



ABN 30 614 289 342

## **Interim Financial Report Half-Year ended 31 December 2022**

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 2022 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  
Company Secretary

### 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

Dry Kirkness (Audit) Pty Ltd  
(formerly Butler Settineri (Audit) Pty Ltd)  
Ground Floor, 50 Colin Street  
West Perth  
Western Australia 6005

### 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 2022 ("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**

Mathew Longworth is a geologist with over 35 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 Consultant with Xtract Mining consultants. 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 within the Kalgoorlie Nickel Project. Mr Longworth joined Heron Resources in 2003 as Exploration Manager rising to Managing Director in 2007 to 2011. Mr Longworth applied his intimate knowledge of the BTZ and broader Eastern Goldfields geology to the KNP to collaborate with Vale Inco in their 2005 to 2009 KNP feasibility study.

He is currently Chairman of the unlisted Company Greenfields Exploration Limited, Non-Executive Director at Asra Minerals Ltd, Chair of Northam Resources Limited, and was formerly non-executive Chairman of ASX listed Metalicity Limited (from 1 July 2019 to 18 May 2021). Mr Longworth has no other public company directorships.

**Andrew Penkethman** – *BSc, FAusIMM, MAIG*  
**Managing Director & 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 with over 28 years' experience in the resources industry. His technical skills include project evaluation, early stage and near mine exploration, mineral discovery success, resource development, feasibility study management, permitting, stake holder engagement and mine development across open pit and underground operations within Australia and overseas. Commodities experience includes Battery and Critical minerals, gold and energy commodities over a range of geological settings.

Mr Penkethman's technical expertise is complimented by over 15 years in executive roles with a strong corporate focus including strategic partner processes, joint venture management, financial modelling, 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 with majors in Geology and Geography, is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists.

Mr Penkethman is currently a non-executive Director of Kalgoorlie Gold Mining Limited (16 November 2021 to present).

**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 in the resources sector. 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 Battery and Critical minerals, 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 non-executive Director of Godolphin Resources Limited (19 June 2019 to present).

**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. Mr Middlemas ceased the role of Chief Financial Officer on 8 June 2022 and continues as the Company's Company Secretary.

**CHIEF FINANCIAL OFFICER**

**Rebecca Moylan** – *B.Bus (Acc&FIN), FFINSIA, GAICD, CPA*

Ms Moylan was appointed Chief Financial Officer on 8 June 2022. She is a certified practicing accountant with more than 20 years' experience in financial and corporate management, accounting, project financing and contract negotiation during her career in the mining industry. This has included positions as Chief Financial Officer and Company Secretary of several ASX-listed companies.

**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 2022 of \$1,876,449 (2021 half year loss of \$1,192,521).

Ardea is a Battery and Critical minerals Company, focussed on development of its globally significant Kalgoorlie Nickel Project (**KNP**), which is located in a jurisdiction with exemplary ESG credentials that can ensure sustainable and ethical mineral supply. The Company is also undertaking advanced-stage exploration at compelling nickel sulphide targets, such as Emu Lake and Critical Minerals targets within the KNP Eastern Goldfields world-class nickel-gold province. All exploration targets complement the KNP nickel development strategy.

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

- Commercial nickel-cobalt-scandium production from the KNP, commencing with the Goongarrie Hub
- Explore the broader KNP for nickel sulphide, and Critical Minerals, based on the legacy data base (>1,000,000 historic assays)
- Maximise the commercial value of the existing WA tenement portfolio (>4,000km<sup>2</sup>) 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 project is the KNP Goongarrie Hub, which is complimented by the Bulong and Kalpini Hubs and other Nickel Sulphide and Critical Mineral Projects.

