



ABN 30 614 289 342

## **Interim Financial Report Half-Year ended 31 December 2020**

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the period ended 30 June 2020 and any public announcements made by Ardea Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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# ARDEA RESOURCES LIMITED

ABN 30 614 289 342

## CORPORATE DIRECTORY

### DIRECTORS

Mathew Longworth  
*Non-Executive Chair*

Andrew Penkethman  
*Managing Director/Chief Executive Officer*

Ian Buchhorn  
*Executive Director*

### COMPANY SECRETARY

Sam Middlemas  
*Chief Financial Officer*

### PRINCIPAL REGISTERED OFFICE

Suite 2, 45 Ord Street  
West Perth  
Western Australia 6005

PO Box 1433  
West Perth  
Western Australia 6872

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Email: [info@ardearesources.com.au](mailto:info@ardearesources.com.au)  
Internet: [www.ardearesources.com.au](http://www.ardearesources.com.au)

### AUDITOR

Butler Settineri (Audit) Pty Limited  
Unit 16, 1<sup>st</sup> Floor  
100 Railway Road  
Subiaco  
Western Australia 6008

### SHARE REGISTRY

Automic Group  
GPO Box 5193  
Sydney NSW 2001

Telephone: 1300 288 664 (within Australia)  
Telephone: +61 2 9698 5414 (International)  
Web: [www.automicgroup.com.au](http://www.automicgroup.com.au)

### STOCK EXCHANGE LISTING

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

### ASX CODE

ARL - ordinary shares

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**ARDEA RESOURCES LIMITED**  
**and its controlled entities**

**DIRECTORS' REPORT**

The Directors present their report on Ardea Resources Limited (Ardea or the Company) and the entities it controlled at the end of and during the half-year ended 31 December 2020 ("financial period").

**DIRECTORS**

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

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

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

Mr Longworth has excellent experience of the key Ardea exploration and development projects, being the Kalgoorlie Nickel Project (KNP) globally significant nickel-cobalt-scandium resource and Bardoc Tectonic Zone (BTZ) gold. 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 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). 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

**ARDEA RESOURCES LIMITED**  
and its controlled entities

**DIRECTORS' REPORT**

**COMPANY SECRETARY**

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

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

**PRINCIPAL ACTIVITIES**

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

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

**DIVIDENDS**

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

**REVIEW OF OPERATIONS AND ACTIVITIES**

The Consolidated Entity recorded an operating loss after income tax for the Financial Period ended 31 December 2020 of \$1,194,584 (2019 half year loss of \$514,841).

Ardea is a mineral exploration and development Company, focussed on development of its globally significant Kalgoorlie Nickel Project, commencing with the Goongarrie Nickel Cobalt Project. and nickel sulphide and gold exploration over its extensive Kalgoorlie Nickel Project tenement portfolio (>4,000km<sup>2</sup>) in the Eastern Goldfields mineral province of Western Australia.

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

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

Ardea's major development projects are:

1. GNCP as a subset of the KNP
2. Bardoc Tectonic Zone (BTZ) and other Critical Mineral, Nickel Sulphide and Gold Projects

**Goongarrie Nickel Cobalt Project (100% Ardea)**

GNCP and KNP resource update completed February 2021, with key highlights including:

*Table 1: JORC 2012-compliant Mineral Resource Estimate (MRE) completed for the Goongarrie Nickel Cobalt Project*

<i>Measured Indicated &amp; Inferred MRE</i>	<i>GNCP based on 0.8% Ni cut-off grade</i>	<i>GNCP based on 0.5% Ni cut-off grade</i>	<i>KNP based on 0.5% Ni cut-off grade</i>
<i>Tonnes &amp; grade</i>	<b>60Mt at 1.0% Ni and 0.07% Co</b>	<b>259Mt at 0.7% Ni and 0.05% Co</b>	<b>826Mt at 0.7% Ni and 0.05% Co</b>
<i>Contained metal</i>	<b>595kt nickel and 44kt cobalt</b>	<b>1,817kt nickel and 119kt cobalt</b>	<b>5,817kt nickel and 384kt cobalt</b>
<b>GNCP Maiden scandium component 74Mt at 35ppm scandium</b>			

## DIRECTORS' REPORT

Expansion Study completed July 2018, expanding the 1.5Mtpa base case to a 2.25Mtpa scoping-level assessment, predicated on rheology test work that confirmed considerably improved pulp densities for feeding into the autoclave reaction vessel. The current development base case is 2Mtpa with feasibility work streams continuing. The Expansion Study highlighted a strong case for an expanded throughput to 2.25Mtpa:

