



Ardea Resources Limited

ANNUAL GENERAL MEETING
23 November 2017

The KNP Cobalt Zone at the Goldfields Highway, Goongarrie South

Disclaimer

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the Company is under no obligation to revise any forward looking statement to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events.

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

Application for securities under the Company's public offer can only be made under the prospectus, a copy of which is available from the Company. Investors should consider the prospectus in deciding whether to acquire Ardea shares and will need to complete the application form that accompanies the prospectus.

Competent Person Statement

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

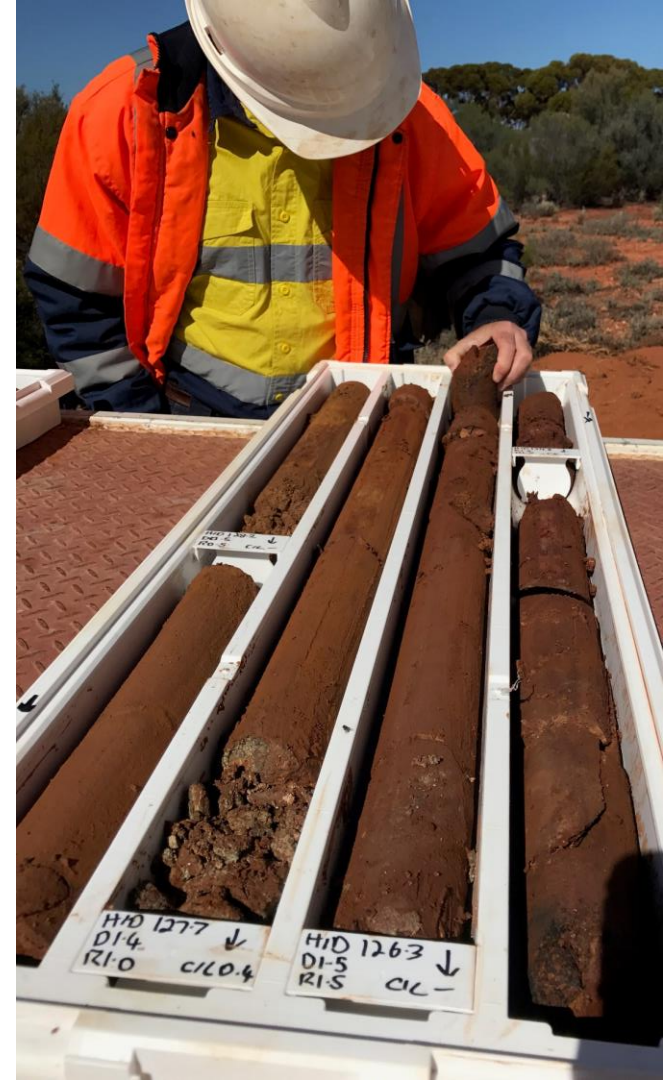
- Lewis Ponds on 27 August 2015, 2016 Heron Annual Report, Heron's announcement on 6 January 2017;
- Kalgoorlie Nickel Project on 21 October 2013 and 31 July 2014, 27 August 2015, 2016 Heron Annual Report;
- Big Four-Goongarrie on 13 March 2012, 26 June 2012 and 24 July 2012.
- KNP Cobalt Heron's announcement on 6 January 2017

The Company 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.

Our aims



To directly supply cobalt sulphate and nickel sulphate to lithium ion battery manufacturers



Highlights

Ardea Resources Limited (ASX:ARL) is a cobalt exploration and development company focussed on developing its 100% owned flagship Kalgoorlie Nickel Project (KNP)

Largest Cobalt Resource in the Developed World

With well over 700 Mt of defined Co+Ni mineralisation, Ardea is focusing on the high-grade Cobalt Zone of **64.4Mt at 0.13% Co + 0.77% Ni**

- \$50m spent on historical drilling and metallurgy work by previous owners with circa 400,000 metres of historical drilling

Flowsheet selected

Fifth generation high pressure acid leach (HPAL) will combine financial and processing efficiencies with engineering certainty to enable production of **battery-grade cobalt sulphate and nickel sulphate** at Goongarrie



Highlights

Fully funded through to DFS

\$11 million cash, likely exercise of 77c options by May 2018 for a further **\$19.5 million**

Optionality Play

Ardea provides more leverage to the price of Cobalt than any other public vehicle globally, offering significant relative value compared to nickel-laterite peers*.