**Goongarrie Hub (100% Ardea)**

Goongarrie Hub and KNP resource update completed June 2021, with key highlights including:

*Table 1: JORC Code (2012) Mineral Resource Estimate (MRE) completed for the Goongarrie Hub*

<i>Measured Indicated &amp; Inferred MRE</i>	<i>Goongarrie Hub* based on 0.8% Ni cut-off grade</i>	<i>Goongarrie Hub based on 0.5% Ni cut-off grade</i>	<i>KNP based on 0.5% Ni cut-off grade</i>
<b>Tonnes &amp; grade</b>	<b>78Mt at 1.0% Ni and 0.069% Co</b>	<b>350Mt at 0.7% Ni and 0.044% Co</b>	<b>830Mt at 0.7% Ni and 0.046% Co</b>
<b>Contained metal</b>	<b>784kt nickel and 54kt cobalt</b>	<b>2,400kt nickel and 154kt cobalt</b>	<b>5,879kt nickel and 384kt cobalt</b>
<b>GSCP Maiden scandium component 74Mt at 35ppm scandium</b>			

\* Includes the Goongarrie South, Scotia Dam, Big Four, Goongarrie Hill and Highway deposit MRE. Excludes Ghost Rocks.

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

**DIRECTORS' REPORT**

The KNP is owned 100% by Ardea and the Goongarrie Hub is undergoing a Preliminary Feasibility Study (**PFS**) for a 3.5Mtpa operation, with two High Pressure Acid Leach (**HPAL**) autoclaves, each rated at 1.5Mtpa, as well as an Atmospheric Leach (**AL**) circuit of up to 0.5Mtpa. The leach streams will initially produce Mixed Hydroxide Precipitate (**MHP**) as an ethical and sustainable supply chain product for the lithium-ion battery sector. There is potential to upgrade to Precursor Cathode Active Material (**PCAM**), as a stage 2 enhancement.

An updated Ore Reserve and project financial metrics will be completed as part of ongoing PFS work streams.

*Key characteristics of the Goongarrie Hub include:*

- **Ability to produce ethical and sustainable Battery and Critical mineral supply** – project designs are predicated on minimising the environmental footprint and carbon emissions. This is at the forefront of the way Ardea operates in an environment of respect, inclusivity and empathy.
- **Metallurgically uncomplicated flowsheet** – refined in bench-scale and continuous piloting using proven technology successfully utilised at existing operations. Mining will focus on premium goethite ore with significantly shorter pressure vessel residence time and low acid consumption, compared to other competitor nickel laterite ore types.
- **Industry leading low carbon flow sheet** – Ardea's development plan includes a sulphur-burning acid plant to produce sulphuric acid for ore processing. The Acid Plant reaction chemistry is highly exothermic and generates substantial steam which will be used to generate electricity and process heating for the site. This allows the operation to generate off grid power, completely independent of fossil fuels and allows a material de-carbonising of the project which is already low by industry standards and will continue to be reduced as part of ongoing Feasibility Study work.
- **Significant by-product Critical Minerals credit potential** – notably scandium with opportunities to recover a potential Rare Earth Element (REE) by-product to be assessed as part of the planned DFS.
- **On-site Mineralised Neutraliser** – Bench scale testwork has confirmed that nickel-cobalt-enriched neutraliser material can be sourced during the normal course of mining, screened and stockpiled for use as HPAL autoclave neutraliser and AL feed (ASX release 16 November 2022). Sourcing of neutraliser onsite is expected to result in improved environmental and financial outcomes for the project by greatly reducing the need to import 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 northwest 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 Goongarrie Hub Native Title claimant group** – provides better certainty of access for Feasibility Study site programs, project development and production.
- **High Grade Resource amenable to open pit mining** - The Company will maximise leach feed grades to a 3.5Mtpa plant at Goongarrie through a conventional open pit mining operation, with a low strip ratio and predominantly free-dig ore expected. A multi decade mine life is expected.
- **Stakeholder Engagement** – Ardea enjoys strong stakeholder support and 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 Community and Local Government support received.

**WA Nickel Sulphide and Critical Minerals (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 Battery and Critical mineral province. Mineral discovery via exploration provides Ardea with the opportunity to add additional Company value, as demonstrated by the recent Ionic Clay Hosted Rare Earth Element discovery, at Goongarrie West, only 1km west of the nickel-cobalt laterite deposits (ASX release 30 January 2023). Such discoveries can complement development of the KNP nickel-cobalt-scandium resource.