Table 1: Summary of Approximate Outcomes for the Throughput Studies

Case**	Pre-tax NPV <sub>8</sub>	Post-tax NPV <sub>8</sub>	IRR	Payback
1.0Mtpa PFS	A\$1.43 billion	A\$1.04 billion	25 %	5.3 years
1.5Mtpa PFS	A\$1.93 billion	A\$1.40 billion	25 %	5.6 years
<b>2.25Mtpa ES</b>	<b>A\$3.15 billion</b>	<b>A\$2.29 billion</b>	<b>27 %</b>	<b>5.1 years</b>

\*\* refer PFS Announcement released to ASX on 28 March 2018, Expansion Study released 24 July 2018.

Key characteristics of the Goongarrie Nickel Cobalt Project (GNCP) include:

- **Ability to produce ethical and sustainable mineral supply** – all project designs are predicated on minimising the environmental footprint and carbon emissions. This is at the forefront of the way Ardea operates.
- **Metallurgically uncomplicated flowsheet** – refined in bench-scale and continuous piloting, focussing on premium goethite ore with significantly shorter pressure vessel residence time and low acid consumption, compared to other competitor nickel laterite ore types. The ore doesn't require beneficiation to achieve feed grades, so eliminating a processing step which caused materials handling problems for previous WA nickel laterite operations.
- **Significant by-product Critical Minerals credit potential** – notably scandium and manganese with opportunities to recover alumina and vanadium being assessed, along with R&D work continuing on a potential Rare Earth Element (REE) by-product.
- **On-site Neutraliser** – bench scale testwork and GNCP pit optimisation results have confirmed that nickel-enriched neutraliser material can be sourced during the normal course of mining and stockpiled for use as HPAL autoclave neutraliser. Sourcing of neutraliser onsite is expected to result in improved outcomes for the project by eliminating the need to import either externally sourced neutraliser material and/or commercial grade carbonate product. This will largely remove the need for importing limestone to site from a location approximately 450km away.
- **Excellent location with established infrastructure** – the Goongarrie project area is located 70km north of the mining hub of Kalgoorlie-Boulder with its high-skill workforce and includes sealed main road, rail, power, mobile phone coverage and gas pipeline infrastructure. The Port of Esperance is 480km by rail to the south and has established nickel processing feedstock and concentrate handling facilities.
- **Benign environmental setting** – the arid climate facilitates evaporation of tailings (so avoiding the submarine tailings disposal of some tropical nickel laterites), that are planned to be stored in exhausted open pits that will be dressed with top soil and revegetated. With long-established rehabilitation protocols developed from previous Eastern Goldfields nickel laterite mining operations, we know that the area rehabilitates well.
- **All resources located on granted mining leases** – certainty of current and future resource availability.
- **Heritage Agreement executed with GNCP Native Title claimant group** – provides better certainty of access for DFS site programs.
- **High Grade Resource** – The Company is targeting leach feed grades to a 2Mtpa HPAL plant at Goongarrie exceeding 1% nickel for 25 years. With the recent resource update (ASX release 15 February 2021) defining 60Mt at 1.0% Ni and 0.07% Co this target can be achieved. Additional high grade ore feed is being defined at projects within easy truck hauling distance of a central process plant located at Goongarrie. These include Highway and Siberia North with resource work underway. Ardea is in a unique position of having this resource optionality.
- **Stakeholder Engagement** – Ardea maintains an Operations Office in West Kalgoorlie and Corporate Office in West Perth and continues to work with the stakeholders within the communities in which it operates and is grateful for the strong Local Government and Community support received.

### WA Nickel Sulphide, Critical Mineral and Gold (100% Ardea)

Ardea controls an extensive and highly prospective tenement portfolio which covers over 4,000km<sup>2</sup> in the Eastern Goldfields world-class nickel-gold province. Mineral discovery via exploration provides Ardea with the opportunity to add additional Company value that can complement development of its nickel-cobalt-scandium resource. Priority is placed on nickel sulphide exploration as any discovery has the potential to be processed through the HPAL autoclave planned for Ardea's GNCP, as it has the added benefit of helping control autoclave oxidising potential and typically improving recoveries. Compelling targets have been defined and ranked for follow-up exploration with active programs underway.

