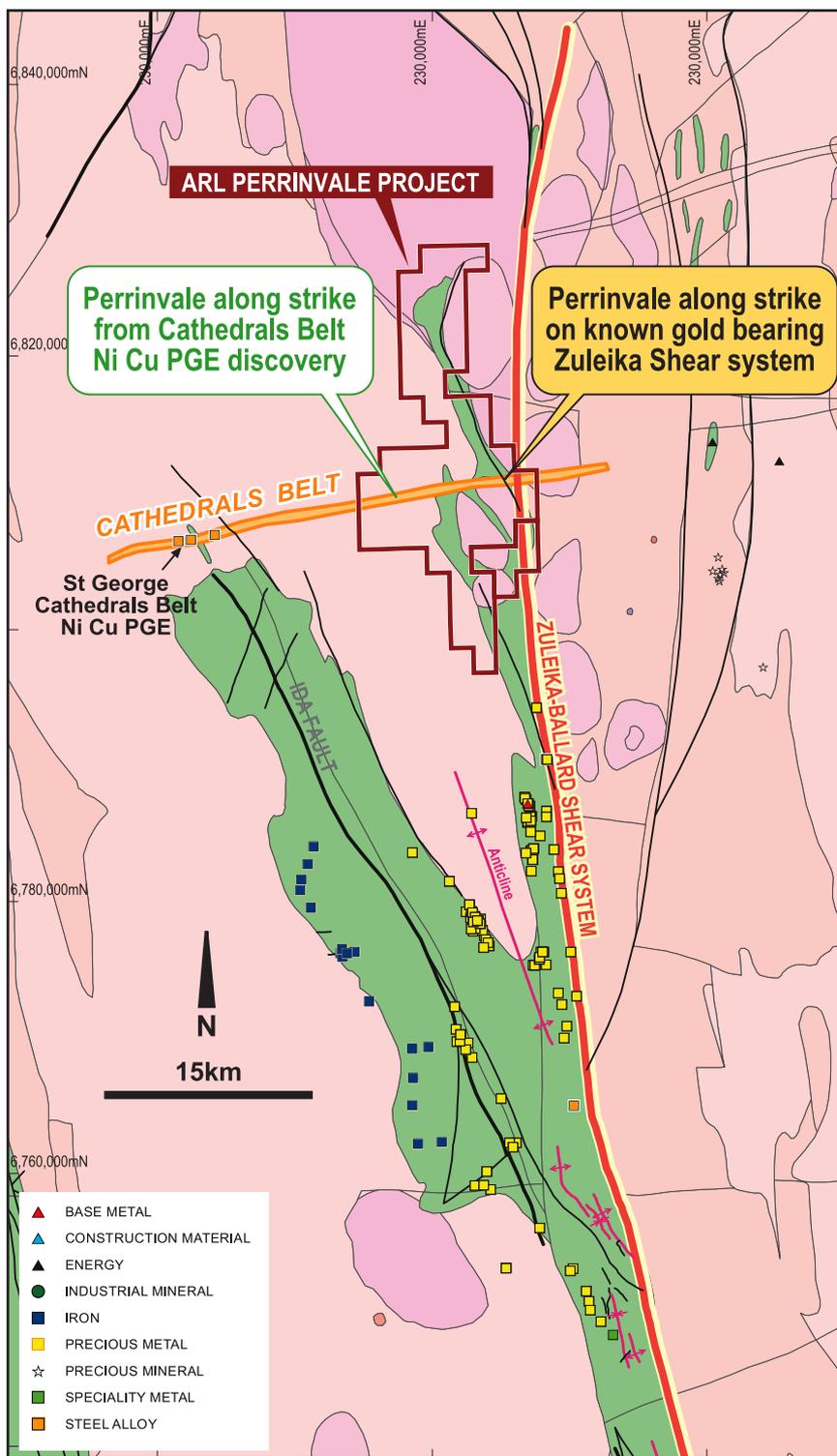


Figure 7: Perrinvale Project geology plan, highlighting the Cathedrals Belt (known Ni Cu PGE bearing structure) and Zuleika Shear (known gold bearing structure eg Kundana) passing through Ardea’s tenements. Projection GDA94 MGA94 Zone 51.

targets which have been ranked and added to Ardea’s ranking system and represent regional targets that would be best explored with wide spaced RAB or Aircore drilling through the surface cover for geological logging and geochemical sampling. This data would then be used to help vector in on any bedrock gold anomalism defined, targeting a greenfields discovery.

Perrinvale nickel sulphide and gold prospect

Perrinvale is located approximately 100km west of Leonora. The Ardea exploration model is based on recent nickel sulphide discoveries immediately west of Perrinvale made by St George Mining. Regional magnetic data highlights that the feature which hosts the St George Mining nickel sulphide discoveries within the Cathedrals Belt, has an east-northeast strike and extends into Perrinvale (Figure 7). At Perrinvale, this prospective trend is overlain by transported cover, requiring geophysical methods such as moving loop Electro Magnetic (MLEM) surveys for exploration targeting.

MLEM surveys have been completed by Ardea over three separate zones at Perrinvale with a consultant’s field report received during the December 2019 Quarter which recommended follow-up exploration including shallow aircore drilling beneath transported cover to determine basement geology and the geochemical signature associated with the EM anomalies defined. Surface EM surveys were recommended over the areas not covered by the initial trial survey.

A gold targeting review was completed by Ardea and reaffirmed that the eastern part of the tenure overlies poorly exposed greenstones along the northern extension of the Zuleika Shear system, which is a known gold-bearing structure at Kundana, south of Ardea’s tenure. The fact that there are no gazetted gold occurrences over the greenstone belt within Ardea’s tenure is believed to be a function of the surface cover hiding the prospective basement rocks.

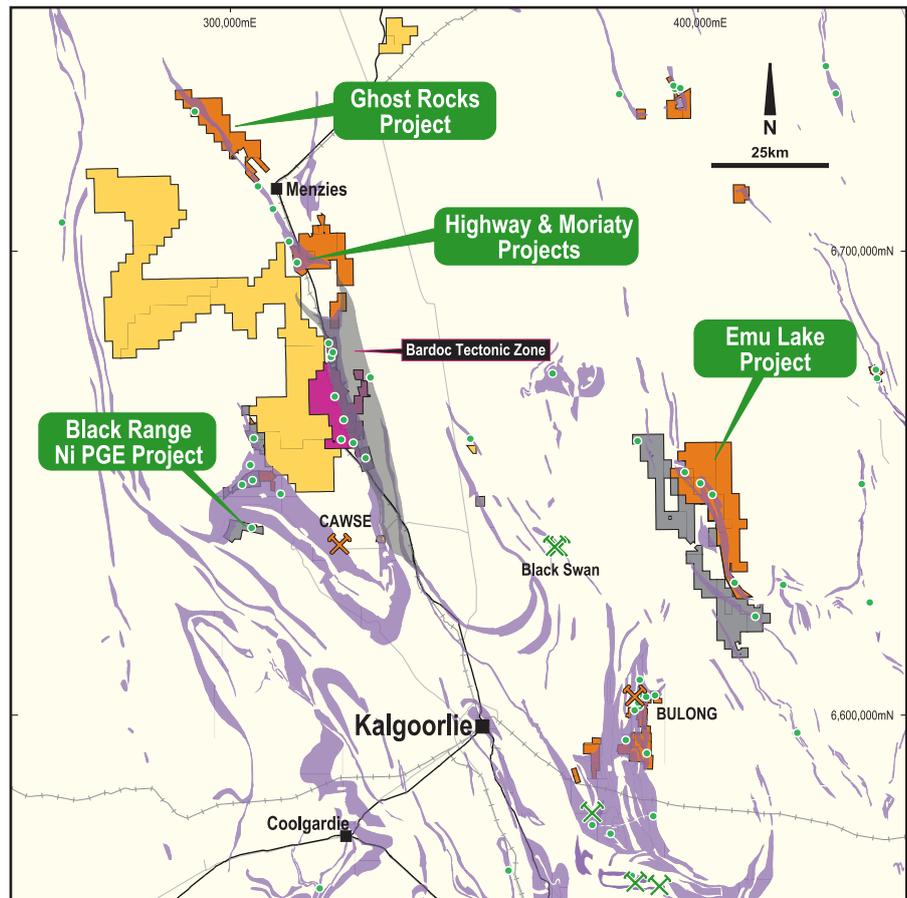
An internal review of geophysical datasets, focused predominantly on the interpretation of aeromagnetic data, has defined a number of gold exploration