**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 8 for the half-year ended 31 December 2022.

DATED at Perth this 10<sup>th</sup> day of March 2023.  
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. PFS 28 March 2018 and Expansion Study 24 July 2018.
2. GNCP High Grade Resource - 60 million tonne at 1.0% Nickel Sustainable Long-life Battery Metal Resource Confirmed, 15 February 2021.
3. Highway Nickel Deposit - Mineral Resource Estimate, 16 June 2021.
4. Emu Lake Nickel Sulphide Discovery confirmed with 2.72m at 5.42% Ni, 14 January 2022.
5. Goongarrie Hub Feasibility Study Update, 25 January 2022.
6. Emu Lake Nickel Sulphide Camp Follow-Up Program, 7 February 2022.
7. High-grade Nickel-Cobalt Confirmed at Kalpini with Scandium and Rare Earth Elements, 14 March 2022.
8. Kalgoorlie Nickel Project Awarded Major Project Status, 18 March 2022.
9. Kalgoorlie Nickel Project Recognition on All Tiers of Australian Government, 21 March 2022.
10. Kalgoorlie Nickel Project Feasibility Study Update, 14 June 2022.
11. Kalgoorlie Nickel Project Strategy Update, 9 September 2022.
12. Australian Nickel Conference, 6 October 2022.
13. Appendix 4G and 2022 Corporate Governance Statement, 27 September 2022.
14. Annual Report 2022, 27 September 2022.
15. Australian Nickel Conference Presentation, 6 October 2022.
16. Emu Lake Nickel Sulphide Exploration Update, 14 October 2022.
17. Notification of Issue, Conversion or Payment up of Unquoted Equity Securities, 28 October 2022.
18. Kalgoorlie Nickel Project: Metallurgical Update – Mineralised Neutraliser, 16 November 2022.
19. Eastern Goldfields Projects Exploration Update, 22 November 2022.
20. Notification of Issue, Conversion or Payment up of Unquoted Equity Securities, 22 November 2022.
21. Ardea Completes KNP ESG Accreditation from Independent Leading Global Platform, 24 November 2022.
22. Ardea appoints Project Director, 18 January 2023.
23. Kalgoorlie Nickel Project - Goongarrie West Drilling Ionic Clay Rare Earth Discovery, 30 January 2023.

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

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

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

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of Ardea Resources Limited for the half year ended 31 December 2022, 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.

DRY KIRKNESS (AUDIT) PTY LTD



ROBERT HALL CA  
Director

Perth

Date: 10 March 2023

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**ARDEA RESOURCES LIMITED**  
and its controlled entities

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

For the half-year ended 31 December 2022

	<u>NOTES</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
		\$	\$
Interest income		112,493	14,213
Other Income		63,105	-
		<b>175,598</b>	14,213
Employee expenses		1,689,290	1,421,409
Employee costs recharged to capitalised exploration		(1,600,370)	(1,623,473)
Non-executive director fees		51,999	-
Insurance expenses		36,232	29,377
Secretarial fees		30,797	50,780
Corporate expenses		171,110	178,154
Depreciation	2	56,395	27,434
Rent		122,524	26,964
Strategic partnership expenses		108,839	-
Computer support services		48,662	52,071
Share based payments		457,203	194,267
Write-off of exploration expenditure		305,409	147,515
Revaluation of investments		128,218	528,404
Other expenses		445,739	173,832
Loss before income tax		(1,876,449)	(1,192,521)
Income tax		-	-
Net loss attributable to members of the Consolidated Entity		(1,876,449)	(1,192,521)
Other Comprehensive Loss net of tax		-	-
Total Comprehensive Loss		(1,876,449)	(1,192,521)
Basic earnings/(loss) per share (cents per share)		(1.10 cents)	(0.87 cents)
Diluted earnings/(loss) per share (cents per share)		(1.10 cents)	(0.87 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 2022