**ARDEA RESOURCES LIMITED**  
**and its controlled entities**

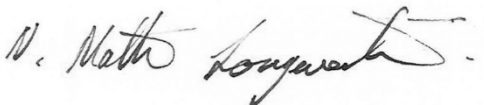
**DIRECTORS' REPORT**

**AUDITORS' INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under Section 370C of the *Corporations Act 2001* is set out on page 7 for the half-year ended 31 December 2020.

DATED at Perth this 5<sup>th</sup> day of March 2021

Signed in accordance with a resolution of the Directors



**Mathew Longworth**  
**Chairman**

**Compliance Statement (JORC 2012)**

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

1. GNCP High Grade Resource - 60 million tonnes at 1.0% nickel Sustainable Long-life Battery Metal Resource Confirmed, ASX announcement 15 February 2021;
2. KNP Cobalt Zone Study on 7 August 2017, PFS 28 March 2018 and Expansion Study 24 July 2018;
3. Kalgoorlie Nickel Project on 21 October 2013 and 31 July 2014, October 2016, 2016 Heron Resources Annual Report and 6 January 2017;
4. KNP Cobalt Zone Study on 7 August 2017;
5. Goongarrie Nickel Cobalt Project, Supplementary Prospectuses 10 February 2017, Ardea Annual Report Nov 2017, ASX announcements 28 June 2017, 4 July 2017, 28 August 2017, 14 March 2018, 24 July 2018, 8 October 2018; and
6. Ardea Resources Prospectus November 2016, Ardea Supplementary Prospectuses 10 February 2017, ASX announcements 9 March 2017, 16 March 2017, 26 April 2017;

The Company confirms that it is not aware of any new information or data that materially affects information included in previous announcements, and all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. All projects will be subject to new work programs following the listing of Ardea, notably drilling, metallurgy and JORC Code 2012 resource estimation as applicable.

The information in this report that relates to KNP Exploration Results and Mineral Resources is based on information originally compiled by previous and current full time employees of Heron Resources Limited and current full time employees of Ardea Resources Limited. The Exploration Results, Mineral Resources and data collection processes have been reviewed, verified and re-interpreted by Mr Ian Buchhorn who is a Member of the Australasian Institute of Mining and Metallurgy and currently a director of Ardea Resources Limited. Mr Buchhorn has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the exploration and mineral resource activities and undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Buchhorn consents to the inclusion in this report of the matters based on his information in the form and context that it appears.

The exploration and industry benchmarking summaries are based on information reviewed by Dr Matthew Painter, who is a Member of the Australian Institute of Geoscientists. Dr Painter is a full-time employee of Ardea Resources Limited and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Painter has reviewed this report 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 review of Ardea Resources Limited for the half year ended 31 December 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 review; and
- b) No contraventions of any applicable code of professional conduct in relation to the review.

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

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER  
Director

Perth

Date: 5 March 2021

**ARDEA RESOURCES LIMITED**  
and its controlled entities

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

For the half-year ended 31 December 2020

	<u>NOTES</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
		\$	\$
Interest income		34,838	96,771
Other Income		<b>67,258</b>	33,566
		<b>102,096</b>	130,337
Employee expenses		<b>1,091,600</b>	1,328,152
Employee costs recharged to capitalised exploration		<b>(1,106,092)</b>	(1,485,202)
Insurance expenses		<b>26,039</b>	32,620
Secretarial fees		<b>50,550</b>	47,980
Corporate expenses		<b>149,600</b>	124,400
Depreciation	2	<b>39,399</b>	73,266
Rent		<b>57,606</b>	50,734
Computer Support Services		<b>41,897</b>	43,032
Share Based Payments		<b>67,394</b>	227,082
Write-off of exploration expenditure		<b>177,798</b>	-
Revaluation of Investments		<b>620,852</b>	67,688
Other expenses		<b>80,037</b>	135,426
Loss before income tax		<b>(1,194,584)</b>	(514,841)
Income tax		-	-
Net loss attributable to members of the Consolidated Entity		<b>(1,194,584)</b>	(514,841)
Other Comprehensive Loss net of tax		-	-
Total Comprehensive Loss		<b>(1,194,584)</b>	(514,841)
Basic earnings/(loss) per share (cents per share)		<b>(0.97 cents)</b>	(0.46 cents)
Diluted earnings/(loss) per share (cents per share)		<b>(0.97 cents)</b>	(0.46 cents)

*The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Consolidated Entity's accompanying notes.*