Bardoc Tectonic Zone Nickel Sulphide

Work is still at an early stage on defining nickel sulphide potential throughout Ardea's ground holding within the BTZ. Several defined occurrences and anomalies at Big Four East, Highway and Moriaty are being used to further assess the ultramafic sequences of the GNCP, where nickel sulphide mineralisation if present would be located in fresh rock beneath the lateritic deposits. Using various proprietary Ardea geochemical markers and vectors, targets are being developed for drill testing. Samples are also being sourced for a planned chromite study with the CSIRO, which can help determine nickel sulphide fertility.

Figure 8: Ardea's tenure showing nickel sulphide projects, ultramafic sequences and Bardoc Tectonic Zone



With field work managed from Ardea's West Kalgoorlie Operations Office, we are proud to be part of the Kalgoorlie-Boulder Community

Photograph by Jedd Penkethman





Ardea Resources Limited

ABN 30 614 289 342

Financial Statements for the year ended 30 June 2020



Directors' Report

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 2020 ("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

Mathew Longworth is a geologist with 33 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 Bardoc Tectonic Zone (BTZ) gold and Kalgoorlie Nickel Project (KNP) nickel-cobalt. In 1996 Mr Longworth assumed management responsibility for all of Goldfields and then Aurion Gold exploration in the Eastern Goldfields including the Kundana and Paddington mine areas and the BTZ. This included being part of the team that made the discovery and initial resource estimation of the Aphrodite gold deposit in 1997 to 1999 and Raleigh and Paradigm gold deposits in 2000.

After the takeover of Aurion Gold by Placer Dome 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 a non-executive Chairman of ASX listed Metalicity Limited (1 July 2019 to present), and Chairman of the unlisted Company Greenfields Exploration Limited. Mr Longworth has no other public company directorships.

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

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

Mr Penkethman's technical expertise is complimented by over 15 years in executive roles with a strong corporate focus including strategic partner processes, joint venture management, financial modelling, and project acquisition and divestment. Mr Penkethman has ASX, AIM and TSX equity markets experience. He holds a Bachelor of Science degree from the University of Wollongong, is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists.

He has no other public company directorships.

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

Ian Buchhorn is a Mineral Economist and Geologist with over 40 years experience. 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) and formerly a director of Heron Resources Limited (17 February 1995 to 2 June 2017) and RBR Group Limited (19 August 2005 to 19 April 2018).

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



COMPANY SECRETARY

Robert (Sam) Middlemas – B.Com., PGradDipBus. CA

Mr Middlemas was appointed Company Secretary and Chief Financial Officer on 20 October 2016. He is a chartered accountant with more than 20 years experience in various financial, board and company secretarial roles with a number of listed public companies operating in the resources sector. He is the principal of a corporate advisory company which provides financial and secretarial services specialising in capital raisings and initial public offerings. Previously Mr Middlemas worked for an international accountancy firm. His fields of expertise include corporate secretarial practice, financial and management reporting in the mining industry, treasury and cash flow management and corporate governance.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial period consisted of mineral exploration and development in Western Australia.

There have been no significant changes in these activities during the financial period.

DIVIDENDS

No dividend has been paid and no dividend is recommended for the current financial period.

REVIEW OF OPERATIONS AND ACTIVITIES

The Consolidated Entity recorded an operating loss after income tax for the Financial Period ended 30 June 2020 of \$2,077,527 (2019 - \$1,487,734).

Ardea is a mineral exploration and development group, currently focussed on Critical Minerals within its Kalgoorlie Nickel Project tenements and gold and nickel sulphide exploration in Western Australia.

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

- Ongoing commitment to the identification and review of projects/corporate opportunities that have the capacity to successfully develop into a profitable mine.
- Maximise the commercial value of the existing tenement portfolio through the ongoing establishment and maintenance of suitable joint ventures and other alternate funding arrangements where appropriate.

Ardea's major projects are as follows:

- Nickel, gold and other base metals in WA within a quality mineral tenement portfolio covering over 4,000km²

Western Australia

Kalgoorlie Nickel Project (KNP) and Goongarrie Nickel Cobalt Project (GNCP)

The key objective for Ardea is commissioning a nickel-cobalt mining operation at Goongarrie within the KNP which produces ethically sourced minerals for the growing needs of modern society.

The KNP is comprised of a series of major undeveloped nickel-cobalt laterite deposits, which total 773Mt at 0.70 % nickel and 0.05% cobalt and are located within 150km of the regional mining city of Kalgoorlie-Boulder, Western Australia. With total contained nickel metal tonnages of over 5.4Mt and total contained cobalt metal tonnages of over 400kt, the KNP is a globally significant battery metal resource and the largest deposit of its kind in Australia. The 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, so totalling values may not appear accurate.

Resource Category	Quantity (Mt)	Nickel (%)	Cobalt (%)	Contained nickel (t)	Contained cobalt (t)
Measured	9.6	1.02	0.10	98,800	9,700
Indicated	232.9	0.75	0.06	1,759,700	141,200
Inferred	530.5	0.68	0.05	3,600,000	254,400
KNP Total Resources	773.0	0.70	0.05	5,458,400	405,400

Since listing in February 2017, Ardea immediately commenced fieldwork on our main project at the GNCP. Drilling focused on expanding higher grade resources and defining mineralisation style and extent at Goongarrie South and Big Four to recover samples for Pre-Feasibility Study (PFS) and Expansion Study metallurgy and bench- and pilot-scale testing.



Drilling

Ardea have completed 52,474m of drilling since listing in February 2017 targeting laterite hosted nickel-cobalt-scandium mineralisation at the GNCP. During the 2020 financial year 21 GNCP resource definition drill holes were completed for 1,913 metres. In addition to the resource definition drilling referred to above, a further 31 air core drill holes for 884 metres were drilled, testing the Papertalk West area for potential fresh water sources. Multi-element geochemical samples were also taken in this under explored area.

Metallurgy

Significant metallurgical test work has been completed on samples obtained from diamond and sonic core drilling. This work has included the successful completion of a pilot plant program which produced high specification Mixed Sulphide Product and nickel and cobalt sulphate. These are the preferred products for use in cathodes for Electric Vehicle and Static Storage batteries.

Approvals

Referral to EPA is linked to the Strategic Partner Process and finalising project scale and scope.

Definitive Feasibility Study, Goongarrie

The completion of the Definitive Feasibility Study is linked to the Strategic Partner process, to agree on project scale and end product specification. 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

- An Ore Reserve of 40.1Mt at 0.82% Ni and 0.09% Co was announced for Goongarrie in 2018, within a Goongarrie resource of 215.6Mt at 0.71% Ni and 0.06% Co.
- Pilot testing R&D has been completed on a bulk tonnage composite drill core sample. Metal extractions of 94.5% nickel and 95.5% cobalt have been defined. High specification mixed sulphide product (MSP) and nickel and cobalt sulphate crystal production have been confirmed.