	<u>NOTES</u>	<u>31 December</u> <u>2022</u>	<u>30 June</u> <u>2022</u>
<b>ASSETS</b>		<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		15,314,253	22,018,398
Other receivables		2,508,076	1,991,656
Other assets		80,069	54,835
<b>TOTAL CURRENT ASSETS</b>		<b>17,902,398</b>	<b>24,064,889</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment and motor vehicles		7,694	-
Investments		828,559	956,777
Right-of-use assets		200,501	276,973
Capitalised mineral exploration expenditure		30,020,738	25,299,933
<b>TOTAL NON-CURRENT ASSETS</b>		<b>31,057,492</b>	<b>26,533,683</b>
<b>TOTAL ASSETS</b>		<b>48,959,890</b>	<b>50,598,572</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		617,731	786,594
Right-of-use liabilities		117,186	150,611
Provisions		497,222	471,859
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,232,139</b>	<b>1,409,064</b>
<b>NON-CURRENT LIABILITIES</b>			
Right-of-use liabilities		88,869	129,677
Provisions		50,722	47,425
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>139,591</b>	<b>177,102</b>
<b>TOTAL LIABILITIES</b>		<b>1,371,730</b>	<b>1,586,166</b>
<b>NET ASSETS</b>		<b>47,588,160</b>	<b>49,012,406</b>
<b>EQUITY</b>			
Contributed equity	3	60,000,783	60,005,783
Reserves		5,004,355	4,547,152
Accumulated losses		(17,416,978)	(15,540,429)
<b>TOTAL EQUITY</b>		<b>47,588,160</b>	<b>49,012,406</b>

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

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**ARDEA RESOURCES LIMITED**  
and its controlled entities

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the half-year ended 31 December 2022

	Contributed Equity	Share Based Payments Reserve	Losses	Total
	\$	\$	\$	\$
<b>BALANCE AT 1 JULY 2021</b>	41,328,919	4,172,819	(10,212,339)	35,289,399
Total Comprehensive Income	-	-	(1,192,521)	(1,192,521)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>				
Shares issued during the period	5,336,377	-	-	5,336,377
KalGold Return of Capital reduction	(7,000,000)	-	-	(7,000,000)
Performance Rights issued to Staff	-	194,267	-	194,267
<b>BALANCE AT 31 DECEMBER 2021</b>	<u>39,665,296</u>	<u>4,367,086</u>	<u>(11,404,860)</u>	<u>32,627,522</u>
<b>BALANCE AT 1 JULY 2022</b>	60,005,783	4,547,152	(15,540,529)	49,012,406
Total Comprehensive Income	-	-	(1,876,449)	(1,876,449)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>				
Share issue costs	(5,000)	-	-	(5,000)
Performance Rights issued to Staff	-	457,203	-	457,203
<b>BALANCE AT 31 DECEMBER 2022</b>	<u>60,000,783</u>	<u>5,004,355</u>	<u>(17,416,978)</u>	<u>47,588,160</u>

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

**ARDEA RESOURCES LIMITED**  
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**CONSOLIDATED STATEMENT OF CASHFLOWS**  
Half Year ended 31 December 2022

	<u>31 December</u> <u>2022</u>	<u>31 December</u> <u>2021</u>
	\$	\$
<b>Cash flows from operating activities</b>		
Interest and other income received	43,868	8,402
Payments to suppliers and employees (inclusive of goods and services tax)	(645,160)	(382,091)
<b>Net cash used in operating activities</b>	<u>(601,292)</u>	<u>(373,689)</u>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation	(6,043,389)	(4,574,162)
Payments for plant and equipment	(54,464)	(3,813)
Other Investments	-	98,485
R&D funds received	-	-
<b>Net cash used in investing activities</b>	<u>(6,097,853)</u>	<u>(4,479,490)</u>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares	-	5,699,999
Costs of shares issued	(5,000)	(363,623)
<b>Net cash provided by financing activities</b>	<u>(5,000)</u>	<u>5,336,376</u>
<b>Net increase (decrease) in cash held</b>	<b>(6,704,146)</b>	<b>483,197</b>
<b>Cash at the beginning of the financial period</b>	<u><b>22,018,398</b></u>	<u><b>5,689,762</b></u>
<b>Cash at the end of the financial period</b>	<u><b>15,314,253</b></u>	<u><b>6,172,959</b></u>