**ARDEA RESOURCES LIMITED**  
and its controlled entities

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2020

	<u>NOTES</u>	<u>31 December</u> <u>2020</u>	<u>30 June</u> <u>2020</u>
			\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		10,907,938	10,006,059
Other receivables		723,328	362,045
Lease assets		69,050	69,050
Other assets		47,804	18,984
<b>TOTAL CURRENT ASSETS</b>		<b>11,748,120</b>	10,456,138
<b>NON-CURRENT ASSETS</b>			
Plant and equipment and motor vehicles		85,435	121,113
Investments		1,751,124	2,371,976
Lease assets		17,262	51,788
Capitalised mineral exploration expenditure		23,349,035	20,496,211
<b>TOTAL NON-CURRENT ASSETS</b>		<b>25,202,856</b>	23,041,088
<b>TOTAL ASSETS</b>		<b>36,950,976</b>	33,497,226
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		329,175	412,870
Lease liabilities		69,050	69,050
Provisions		317,155	261,043
<b>TOTAL CURRENT LIABILITIES</b>		<b>715,380</b>	742,963
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		17,262	51,788
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>17,262</b>	51,788
<b>TOTAL LIABILITIES</b>		<b>732,642</b>	794,751
<b>NET ASSETS</b>		<b>36,218,334</b>	32,702,475
<b>EQUITY</b>			
Contributed equity	3	41,328,919	36,685,870
Reserves		3,997,795	3,930,401
Accumulated losses		(9,108,380)	(7,913,796)
<b>TOTAL EQUITY</b>		<b>36,218,334</b>	32,702,475

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

**ARDEA RESOURCES LIMITED**  
and its controlled entities

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the half-year ended 31 December 2020

	Contributed Equity	Share Based Payments Reserve	Losses	Total
<b>BALANCE AT 1 JULY 2019</b>	39,897,118	3,588,776	(5,836,269)	37,649,625
Total Comprehensive Income	-	-	(514,841)	(514,841)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>				
Shares issued during the period	2,788,752	-	-	2,788,752
Godolphin Return of Capital reduction	(6,000,000)	-	-	(6,000,000)
Performance Rights issued to Staff	-	227,082	-	227,082
<b>BALANCE AT 31 DECEMBER 2019</b>	<u>36,685,870</u>	<u>3,815,858</u>	<u>(6,351,110)</u>	<u>34,150,618</u>
 <b>BALANCE AT 1 JULY 2020</b>	 36,685,870	 3,930,401	 (7,913,796)	 32,702,475
Total Comprehensive Income	-	-	(1,194,584)	(1,194,584)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>				
Shares issued during the period	4,874,002	-	-	4,874,002
Costs relating to share issue	(230,953)	-	-	(230,953)
Performance Rights issued to Staff	-	67,394	-	67,394
<b>BALANCE AT 31 DECEMBER 2020</b>	<u>41,328,919</u>	<u>3,997,795</u>	<u>(9,108,380)</u>	<u>36,218,334</u>

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

**ARDEA RESOURCES LIMITED**  
and its controlled entities

**CONSOLIDATED STATEMENT OF CASHFLOWS**  
Half Year ended 31 December 2020

	<u>31 December</u> <u>2020</u>	<u>31 December</u> <u>2019</u>
	\$	\$
<b>Cash flows from operating activities</b>		
Interest and other income received	110,334	113,786
Payments to suppliers and employees (inclusive of goods and services tax)	(391,404)	(285,332)
<b>Net cash used in operating activities</b>	<u>(281,070)</u>	<u>(171,546)</u>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation	(3,456,378)	(2,896,350)
Payments for plant and equipment	(3,721)	(8,844)
Other Investments	-	(203,063)
R&D funds received	-	-
<b>Net cash used in investing activities</b>	<u>(3,460,099)</u>	<u>(3,108,257)</u>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares	4,874,001	2,788,753
Costs of shares issued	(230,953)	-
<b>Net cash provided by financing activities</b>	<u>4,643,048</u>	<u>2,788,753</u>
<b>Net increase (decrease) in cash held</b>	<b>901,879</b>	<b>(491,050)</b>
<b>Cash at the beginning of the financial period</b>	<u>10,006,059</u>	<u>11,188,295</u>
<b>Cash at the end of the financial period</b>	<u>10,907,938</u>	<u>10,697,245</u>

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

**ARDEA RESOURCES LIMITED**  
and its controlled entities

**NOTES TO THE FINANCIAL STATEMENTS**

For the Half-year ended 31 December 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This financial report includes the consolidated financial statements and notes of Ardea Resources Limited and controlled entities ("Consolidated Group" or "Group"). The financial statements were authorised for issue by the directors of the Company.