Strategic Partner Search

KPMG Australia Corporate Finance's Metals and Mining team is running a competitive process to identify and attract one or more strategic partners to support the development of the globally significant GNCP. Particularly in-light of the strategic scale of the KNP offers the opportunity for multiple processing hubs. Interest remains high in securing critical supplies of ethically sourced nickel and cobalt off-take from the KNP.

WA Gold-Nickel Exploration

Ardea's GNCP is unique among the world's lateritic nickel-cobalt deposits in that it has developed on ultramafic rocks that are within and a part of a major, crustal-scale gold-mineralised structure being the Bardoc Tectonic Zone (BTZ). The BTZ hosts, from south to north, the Paddington, Goongarrie, Comet Vale and Menzies gold mining centres and is a northern extension of the Boulder Lefroy Fault which is the major gold controlling structure for the world renowned Golden Mile.

Ardea controls approximately 65km of strike of the BTZ. There is minimal BTZ exposure at surface on Ardea tenure due to alluvial cover and laterite profile development. Target generation efforts have defined multiple targets that have been ranked and are being systematically explored. Proof of concept demonstrating the gold exploration potential of Ardea controlled BTZ tenure continues to be defined with three consecutive RC drill programs within the GNCP all intersecting high-grade gold mineralisation in a wide variety of lithological and weathering settings. Recent RC gold exploration drilling results within the GNCP project tenements have included: Big Four in the central west: 18m at 3.38 g/t gold from 18m; 14m at 2.40 g/t gold from 6m; and 20m at 2.91g/t gold from 76m. Aphrodite North in the east: 6m at 3.60g/t Au, 8m at 4.94g/t Au from 172m to end of hole, and 10m at 1.52g/t Au. Lady Charlotte to the southeast: 8m at 6.57g/t Au from 24m.

Ardea's assertion that a significant gold camp lies largely buried by transported cover beneath the GNCP is further developing with each drilling program completed.

Multiple gold and nickel sulphide exploration targets have been defined over other strategic project areas such as Bulong and Kalpini, with additional follow-up field work planned for the 2021 financial year.



Big Four Gold, within the Goongarrie Nickel Cobalt Project (GNCP)

The historic Big Four Gold mine is located on the Mt Veters Pastoral Lease, approximately 70 kilometres north northwest of Kalgoorlie in Western Australia. The Big Four Gold Prospect lies within granted Mining Lease (M24/778) 100% owned by Ardea with a Native Title agreement in place.

Big Four Gold 2020 Mineral Resource Estimate (JORC 2012).

Category	Cut-off (Au g/t)	Tonnes (kt)	Au (g/t)	Contained Au (oz)
Inferred Total	≥ 0.50	178	2.7	15,300

Some rounding may occur.

Drilling

During the financial year Ardea completed 3,787 metres of aircore and 2,382 metres of RC drilling focused on gold exploration and resource definition targets, primarily at the Big Four Gold deposit, to enable the generation of a maiden resource.

377 metres of RC drilling was completed for nickel sulphide exploration, at Kalpini.

Metallurgy

Four composite samples were selected for metallurgical testwork of the Big Four Gold deposit, with results still awaited at year end.

CORPORATE AND FINANCIAL POSITION

As at 30 June 2020 the Consolidated Entity had cash reserves of \$10 million (2019 - \$11.2 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

	2020 Cents	2019 Cents
Basic loss per share	(1.81)	(1.41)
Diluted loss per share	(1.81)	(1.41)

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 11,155,011 IPO Options exercised at 25 cents and converted into fully paid ordinary shares which raised total funds of \$2,788,753;
- The Company completed the successful sale and return of capital relating to the NSW exploration assets into the newly listed Godolphin Resources Limited (refer Note 9 for additional information).

OPTIONS/PERFORMANCE RIGHTS OVER UNISSUED CAPITAL*Unlisted Options*

During the financial period all Options on issue were exercised (refer details above in significant changes). There are no remaining Options on issue (2019 – 11,155,011 Options exercisable at 25 cents each).

Performance Rights

During the year the Company issued a further 2,941,000 Performance Rights to Directors and Employees under the Ardea Performance Rights Plan that was approved at the 2017 and 2018 AGMs. 1,685,000 Performance Rights lapsed without achieving the hurdle and a further 170,000 lapsed following Employees leaving the Company. Subsequent to the end of the financial year a further 765,000 Performance Rights lapsed.



Directors' Report

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 18 September 2020 the company completed an equity raising to institutional and sophisticated investors with 7,446,811 new shares issued at 47 cents per share to raise \$3,500,000. It also launched a Share Purchase Plan to raise additional funds with the maximum to be raised of \$2,500,000 at 47 cents per share. The SPP will close on 6 October 2020.

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	-	-
Andrew Penkethman	Managing Director Appointed 5 February 2020	60,000	1,200,000
Ian Buchhorn	Non-Executive Director Appointed on 17 August 2016	12,511,440	700,000

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)	-	-
Andrew Penkethman (appointed 5/2/2020)	5	5
Ian Buchhorn	10	10
Katina Law (resigned 31/7/2020)	10	10
Wayne Bramwell (resigned 3 July 2020)	9	10

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.



REMUNERATION REPORT

Recommendation 8.1 of the *ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd 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. 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 9.5% per annum 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.



Directors' Report

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. 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. 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, and a further 400,000 Performance Rights approved at the 2019 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 tranche expired without achieving the performance hurdle. The balance of 700,000 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	Total
	Base Salary/Fees \$	Bonus \$	Superannuation Contributions \$	Performance Rights \$	
2019/2020					
Directors					
K Law – Executive Chair (i)	128,333			59,191	187,524
A Penkethman – Managing Director (ii)	268,000	37,500	25,460	49,953	380,913
I Buchhorn – Executive (iii)	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
2018/2019					
Directors					
K Law – Executive Chair (i)	195,000	0	0	68,562	263,562
I Buchhorn – Executive (ii)	330,000	0	31,350	68,562	429,912
W Bramwell – Non-Executive (iii)	60,000	0	5,700	34,281	99,981
Executives					
A Penkethman – CEO (ii)	66,769	0	6,650	0	73,419
S Middlemas - Company Secretary (v)	100,550	0	0	34,281	134,31

- (i) Ms Law was appointed Non-Executive Chair on 7 November 2016, and moved into an executive role in July 2018 until February 2019. All fees are paid to her Consulting Company Fitzroy Consulting Services. Ms Law resigned from the board on 31 July 2020.
- (ii) Mr Penkethman was appointed CEO on 1 April 2019, and was appointed as Managing Director on 5 February 2020.
- (iii) Mr Buchhorn was appointed as a Non-Executive Director on 17 August 2016 and moved to an Executive Director on 8 September 2017.
- (iv) Mr Bramwell was appointed as a Non-Executive Director on 29 January 2018. Fees were paid to his Consulting Company Sabre Investments from February 2020. Mr Bramwell resigned from the board on 15 July 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 2020.

The Managing Directors cash bonus was paid on 31 March 2020 and represented 75% of the available bonus of \$50,000 based on the number of KPIs achieved (the remainder of the bonus lapsed). The KPIs have been updated for 2021 in line with operating and market conditions that have been set by the full Board.



