

**ASX & Media Release**

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**ASX Symbol**

ARL

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*Chair*

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**Issued Capital**

Shares  
80,649,536

Unlisted options  
12,310,022

Loyalty options  
25,227,423

ABN 30 614 289 342

## Ardea signs \$5 million chrysoprase deal

Binding Terms Sheet will realise value in semi-precious gemstones, allowing focus on cobalt-nickel mine development at the KNP Cobalt Zone



*Figure 1 – Gem-quality chrysoprase from the Yerilla mine, near the boundary with Ardea's E31/1092*

- Ardea has signed a binding Terms Sheet with Australian Jade Mining Limited (AJML) that will realise over \$5 million value from non-core assets
  - › \$200,000 up-front payment received
  - › \$800,000 payment on transfer of tenements
  - › \$1 million within one year of execution
  - › \$3 million of AJML shares in IPO or cash payout
  - › Ongoing 2% royalty on AJML's gross sales
- AJML intends to commence chrysoprase mining as soon as possible, and aims to become Australia's premiere chrysoprase supplier into the Chinese jewellery market
- AJML will be offered first right of refusal to purchase other chrysoprase deposits discovered by Ardea at commercial rates
- Chrysoprase is commonly known as 'Australian jade' in China where increased demand for the semiprecious gem is to be met by AJML through its relationships in the high-end Chinese jewellery industry

Ardea Resources Limited (ASX: ARL, “Ardea” or “the Company”) is pleased to announce that it has signed a binding Terms Sheet with Sydney-based company Australian Jade Mining Limited (ACN 616 121 361, “AJML”) on the sale and transfer of mining tenements, exploration tenements, and semi-precious gemstone rights in the Yerilla, Jump Up Dam, Aubils and Canegrass areas of Western Australia, northeast and north of Kalgoorlie. Ardea will retain rights to all minerals other than semi-precious gemstones within the tenement group, which includes all laterite-associated materials such as cobalt, nickel, and scandium, as well as non-laterite minerals such as gold.

As such, the transaction in no way impinges upon Ardea’s interests and proposed activities in cobalt and nickel mining of the KNP Cobalt Zone.

Through the signing of this binding Terms Sheet, Ardea will generate over \$5 million in value by monetising commodities in its tenement package that could not have been realised otherwise. AJML intends to utilise its expertise and relationships in the Chinese jewellery industry to mechanise chrysoprase mining in Western Australia, which until now has been the preserve of small operators and tributors. AJML will source chrysoprase from numerous sources including the tenements that are part of this agreement and the Yerilla mining operation adjacent to E31/1092.



Figure 2 – Yerilla East chrysoprase occurrence (E31/1092). Recently, Ardea identified a significant occurrence of chrysoprase mineralisation in drill spoil (left) from historic nickel exploratory RC drilling. The occurrence has a similar footprint to the Yerilla mine (1.3 km to the southwest) but is blind, with no outcrop whatsoever. Chrysoprase veining is present between 4 and 25 m depth over intervals that are several metres thick. Raw samples collected from the rock chips (right) commonly show a delicate green to blue-green colouring to the chrysoprase.

## Details of the Binding Terms Sheet

Highlights of the binding Terms Sheet include the following:

1. Ardea will transfer five tenements in the Yerilla area to AJML. AJML will agree that Ardea retains all non-semiprecious gemstone mineral rights on these tenements, which includes but is not restricted to cobalt, nickel, scandium, and gold. AJML will assume full responsibility for maintaining these tenements in good standing, including environmental liabilities. The tenements are:

Area	Tenement	Expiry	Area (ha)
Yerilla East	E31/1092	29-May-2021	1455.00
Jump Up Dam	M31/483	21-Sep-2032	201.95
	M31/475	12-Jul-2028	120.75
	M31/477	12-Jul-2028	147.08
	M31/479	12-Jul-2028 </td <td>770.27</td>	770.27

2. Ardea will grant AJML semi-precious gemstone rights on three tenements which will remain within Ardea as part of the KNP and the KNP Cobalt Zone. These tenements are:

Area	Tenement	Expiry	Area (ha)
Aubils	E39/1954	04-Oct-2021	5,993.00
Canegrass	M24/744	30-Apr-2022	6.68
	M24/731	20-Aug-2028	116.94

- Upon signing, AJML transferred \$200,000 to Ardea. This will be followed by a further \$800,000 upon completion of the transfer of the Yerilla East and Jump Up Dam tenements to AJML.
- Within one year of the execution of the agreement, there will be a further payment to Ardea of \$1 million.
- AJML will pay Ardea a 2 % gross royalty on all sales of semi-precious gemstones regardless of origin.
- On listing of AJML on any public exchange, Ardea will be issued with \$3 million of the vendor's shares at the offer price of the Initial Public Offering. Alternatively, Ardea may agree to allow AJML to pay \$3 million to Ardea in lieu of listing.
- Ardea can unwind the transaction should it not proceed within the schedule. In such a circumstance, all pre-existing rights will revert to Ardea.