**a) Basis of preparation**

This general purpose financial report has been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made during the following half-year. The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

**2. EXPENSES**

	<u>31 December</u> <u>2020</u> \$	<u>31 December</u> <u>2019</u> \$
Contributions to employee superannuation plans	92,291	107,268
Depreciation - Plant and equipment	39,399	73,266
Provision for employee entitlements	48,433	8,410

**3. CONTRIBUTED EQUITY**

**(a) Ordinary Shares**

127,670,582 (30 June 2020 – 117,300,435) fully paid ordinary shares	41,328,919	36,685,870
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**(b) Share Movements during the Period**

	<u>31 December 2020</u>		<u>30 June 2020</u>	
	Number of Shares	\$	Number of Shares	\$
Beginning of the financial period	117,300,435	36,685,870	106,145,424	39,897,118
<b><i>New share issues during the period</i></b>				
IPO Options exercised	-	-	11,155,011	2,788,752
Godolphin Return of Capital	-	-	-	(6,000,000)
Share Placement at 47 cents/share	7,446,811	3,500,001	-	-
Share Purchase Plan at 47 cents/share	2,923,336	1,374,001	-	-
Cost of share issue	-	(230,953)	-	-
	127,670,582	41,328,919	117,300,435	36,685,870

**ARDEA RESOURCES LIMITED**  
**and its controlled entities**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Half-year ended 31 December 2020**

**3. CONTRIBUTED EQUITY (Continued)**

**(c) Unlisted Options**

During the financial period there were no unlisted options on issue. There are no options that have been issued by the Company as at the date of this report.

**(d) Share Based Payments**

During the financial period and to the date of this report there were a number of Performance Rights issued to Directors and Staff following approval of the Performance Rights Plan at the AGM held on 23 November 2017, and Directors approvals at the 2018, 2019 and 2020 AGM's. The following Performance Rights were on Issue at 31 December 2020:

826,000 Class D Performance Rights  
400,000 Class E Performance Rights  
200,000 Class F Performance Rights  
200,000 Class G Performance Rights  
1,305,000 Class H Performance Rights  
1,305,000 Class I Performance Rights

The Performance Rights shall vest as follows:

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

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

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

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

**Class 'H' Performance Rights:** upon the Company's Shares reaching a 30 day VWAP which is equal to or greater than \$0.777 per Share; and continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 30 November 2022, prior to 31 December 2022.

**Class 'I' Performance Rights:** upon the Company's Shares reaching a 30 day VWAP which is equal to or greater than \$0.914 per Share; and continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 30 November 2023, prior to 31 December 2023.

**ARDEA RESOURCES LIMITED**  
**and its controlled entities**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Half-year ended 31 December 2020**

**3. CONTRIBUTED EQUITY (Continued)**

**(e) Terms and Conditions of Contributed Equity**

***Ordinary Shares***

The Company is a public Company limited by shares. The Company was incorporated in Perth, Western Australia.

The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held.

Ordinary shares which have no par value, entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

**4. SEGMENT INFORMATION**

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

**5. CONTINGENT LIABILITIES**

There were no material contingent liabilities not provided for in the financial statements of the Consolidated Entity as at 31 December 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 or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Consolidated Entity has an interest.

**6. EVENTS SUBSEQUENT TO BALANCE DATE**

There has not arisen since the end of the financial half-year any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Consolidated Entity to affect substantially the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years.

**ARDEA RESOURCES LIMITED  
and its controlled entities**

**DIRECTORS' DECLARATION**

In the opinion of the Directors of Ardea Resources Limited:

- (a) the financial statements and notes, set out on pages 8 to 14, are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - (ii) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2020 and of its performance, as represented by the results of its operations, for the half-year ended on that date.
- (b) there are reasonable grounds to believe that Ardea Resources Limited will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Executive Director and the Chief Financial Officer for the financial half-year ended on 31 December 2020.

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

Signed at Perth this 5<sup>th</sup> day of March 2021.



**Mathew Longworth**  
Chairman

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

### Conclusion

We have reviewed the accompanying half year financial report of Ardea Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for Conclusion

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the half year financial report* section of our report.

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

### Directors' responsibilities for the half year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half year financial report in accordance with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



## Auditor's responsibilities for the half year financial report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether in order to state whether anything has come to our attention that causes us to believe that the half year financial report is not in accordance with the *Corporations Act 2001* including; giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance and its cash flows for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER  
Director

Perth

Date: 5 March 2021