Performance Rights issued during the current financial period

During the current financial year the Company issued a further 2,941,000 Performance Rights to Directors and Employees under the Ardea Performance Rights Plan that was approved at the 2017 and 2018 AGMs. The Performance Rights convert into fully paid ordinary shares for \$Nil consideration upon the attainment of the following performance hurdles:

Class 'B' Performance Rights: upon the Company's Shares reaching a 30 day VWAP which is equal to or greater than \$2.37 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 1 February 2019, prior to 30 November 2019.

Class 'C' Performance Rights: upon: completion of the Definitive Feasibility Study in relation to the KNP Cobalt Zone; and continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 1 February 2020, prior to 30 November 2020.

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

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

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

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

During the financial year 1,685,000 Performance rights lapsed without the hurdle being achieved and a further 170,000 Performance rights lapsed following employees leaving the Company.

Subsequent to year end, there have been 765,000 Performance rights that have lapsed following employees and directors leaving 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 B	Class C	Class D	Class E	Class F	Class G
Underlying Security	\$0.656	\$0.656	\$0.365	\$0.365	\$0.69	\$0.69
Exercise Price	Nil	Nil	Nil	Nil	Nil	Nil
Share Price Barrier	\$2.37	Nil	\$0.60	\$0.77	\$0.93	\$1.12
Grant Date	4 Dec 17	4 Dec 17	2 Jul 19	2 Jul 19	2 Dec 19	2 Dec 19
Expiration Date	30 Nov 19	30 Nov 20	31 Dec 21	31 Dec 22	31 Dec 21	31 Dec 22
Life of Rights (years)	2	3	2.5	3.5	2	3
Volatility	100%	100%	100%	100%	100%	100%
Risk free rate	2.033%	2.033%	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 B Performance Rights of 25.75 cents (total - \$791,749), the value of Class C Performance Rights of \$Nil, the value of 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). 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.



Directors' Report

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 \$75,525, (2019 - \$81,856).

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 \$4,000 (2019 - \$67,375).

Director and KMP Movement in Shares

The aggregate numbers of shares and options 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:

2020	Ordinary Shares				Performance Rights ⁽¹⁾ 30 June 2020
	Opening	Purchases	Disposals	Closing	
Ms K Law	1,008,046	-	-	1,008,046	700,000
Mr A Penkethman	60,000	-	-	60,000	1,200,000
Mr I Buchhorn	11,851,440	660,000	-	12,511,440	700,000
Mr W Bramwell	-	10,000	-	10,000	425,000
Mr S Middlemas	538,046	-	-	538,046	210,000
2019					
Ms K Law	1,008,046	-	-	1,008,046	600,000
Mr I Buchhorn	11,851,440	-	-	11,851,440	600,000
Mr W Bramwell	-	-	-	-	450,000
Mr S Middlemas	538,046	-	-	538,046	300,000

(1) Directors and Staff were issued Performance Rights during the two years in three equal tranches subject to a number of performance hurdles, the first performance hurdle was met on 28 March 2018 and the first tranche of fully paid ordinary shares were issued – the balance of the Performance Rights are subject to additional 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.



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 29th day of September 2020

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 June 2014, October 2016, 2016 Heron Resources Annual Report and 6 January 2017 in accordance with JORC 2012;
2. KNP Cobalt Zone Study on 6 January 2017 in accordance with JORC 2012.
3. Pre-Feasibility Study based on a production rate of 1.5Mtpa lodged on 28 March 2018.
4. Expansion Study based on a production rate up to 2.25Mtpa lodged on 24 July 2018.
5. Drilling defines shallow, high-grade gold at Big Four Gold, Goongarrie, 26 February 2020 in accordance with JORC 2012.
6. Maiden Resource for Big Four Gold Project, WA, on 14 May 2020 in accordance with JORC 2012.
7. Significant gold in first RC drilling at Aphrodite North, on 13 August 2020 in accordance with JORC 2012.
8. Ardea BTZ gold exploration success at Lady Charlotte, on 24 August 2020 in accordance with JORC 2012.

The Company confirms that it is not aware of any new information or data that materially affects information included in previous announcements, and all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. All projects will be subject to new work programs, 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 Kalgoorlie Nickel Project and 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.

The information in this report that relates to Mineral Resources for Big Four Gold is based on information compiled or reviewed by James Ridley, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Ridley is a full-time employee of Ardea Resources Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being 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 Ridley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The gold exploration and industry benchmarking summaries are based on information reviewed or compiled by Dr Matthew Painter, who is a Member of the Australian Institute of Geoscientists. Dr Painter is a full-time employee and a director of Ardea Resources Limited and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Painter has reviewed this release and consents to the inclusion in this report of the information in the form and context in which it appears.



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Ardea Resources Limited for the year ended 30 June 2020, 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: 29 September 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2020

	<u>NOTES</u>	<u>2020</u>	<u>2019</u>
		\$	\$
Other income	2	<u>245,805</u>	333,044
Employee expenses		2,446,680	3,012,183
Insurance expenses		51,918	112,356
Secretarial fees		86,190	93,260
Corporate expenses		222,966	248,449
Computer support services		86,180	83,973
Depreciation	3	125,187	103,484
Rent		110,522	152,451
Share Based Payments		341,625	417,300
Write-off of Exploration Expenditure		2,216,045	-
Revaluation of Investments		(1,043,613)	-
Employee costs recharged to capitalised exploration		(2,573,237)	(3,116,518)
Other expenses		<u>252,869</u>	713,840
Loss before income tax		<u>(2,077,527)</u>	(1,487,734)
Income tax	5	-	-
Net loss attributable to members of the Consolidated Entity's	14	<u>(2,077,527)</u>	(1,487,734)
Other Comprehensive Loss net of tax		<u>-</u>	-
Total Comprehensive Loss		<u>(2,077,527)</u>	(1,487,734)
Basic earnings/(loss) per share (cents per share)	19	(1.81) cents	(1.41) cents
Diluted earnings/(loss) per share (cents per share)	19	(1.81) cents	(1.41) cents

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	<u>NOTES</u>	<u>2020</u>	<u>2019</u>
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		10,006,059	11,188,295
Other receivables	6	362,045	1,986,917
Lease Assets	6A	69,050	-
Other assets	7	18,984	15,443
TOTAL CURRENT ASSETS		10,456,138	13,190,655
NON-CURRENT ASSETS			
Plant and equipment and motor vehicles	8	121,113	618,232
Investments	9	2,371,976	10,000
Lease Assets	6A	51,788	10,000
Capitalised mineral exploration expenditure	10	20,496,211	24,461,801
TOTAL NON-CURRENT ASSETS		23,041,088	25,090,033
TOTAL ASSETS		33,497,226	38,280,688
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	412,870	391,114
Lease Liabilities	6A	69,050	-
Provisions	12	261,043	239,949
TOTAL CURRENT LIABILITIES		742,963	631,063
NON-CURRENT LIABILITIES			
Lease Liabilities	6A	51,788	-
TOTAL CURRENT LIABILITIES		51,788	-
TOTAL LIABILITIES		794,751	631,063
NET ASSETS		32,702,475	37,649,625
EQUITY			
Contributed equity	13(a)	36,685,870	39,897,118
Share Based Payment Reserve	15	3,930,401	3,588,776
Accumulated losses	14	(7,913,796)	(5,836,269)
TOTAL EQUITY		32,702,475	37,649,625