### Establishing an ongoing relationship

AJML intends to commence a commercial mining operation at and around the Yerilla mine as soon as possible. Chrysoprase at Jump Up Dam and gem-quality white and grey chalcedony ("Ice Jade") at Canegrass will also be targeted. AJML have expressed interest in sub-leasing a portion of Ardea's office in Kalgoorlie to manage their operations.

For clarity, the agreement covers all siliceous semi-precious gemstones within the weathered profile including chrysoprase, chalcedony, opal, agate,

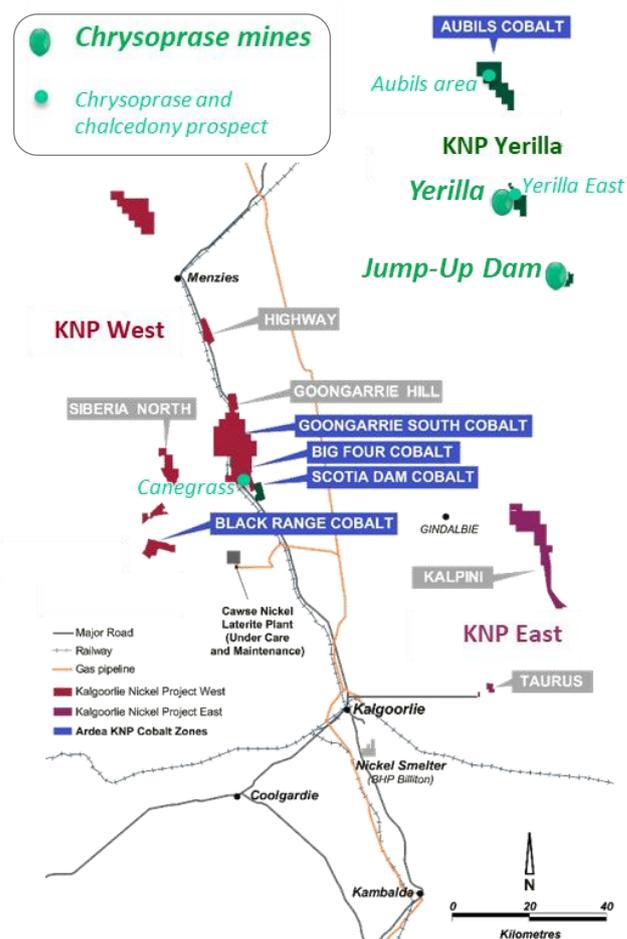


Figure 3 – Locality map of chrysoprase mines and occurrences that are the subject of the proposed transaction with Australian Jade Mining Limited.

moss agate, "Ice Jade" and all varieties of these silica-rich weathering materials. Typically, there is little or no overlap between occurrences of these minerals and the cobalt and nickel mineralisation despite their genetic relationship. The likelihood of interference between chrysoprase mining and cobalt-nickel mining is therefore considered to be low. With the siliceous semi-precious gemstones generally occurring within barren saprock below the cobalt-nickel clay-hosted mineralisation, it is expected that further chrysoprase mineralisation will be exposed during Ardea's proposed mining operations.

In return for the ongoing 2% royalty on all semi-precious gemstone sales, AJML will be offered first right of refusal to purchase at commercial rates other chrysoprase deposits that are expected to be discovered as a result of drilling and mining for cobalt and nickel throughout the rest of the KNP and KNP Cobalt Zone. Known chrysoprase occurrences at Kalpini, Siberia, Goongarrie, Big Four, and Black Range are in areas likely to be the focus of future Ardea cobalt-nickel drill programs.

It is expected that this agreement will set the foundation for a long and mutually beneficial relationship between AJML and Ardea into the future.



Figure 4 – Raw chrysoprase vein samples from Yerilla (left) and Kalpini (right). Note that the Kalpini chrysoprase occurrences are not part of this transaction, but will be investigated further as Ardea's cobalt-nickel resource definition drilling progresses in the coming months.

## About chrysoprase

Chrysoprase is one of Australia's true signature gemstones. It is a rich green-coloured semi-precious gemstone that, like opal, is located within cracks and crevices in particular weathered near-surface rocks. The chrysoprase around Kalgoorlie has developed as part of the cobalt-nickel laterite regolith associated with siliceous magnesian laterite, so is genetically and spatially related to the nickel and cobalt mineralisation.

Chrysoprase is highly sought after and valued in China where it is used in jewellery and carvings as a substitute for amphibole jade. Jade has had a unique significance in Chinese culture for millennia but the exhaustion of domestic Chinese sources and control of supply by foreign traders has resulted in increased interest in and increased prices for chrysoprase. In Mandarin, the distinction is generally not made between chrysoprase and jade, with both usually known by the term for jade, 玉 ("yù"). If a distinction is made, the term for chrysoprase is 澳洲玉 ("Àozhōu yù"), or "Australian jade".

For further information regarding Ardea, please visit [www.ardearesources.com.au](http://www.ardearesources.com.au) or [www.heronresources.com.au](http://www.heronresources.com.au) or contact:

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**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;
2. KNP Cobalt Zone Study on 7 August 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 is based on information originally compiled by previous and current full time employees of Heron Resources Limited. The Exploration Results 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 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 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 press release and consents to the inclusion in this report of the information in the form and context in which it appears.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION**

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

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

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

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

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