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

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**ARDEA RESOURCES LIMITED**  
and its controlled entities

**NOTES TO THE FINANCIAL STATEMENTS**

For the Half-year ended 31 December 2022

**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 2022, 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>2022</u> \$	<u>31 December</u> <u>2021</u> \$
Contributions to employee superannuation plans	130,891	119,728
Depreciation - Plant and equipment	56,395	27,434
Provision for employee entitlements	28,660	7,104

**3. CONTRIBUTED EQUITY**

**(a) Ordinary Shares**

171,502,772 (30 June 2022 – 169,737,772)  
fully paid ordinary shares

	<u>31 December</u> <u>2022</u> \$	<u>30 June</u> <u>2022</u> \$
	60,000,783	60,005,783

**(b) Share Movements during the Period**

	31 December 2022		30 June 2022	
	Number of Shares	\$	Number of Shares	\$
Beginning of the financial period	169,737,772	60,005,783	127,670,582	41,328,919
<b><i>New share issues during the period</i></b>				
Share Placement at 55 cents/share	-	-	10,363,637	5,700,000
Share Placement at 70 cents/share	-	-	30,907,553	21,635,287
Performance Rights Converted	1,765,000	-	796,000	-
Kalgoorlie Gold Return of Capitl	-	-	-	(7,000,000)
Cost of share issue	-	(5,000)	-	(1,658,423)
	171,502,772	60,000,783	169,737,772	60,005,783

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Half-year ended 31 December 2022**

**3. CONTRIBUTED EQUITY (Continued)**

**(c) Unlisted Options**

During the financial period there were nil unlisted options issued.

**(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 28 October 2022, and Shareholders approval for Directors issues at the 2020, 2021 and 2022 AGM's. The following Performance Rights were on Issue at 31 December 2022:

1,165,000 Class I Performance Rights
392,000 Class J Performance Rights
1,100,000 Class K Performance Rights
120,000 Class L Performance Rights
1,750,000 Class M Performance Rights
875,000 Class N Performance Rights
907,000 Class O Performance Rights
484,000 Class P Performance Rights

The Performance Rights shall vest as follows:

**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.

**Class 'J' Performance Rights:** upon the Company's Shares reaching a 30 day VWAP which is equal to or greater than \$0.65 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 31 May 2023, prior to 30 June 2023.

**Class 'K' Performance Rights:** upon the Company's Shares reaching a 30 day VWAP which is equal to or greater than \$0.67 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.

**Class 'L' Performance Rights:** upon the Company's Shares reaching a 30 day VWAP which is equal to or greater than \$0.97 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 31 May 2024, prior to 30 June 2024.

**Class 'M' Performance Rights:** The Company announcing prior to 31 December 2024, the signing of a Strategic Partner to fund the KNP feasibility study and provide future funding for completion of the project.

**Class 'N' Performance Rights:** The Company announcing a JORC Compliant Nickel Sulphide Resource of >1Mt at 2% Ni Equivalent prior to 31 December 2024.

**Class 'O' Performance Rights:** The Company announcing prior to 31 December 2024, the signing of a Strategic Partner to fund the KNP feasibility study and provide future funding for completion of the project.

**Class 'P' Performance Rights:** The Company announcing a JORC Compliant Nickel Sulphide Resource of >1Mt at 2% Ni Equivalent prior to 31 December 2024.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Half-year ended 31 December 2022**

**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 2022 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, except from the following:

On the 27th January 2023, \$1,770,540.48 R&D Tax Incentive Rebate for the 2022 financial years was received from the Federal Government Australian Tax Office.

**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 15, 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 2022 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 2022.

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

Signed at Perth this 10<sup>th</sup> day of March 2023.



**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 2022 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 2022 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.

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## 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 2022 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.

DRY KIRKNESS (AUDIT) PTY LTD



ROBERT HALL CA  
Director

Perth

Date: 10 March 2023

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