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 2020

	Notes	Contributed Equity \$	Share Based Payment Reserve \$	Losses \$	Total \$
BALANCE AT 30 JUNE 2018		39,608,365	3,171,476	(4,348,535)	38,431,306
Total Comprehensive Income		-	-	(1,487,734)	(1,487,734)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	13(b)	288,753	-	-	288,753
Performance Rights issued to staff		-	417,300	-	417,300
BALANCE AT 30 JUNE 2019		<u>39,897,118</u>	<u>3,588,776</u>	<u>(5,836,269)</u>	<u>37,649,625</u>
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		<u>36,685,870</u>	<u>3,930,401</u>	<u>(7,913,796)</u>	<u>32,702,475</u>

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



CONSOLIDATED STATEMENT OF CASHFLOWS
For the year ended 30 June 2020

	<u>NOTES</u>	<u>2020</u>	<u>2019</u>
		\$	\$
Cash flows from operating activities			
Interest received		170,889	353,721
Other Income		50,000	-
Payments to suppliers and employees (inclusive of goods and services tax)		(311,896)	(1,687,963)
Net cash used in operating activities	20(a)	<u>(91,007)</u>	<u>(1,334,242)</u>
Cash flows from investing activities			
Payments for exploration and evaluation		(5,651,379)	(9,823,166)
Research and development refund received		1,969,264	2,968,545
Payments for investments		(203,063)	-
Proceeds (Payments) for plant and equipment (net)		5,196	(69,112)
Net cash used in investing activities		<u>(3,879,982)</u>	<u>(6,923,733)</u>
Cash flows from financing activities			
Proceeds from the issue of shares		2,788,753	288,753
Costs of shares issued		-	-
Net cash provided by financing activities		<u>2,788,753</u>	<u>288,753</u>
Net increase (decrease) in cash held		(1,182,236)	(7,969,222)
Cash at the beginning of the financial period		<u>11,188,295</u>	<u>19,157,517</u>
Cash at the end of the financial period		<u>10,006,059</u>	<u>11,188,295</u>

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



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

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. None of the balances reported have been derived from estimates.

(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.

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.



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.



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.



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.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Leases

Accounting policies from 1 July 2019

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 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.

Accounting policies applied until 30 June 2019

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis over the term of the lease.

(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.



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 2020 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. The only new standard affecting the current year is the AASB 16 Lease standard which is detailed above in Note 1(o).



	<u>2020</u> \$	<u>2019</u> \$
2. OTHER INCOME		
Interest	162,239	333,044
Other Income	83,566	-
Interest	<u>245,805</u>	<u>333,044</u>
3. EXPENSES		
Contributions to employees superannuation plans	178,263	249,601
Depreciation - Plant and equipment	125,187	103,484
Provision for employee entitlements	<u>44,663</u>	<u>77,673</u>
4. AUDITORS' REMUNERATION		
Audit – Butler Settineri (Audit) Pty Limited		
Audit and review of the financial statements	<u>26,533</u>	<u>28,347</u>

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	<u>(2,077,527)</u>	<u>(1,487,734)</u>
Tax at the tax rate of 27.5%	(571,320)	(409,127)
Tax effect of amounts which are deductible in calculating taxable income:		
Non-deductible expenses/gains	1,744,319	44,798
Other allowable expenditure/income	(83,848)	-
Deferred tax asset not brought to account	<u>(1,089,151)</u>	<u>364,329</u>
Income tax expense	<u>-</u>	<u>-</u>

(b) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	11,543,528	13,534,000
Potential tax benefit at 27.5%	<u>3,174,470</u>	<u>3,721,850</u>

(c) Unbooked Deferred Tax Assets and Liabilities**Unbooked deferred tax assets comprise:**

Provisions/Accruals/Other	245,694	201,031
Tax losses available for offset against future taxable income	<u>11,543,528</u>	<u>13,534,000</u>
	<u>11,789,222</u>	<u>13,735,031</u>

Unbooked deferred tax liabilities comprise:

Capitalised mineral exploration and evaluation expenditure	<u>14,779,208</u>	<u>9,912,025</u>
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(d) Franking credits balance

The Consolidated Entity has no franking credits available as at 30 June 2020.



6. OTHER RECEIVABLES**Current**

	<u>2020</u>	<u>2019</u>
	\$	\$
GST recoverable	41,000	40,317
Bonds and guarantees	-	90,000
R&D Receivable	300,000	1,600,000
Interest Receivable and Other	21,045	256,600
	<u>362,045</u>	<u>1,986,917</u>

6A. LEASE ASSETS & LIABILITIES**Current**

Lease Assets	<u>69,050</u>	-
Lease Liabilities	<u>69,050</u>	-

Non-Current

Lease Assets	<u>51,788</u>	-
Lease Liabilities	<u>51,788</u>	-

With the introduction of the new Leasing standard, the Company has capitalised the lease on its West Perth office – the lease has a fixed term of 2 years 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	<u>18,984</u>	15,443
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8. PROPERTY, PLANT AND EQUIPMENT

Plant and office equipment		
At cost	268,324	248,550
Accumulated depreciation	<u>(234,631)</u>	<u>(162,063)</u>
	<u>33,693</u>	86,487
Motor Vehicles		
At cost	209,068	243,314
Accumulated depreciation	<u>(121,648)</u>	<u>(76,515)</u>
	<u>87,420</u>	166,799
Property and buildings		
At cost	-	377,680
Accumulated depreciation	<u>-</u>	<u>(12,734)</u>
	<u>-</u>	<u>364,946</u>
	<u>121,113</u>	<u>618,232</u>



8. PROPERTY, PLANT AND EQUIPMENT (continued)

	<u>2020</u>	<u>2019</u>
	\$	\$
Reconciliation		
Reconciliation of the carrying amounts for each class of plant and equipment and Properties and Buildings are set out below:		
<i>Plant and office equipment</i>		
Carrying amount at beginning of the period	86,487	95,703
Additions	19,804	34,867
Depreciation	<u>(72,598)</u>	<u>(44,083)</u>
Carrying amount at the end of the year	<u>33,693</u>	<u>86,487</u>
<i>Motor Vehicles</i>		
Carrying amount at beginning of the year	166,799	191,954
Additions	-	34,246
Disposals	<u>(22,831)</u>	<u>-</u>
Depreciation	<u>(56,548)</u>	<u>(59,401)</u>
Carrying amount at the end of the year	<u>87,420</u>	<u>166,799</u>
<i>Property and buildings</i>		
Carrying amount at beginning of the year	364,946	364,946
Disposals	<u>(364,946)</u>	<u>-</u>
Carrying amount at the end of the year	<u>-</u>	<u>364,946</u>

9. INVESTMENTS**Non-Current**

Investment in Unlisted Company	10,000	10,000
Unlisted Options in Listed Company ⁽¹⁾	1,004,390	-
Investment in Listed Entities ⁽²⁾	<u>1,357,586</u>	<u>-</u>
	<u>2,371,976</u>	<u>10,000</u>

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.

2. Shares in Listed Entities are valued as the closing share price on ASX at 30 June 2020.

Particulars in relation to the controlled entities

Ardea Resources Limited is the parent entity.

Name of Controlled entity	Class of Shares	Equity Holding	
		2020	2019
TriAusMin Pty Ltd ⁽¹⁾ ACN 062 002 475	Ordinary	0%	100%
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%

1. The Company's interest in TriAusMin Pty Ltd was transferred to Godolphin Resources Limited immediately prior to the IPO being completed. This transaction led to the following movements in Ardea's accounts:

	\$
Exploration	(6,693,655)
Property Plant and Equipment	(377,680)
Exploration Writeoffs	66,945
Unlisted Options in Listed Company	1,004,390
Issued Capital (Capital Return)	<u>6,000,000</u>
Net Gain/(Loss) on loss of control of subsidiary	<u>-</u>



10. CAPITALISED MINERAL EXPLORATION EXPENDITURE

	<u>2020</u>	<u>2019</u>
	\$	\$
Non-Current		
<i>In the exploration phase</i>		
Cost brought forward	24,461,802	16,238,635
Exploration Properties purchased	-	-
Add: Expenditure incurred during the year (at cost)	5,634,199	9,823,167
Less Godolphin Spinout tenements	(6,693,655)	-
R&D Refund received/receivable	(690,090)	(1,600,000)
Exploration expenditure written off	(2,216,045)	-
	<u>20,496,211</u>	<u>24,461,802</u>

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.

During the year the Company completed the spinout of the NSW tenements into a new IPO listing on ASX called Godolphin Resources Limited. The capitalised mineral exploration expenditure relating to these tenements was \$6,693,655.

11. TRADE AND OTHER PAYABLES**Current (Unsecured)**

Trade creditors	388,870	367,114
Other creditors and accruals	24,000	24,000
	<u>412,870</u>	<u>391,114</u>

Included within trade and other creditors and accruals is an amount of \$321,301 (2019 - \$100,930) relating to exploration expenditure.

12. PROVISIONS**Current**

Employee entitlements	<u>261,043</u>	239,949
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13. CONTRIBUTED EQUITY

	<u>2020</u>	<u>2019</u>
	\$	\$

(a) Ordinary Shares

117,300,435 (2019 - 106,145,424) fully paid ordinary shares

	<u>36,685,870</u>	39,897,118
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(b) Share Movements during the Year

	2020		2019	
	Number of Shares	\$	Number of Shares	\$
Beginning of the financial period	106,145,424	39,897,118	104,990,413	36,608,365
<i>New share issues during the period</i>				
IPO Options exercised at 25c/share	11,155,011	2,788,752	1,155,011	288,753
Godolphin Return of Capital	-	(6,000,000)	-	-
	<u>117,300,435</u>	<u>36,685,870</u>	<u>106,145,424</u>	<u>39,897,118</u>



13. CONTRIBUTED EQUITY (Continued)**(c) Unlisted Options**

During the financial year the entire balance of 11,155,011 IPO options were exercised by Investors and unrelated parties at 25 cents each. At the end of the Financial Year there were no options on issue.

(d) Share Based Payments

During the current financial year there were a number of Share Based payments made to Directors and Employees with 2,941,000 Performance Rights, (2019 – 830,000) issued during the period and there were 1,685,000 Performance Rights (2019 – 430,000) that lapsed. There were no shares issued during the period from the conversion of Performance Rights (2019 – Nil). Subsequent to year end there have been no further Performance Rights issued and 765,000 have lapsed.

(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 2020 are as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
Cash and cash equivalents	10,006,059	11,188,295
Trade and other receivables	362,045	1,966,917
Other assets	18,984	15,443
Trade and other payables	(412,870)	(391,114)
Provisions	(261,043)	(239,949)
Working capital position	<u>9,713,175</u>	<u>12,539,592</u>

14. ACCUMULATED LOSSES

Accumulated losses at the beginning of the period	5,836,269	4,384,535
Net loss attributable to members	2,077,527	1,487,734
Accumulated losses at the end of the year	<u>7,913,796</u>	<u>5,836,269</u>



15. RESERVES

	<u>2020</u>	<u>2019</u>
	\$	\$
Share Based Payment Reserve		
Balance at the beginning of the period	3,588,776	3,171,476
Add: Amounts expensed in current period	<u>341,625</u>	417,300
Balance at the end of the period	<u><u>3,930,401</u></u>	<u><u>3,588,776</u></u>

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 \$3,440,447 (2019 - \$3,600,812). 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 2020.

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

The following reflects the loss and share Data used in the calculations of basic and diluted earnings/ (loss) per share:

	<u>2020</u>	<u>2019</u>
	\$	\$
Earnings/ (loss) used in calculating basic and diluted earnings/ (loss) per share	<u><u>(2,077,527)</u></u>	<u><u>(1,487,734)</u></u>
Number of Shares		
Weighted average number of ordinary shares used in calculating basic earnings/ (loss) per share:	114,207,455	105,368,690
<i>Effect of dilutive securities</i>		
Share options*	<u>-</u>	<u>-</u>
Adjusted weighted average number of ordinary shares used in calculating diluted earnings/ (loss) per share	<u><u>114,07,455</u></u>	<u><u>105,368,690</u></u>
Basic and Diluted loss per share (cents per share)	1.81 cents	1.41 cents

*Non-dilutive securities

As at balance date, 4,476,000 performance rights which represent potential ordinary shares were not dilutive as they would decrease the loss per share.



20. NOTES TO THE STATEMENT OF CASH FLOWS

	<u>2020</u>	<u>2019</u>
	\$	\$
(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	(2,077,527)	(1,487,734)
<i>Non-cash items:</i>		
Depreciation	125,187	103,484
Exploration Writedowns	2,216,045	-
Revaluation of Investments	(1,043,613)	
Accrued Interest	8,650	20,677
Performance Rights	341,625	417,300
<i>Change in operating assets and liabilities:</i>		
Decrease (Increase) in prepayments	(3,540)	(181,065)
Decrease (Increase) in receivables	299,318	344,930
Increase in trade creditors and accruals	(1,815)	(629,506)
Increase in employee entitlements	44,663	77,672
Net cash outflows used in operating activities	<u>(91,007)</u>	<u>(1,334,242)</u>

(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 1.12% (2019: 2.38%).

(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.



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 2020 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 18 September 2020 the company completed an equity raising to institutional and sophisticated investors with 7,446,811 new shares issued at 47 cents per share to raise \$3,500,000. It also launched a Share Purchase Plan to raise additional funds with the maximum to be raised of \$2,500,000 at 47 cents per share. The SPP will close on 6 October 2020.

**25. PARENT COMPANY
(a) Financial Position**

	<u>2020</u> \$	<u>2019</u> \$
Assets		
Total current assets	10,502,298	13,190,655
Total non-current assets	23,082,099	25,090,033
Total Assets	<u>33,584,397</u>	<u>38,280,688</u>
Liabilities		
Total current liabilities	881,922	631,063
Total Liabilities	<u>881,922</u>	<u>631,063</u>
Net Assets	<u>32,702,475</u>	<u>37,649,625</u>
Equity		
Issued capital	36,685,870	39,897,118
Reserves	3,930,401	3,588,776
Accumulated losses	(7,913,796)	(5,836,269)
Total Equity	<u>32,702,475</u>	<u>37,649,625</u>
Total comprehensive loss for the year	<u>2,077,527</u>	<u>1,487,734</u>

Ardea Resources Limited has not entered into any deed of cross guarantee with its wholly-owned subsidiaries, had no contingent liabilities at 30 June 2020 and no capital commitments at 30 June 2020.



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 29 to 46, 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 2020 and of its performance, as represented by the results of its operations, for the financial year to 30 June 2020.
- (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 2020.

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

Signed at Perth this 29th day of September 2020.



Mathew Longworth
Chairman



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 2020 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 2020 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.

Key Audit Matter

Investments in subsidiaries (refer notes 8, 9 and 10)

During the year the group deconsolidated three wholly owed subsidiaries as a result of the disposal of the New South Wales assets to Godolphin Resources Limited.

These assets included land, plant and equipment and exploration assets resulting in a return of capital to shareholders.

How our audit addressed the key audit matter

Our audit procedures included:

- ensuring that the disposal has been accounted for in accordance with the accounting standards; and
- assessing the adequacy of the disclosures made by the Group in the financial report.

Key Audit Matter**Capitalised mineral exploration expenditure**
(refer note 10)

The Group operates as an exploration entity and as such its primary activities entail expenditure focussed on 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 \$20,496,211 as at 30 June 2020.

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.

How our audit addressed the key audit matter

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.

Share based payments – performance rights
(refer note 13(d) and 15)

The Group has awarded performance rights to key management personnel and employees.

These rights vest subject to the achievement of specific performance milestones.

The Group used both the Black-Scholes valuation model in valuing the rights issued during the year.

The share based payment expense for the year arising as a result of performance rights is \$341,625.

Our audit procedures included;

- assessing the assumptions used in the valuation of the performance rights;
- assessing the recognition of the value of the performance rights;
- assessing the accuracy of the share based payment expense for the year; 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 2020 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 2020, 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.

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.

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 23 to 26 of the directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of Ardea Resources Limited, for the year ended 30 June 2020, 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: 29 September 2020



Shareholder Information

The following additional information was applicable at 23 September 2020

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

Size of Holding	Number of Holders	Shares Held	%
1 - 1,000	1,884	768,844	0.66
1,001 - 5,000	1,346	3,526,205	3.01
5,001 - 10,000	513	4,029,752	3.44
10,001 - 100,000	723	22,100,007	18.84
100,001 -	125	86,875,627	74.06
	<u>4,591</u>	<u>117,300,435</u>	<u>100.00</u>

- There were 1,912 shareholders who held less than a marketable parcel.
- The twenty largest shareholders hold 52.04% 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	12,511,440	10.66
B O'Shannassy and Associates	8,926,335	7.61

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	11,222,678	9.57%
2 Hazurn Pty Ltd <Buchhorn Super Fund A/C>	7,085,020	6.04%
3 J P Morgan Nominees Australia Pty Limited	5,967,706	5.09%
4 BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient DRP>	5,903,053	5.03%
5 Josco Pty Ltd <O'Shannassy Family A/C>	5,383,809	4.59%
6 Kurana Pty Ltd <Buchhorn Unit Account>	3,197,564	2.73%
7 Merrill Lynch (Australia) Nominees Pty Limited	2,207,604	1.88%
8 Mr Iwan Jones & Ms Joyce Christine Jones <I & J Jones Super Fund A/C>	2,131,494	1.82%
9 B & J O'Shannassy Management Pty Ltd <Josco Pty Ltd S/F No1 A/C>	1,906,936	1.63%
10 Mr Olivier Dupuy & Ms Julie Dupuy <Enerjee Super Fund A/C>	1,850,000	1.58%
11 Hsbc Custody Nominees (Australia) Limited	1,788,162	1.52%
12 Josco Pty Ltd <O'Shannassy Family A/C>	1,666,664	1.42%
13 Mr Michael Andrew Harris	1,645,000	1.40%
14 Mrs Pamela Jean Buchhorn	1,608,244	1.37%
15 Bnp Paribas Noms Pty Ltd <DRP>	1,481,000	1.26%
16 Latsod Pty Ltd <Dostal Superfund A/C>	1,250,000	1.07%
17 Hsbc Custody Nominees (Australia) Limited	1,247,757	1.06%
18 Martin Buckley <The M Buckley Family A/C>	1,245,065	1.06%
19 Neweconomy Com Au Nominees Pty Limited <900 Account>	1,138,375	0.97%
20 Mr Martin Spadaro & Dr Katherine Spadaro <Spadaro Family A/C>	1,115,000	0.95%
TOTAL	<u>61,041,131</u>	<u>52.04%</u>



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.



Tenement Schedule as at 30 June 2020

Tenement	Location	Ardea Interest (%)	Status	Note	Tenement	Location	Ardea Interest (%)	Status	Note
Ardea Western Australia Projects									
Goongarrie Nickel Cobalt Project									
E24/196	Goongarrie	100	Live		M24/541	Goongarrie	100	Live	
E24/209	Goongarrie	100	Live		M24/731	Goongarrie	100	Live	3
E24/211	Goongarrie	100	Pending		M24/732	Goongarrie	100	Live	3
E29/934	Goongarrie	100	Live		M24/744	Goongarrie	100	Live	
E29/1028	Goongarrie	100	Live		M24/778	Goongarrie	100	Live	3
E29/1038	Goongarrie	100	Live		M29/167	Goongarrie	100	Live	
E29/1039	Goongarrie	100	Pending		M29/202	Goongarrie	100	Live	
E29/1045	Goongarrie	100	Live		M29/272	Goongarrie	100	Live	
E29/1048	Goongarrie	100	Live		M29/278	Goongarrie	100	Live	
E29/1060	Goongarrie	100	Pending		M29/423	Goongarrie	100	Live	
E30/500	Goongarrie	100	Live		M29/424	Goongarrie	100	Live	
E30/501	Goongarrie	100	Live		M29/426	Goongarrie	100	Live	
E30/502	Goongarrie	100	Live		P24/5260	Goongarrie	100	Live	
G29/25	Goongarrie	100	Pending		P24/5328	Goongarrie	100	Live	
L24/239	Goongarrie	100	Live		P24/5329	Goongarrie	100	Live	
L29/134	Goongarrie	100	Live		P24/5265	Goongarrie-Car Boyd	100	Live	
L29/135	Goongarrie	100	Live		P24/5169	Goongarrie-Windanya	100	Live	
L30/67	Goongarrie	100	Live		M24/919	Goongarrie-Scotia	100 Ni rights	Live	6
L30/68	Goongarrie	100	Live		M24/959	Goongarrie-Scotia	100 Ni rights	Live	6

GNCP Expansion Siberia

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	Pending	
P24/5417	Siberia	100	Pending	
P24/5418	Siberia	100	Pending	

GNCP Expansion Black Range

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

GNCP Expansion Highway

E29/1082	Highway	100	Pending	
E29/1083	Highway	100	Pending	
E29/1089	Highway	100	Pending	
M29/214	Highway	100	Live	
P29/2501	Highway	100	Live	
P29/2559	Highway	100	Pending	
P29/2560	Highway	100	Pending	
P29/2561	Highway	100	Pending	
P29/2562	Highway	100	Pending	



Tenement	Location	Ardea Interest (%)	Status	Note	Tenement	Location	Ardea Interest (%)	Status	Note
GNCP Expansion Ghost Rocks					P29/2513	Ghost Rocks	100	Live	
E29/941	Ghost Rocks	100	Live		P29/2514	Ghost Rocks	100	Live	
E29/981	Ghost Rocks	100	Live		P29/2515	Ghost Rocks	100	Live	
P29/2511	Ghost Rocks	100	Live		P29/2538	Ghost Rocks	100	Live	
P29/2512	Ghost Rocks	100	Live		P29/2539	Ghost Rocks	100	Live	
Kalpini Hub GNCP Expansion					M25/209	Kalpini-Bulong	100	Live	
E27/524	Kalpini	100 non-Au rights	Live	9	P25/2454	Kalpini-Bulong	100	Live	
E27/606	Kalpini	100	Live		P25/2455	Kalpini-Bulong	100	Live	
E27/607	Kalpini	100	Live		P25/2456	Kalpini-Bulong	100	Live	
E28/1224	Kalpini	100	Live		P25/2457	Kalpini-Bulong	100	Live	
E28/2978	Kalpini	100	Pending		P25/2458	Kalpini-Bulong	100	Live	
M27/395	Kalpini	100	Live		P25/2459	Kalpini-Bulong	100	Live	
M27/506	Kalpini	100	Live		P25/2460	Kalpini-Bulong	100	Live	
M27/512	Kalpini	100	Pending		P25/2461	Kalpini-Bulong	100	Live	
M28/199	Kalpini	100	Live		P25/2482	Kalpini-Bulong	100	Live	
M28/201	Kalpini	100	Live		P25/2483	Kalpini-Bulong	100	Live	
M28/205	Kalpini	100	Live		P25/2484	Kalpini-Bulong	100	Live	
E27/278	Kalpini-Pioneer	100 Ni Lat Ore	Live	5	P25/2559	Kalpini-Bulong	100	Live	
E27/438	Kalpini-Pioneer	100 Ni Lat Ore	Live	5	P25/2560	Kalpini-Bulong	100	Live	
E27/520	Kalpini-Pioneer	100 Ni Lat Ore	Live	5	P25/2561	Kalpini-Bulong	100	Live	
E27/579	Kalpini-Pioneer	100 Ni Lat Ore	Live	5	P25/2609	Kalpini-Bulong	100	Live	
E28/1746	Kalpini-Pioneer	100 Ni Lat Ore	Live	5	P25/2613	Kalpini-Bulong	100	Live	
E28/2483	Kalpini-Pioneer	100 Ni Lat Ore	Live	5	P25/2614	Kalpini-Bulong	100	Live	
E25/578	Kalpini-Bulong	100	Pending		P25/2615	Kalpini-Bulong	100	Live	
M25/59	Kalpini-Bulong	100	Live		P25/2650	Kalpini-Bulong	100	Pending	
M25/134	Kalpini-Bulong	100	Live		P26/4542	Kalpini-Bulong	100	Pending	
M25/145	Kalpini-Bulong	100	Live		P26/4543	Kalpini-Bulong	100	Pending	
M25/151	Kalpini-Bulong	100	Live		M31/488	Kalpini-Lake Rebecca	100	Pending	
M25/161	Kalpini-Bulong	100	Live		P31/2038	Kalpini-Lake Rebecca	100	Live	
M25/171	Kalpini-Bulong	100	Live		P31/2039	Kalpini-Lake Rebecca	100	Live	
M25/187	Kalpini-Bulong	100	Live		P31/2040	Kalpini-Lake Rebecca	100	Live	
Yerilla Hub GNCP Expansion					WA Regional				
E39/1954	Yerilla-Aubils	100	Live		E39/2188	Yundamindra	100	Pending	
E31/1092	Yerilla-Boyce Creek	100	Live		M15/1101	WA Regional	Pre-emp Ni-Co Lat	Live	7
E31/1169	Yerilla-Boyce Creek	100	Live		M15/1263	WA Regional	Pre-emp Ni-Co Lat	Live	7
E31/1208	Yerilla-Boyce Creek	100	Pending		M15/1264	WA Regional	Pre-emp Ni-Co Lat	Live	7
E31/1213	Yerilla-Boyce Creek	100	Live		M15/1323	WA Regional	Pre-emp Ni-Co Lat	Live	7
M31/483	Yerilla-Boyce Creek	100	Live		M15/1338	WA Regional	Pre-emp Ni-Co Lat	Live	7
M31/475	Yerilla-Jump Up Dam	100	Live		M27/510	WA Regional	100 Ni Lat Ore	Live	8
M31/477	Yerilla-Jump Up Dam	100	Live		M27/272	Kanowna East	Non-Au Rights	Live	10
M31/479	Yerilla-Jump Up Dam	100	Live						



Tenement	Location	Ardea Interest (%)	Status	Note	Tenement	Location	Ardea Interest (%)	Status	Note
Kookynie Gold-Nickel					Bedonia Gold-Nickel				
E40/350	Kookynie	Option for 100	Live		E63/1827	BEDONIA	100%	LIVE	
E40/357	Kookynie	Option for 100	Live		E63/1828	BEDONIA	100%	LIVE	
Perrinvale Nickel-Gold					Donnelly River Graphite				
E29/1006	PERRINVALE	100%	LIVE		E63/1856	BEDONIA	100%	LIVE	
E29/1078	PERRINVALE	100%	PENDING		E63/1857	BEDONIA	100%	LIVE	
Mt Zephyr Gold-Nickel					E63/1928				
E37/1271	MT ZEPHYR	100%	LIVE		E63/1928	BEDONIA	100%	LIVE	
E37/1272	DARLOT EAST	100%	LIVE		E63/1929	Bedonia	100	Live	
E37/1273	DARLOT EAST	100%	LIVE		E63/1974	Bedonia	100	Live	
E37/1274	MT ZEPHYR	100%	LIVE		E63/1976	Bedonia	100	Live	
E39/1706	MT ZEPHYR	100%	LIVE		E63/1995	Bedonia	100	Pending	
E39/1854	MT ZEPHYR	100%	LIVE		E63/2008	Bedonia	100	Pending	
E39/1985	MT ZEPHYR	100%	LIVE		EL 8557				
Lachlan Fold Belt Ardea					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. Barrick (PD) Australia 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 Pioneer Resources Ltd. 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. Pioneer Resources Limited assignee (Paddington Gold Pty Ltd) owns all mineral rights (except nickel sulphide) while Ardea retains rights to nickel laterite ore.
9. Kalnorth Gold Ltd owns Au rights while Ardea retains non-Au rights.
10. Northern Star (Kanowna) Limited holds Au rights. Ardea retains non-Au rights.



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 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

Cu means Copper

DHEM means downhole electromagnetics

EM means electromagnetics

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 $\pm 30\%$.

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 $\pm 25\%$.

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 $\pm 15-20\%$. A DFS is the standard of report required by primary debt funders to demonstrate the technical and commercial viability of a project.

GNCP means Goongarrie Nickel Cobalt Project, part of the KNP

KNP means Kalgoorlie Nickel Project, a nickel laterite project located through an arc 30 to 150km north-north west to east of Kalgoorlie

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

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

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

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

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).

Sc means Scandium

V means Vanadium



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.

Resource or Mineral Resource means a Mineral Resource 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.

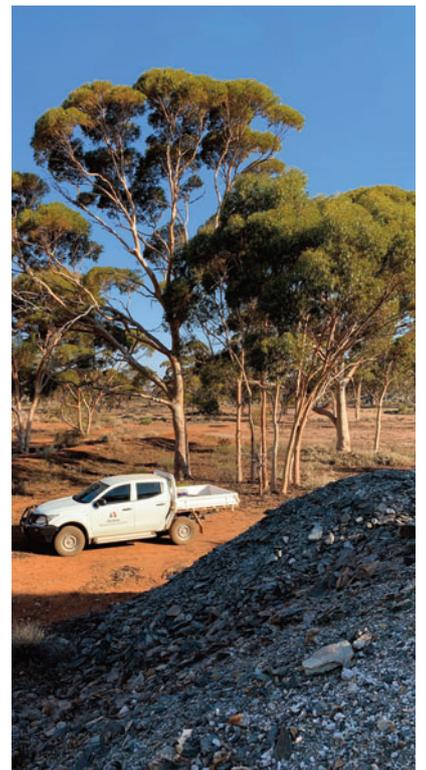
JORC (2012 edition) means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and is a professional code of practice that sets minimum standards for Public Reporting of minerals Exploration Results, Mineral Resources and Ore Reserves. The JORC Code provides 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.

Photographs opposite:

Top- Looking east from Lake Yindarlgooda at the Bulong lookout; Middle left - Scene from KNP exploration; Middle right - Gossan subcrop within KNP tenure; Bottom left: Members of the Ardea Team from left Matt Painter, Andrew Penkethman, Mike Miller, Amanda Prabhavalkar, Alex Mukherji, Frances Sinclair, Ian Buchhorn, Emine Hussein ; Bottom right: Half Mile Reef at Windanya.



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