Clear Path to Production

PFS completion Q1 2018 (\$7 million), DFS completion 2019 (~\$23 million) and commencement of Stage 1 Development in 2020

Exceptional Exploration Upside

Expediting drill programs to accelerate gold mining cash flow, or possibly to spin-out non-core assets into separate listed vehicle(s)



The KNP Cobalt Zone at the Kalgoorlie-Menzies rail line, Goongarrie South

** Unsolicited research by Palisade Research (San Francisco) 4 August 2017*

Corporate Snapshot

Share price performance and volume since listing (9 February 2017)



Capital Structure

Shares on Issue	82,124,946
Share Price (21 Nov 2017)	\$1.54
52 week high / low	\$2.20 / \$0.17
Cash	\$11 million
Market Cap	\$115.5 million
Unlisted Options	\$0.25 (IPO) 12.31 million
	\$0.77 (Loyalty) 23.79 million

Top Shareholders

	%
Board	14.8%
Merrill Lynch Nominees	14.1%
Josco Pty Ltd	6.2%
Citicorp Nominees	5.8%
Spadaro Martin	2.7%

Board and Management

Katina Law	Chair
Matt Painter	Managing Director
Ian Buchhorn	Non-Executive Director
Sam Middlemas	Chief Financial Officer

Peer Comparison



Project	KNP Cobalt Zone	Sunrise, NSW	Sconi, Qld	Flemington NSW
Commodities	Co, Ni, Sc	Co, Ni, Sc	Sc, Co, Ni	Sc
Ownership	100% unencumbered	100%	75% earn-in	100% earn-in
Proposed products	Cobalt + nickel sulphate, scandium oxide	Cobalt + nickel sulphate	Scandium oxide, cobalt + nickel sulphate	Scandium oxide
Proposed by-products	PGE?, chromium?, high-purity alumina?	Scandium oxide	?	?
Tonnage (Mt)	64.4 Mt	101 Mt	89 Mt	3.1 Mt
Co grade (%)	0.13%	0.13%	0.06%	-
Ni grade (%)	0.77%	0.59%	0.58%	-
Contained cobalt (t)	81,000	132,000	54,000	?
Contained nickel (t)	495,000	593,000	514,000	?
Co:Ni ratio	1:6.1	1:5.3	1:9.5	?
Mining leases	All granted	Applications ('98-'99)	Granted	Application Mar '17
PFS (Co, Ni)	Q1 2018	October 2016		April 2018
DFS	2019	Q1 2018	April 2018	?

Maximum
~16 months
difference



Note: This comparison assumes all of ARL's value is in the KNP. Here, no value is attributed to Lewis Ponds nor to the exploration projects.

SP (22 Nov)
Market Cap (22 Nov)

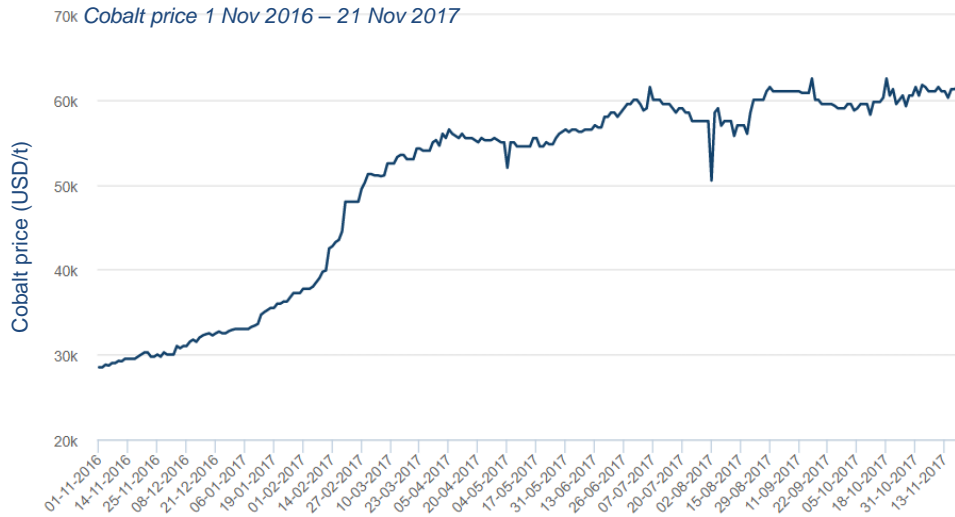
\$1.545
\$126 million

\$1.47
\$838 million

\$0.092
\$240 million



Cobalt Market 2017 and Beyond



- Global cobalt production is currently circa 100,000tpa with prices at ~US\$60,000/t, well below 2008 levels of more than US\$110,000/t
- Politically unstable DRC accounts for ~60% of global Cobalt supply
- Past producing mines in safe jurisdictions such as Ontario offer higher grades but much lower tonnes, and lack critical mass due to recent staking rush resulting in fragmentation of ownership amongst many companies
- Cobalt demand is forecast to outstrip supply with future supply bottlenecks likely as electrified vehicles will require Li-ion batteries with **cobalt cathodes**

The Automotive Electrification Revolution

Mercedes Benz

A range of 10 electric vehicles by 2022, investing €10 billion

Toyota

Solid-state lithium ion battery, 800-1000 km range, 4 min recharge, production 2022

China

World leading ~800,000 electrified vehicle sales in 2017 (up from ~90,000 in 2014)

All electrified vehicles will use **Li-ion batteries with cobalt cathodes**



Fundamental cobalt supply shortfall

Numerous forecasters show **2022** as an important year.

- **50% increase** in cobalt production (~150ktpa) from today's 100ktpa levels
- Several-fold increase in EV sales
 - Most auto manufacturers' product streams kick in
 - Sales poised to accelerate
- **~20,000 t shortfall in global production expected**
- KNP Cobalt Zone in production?

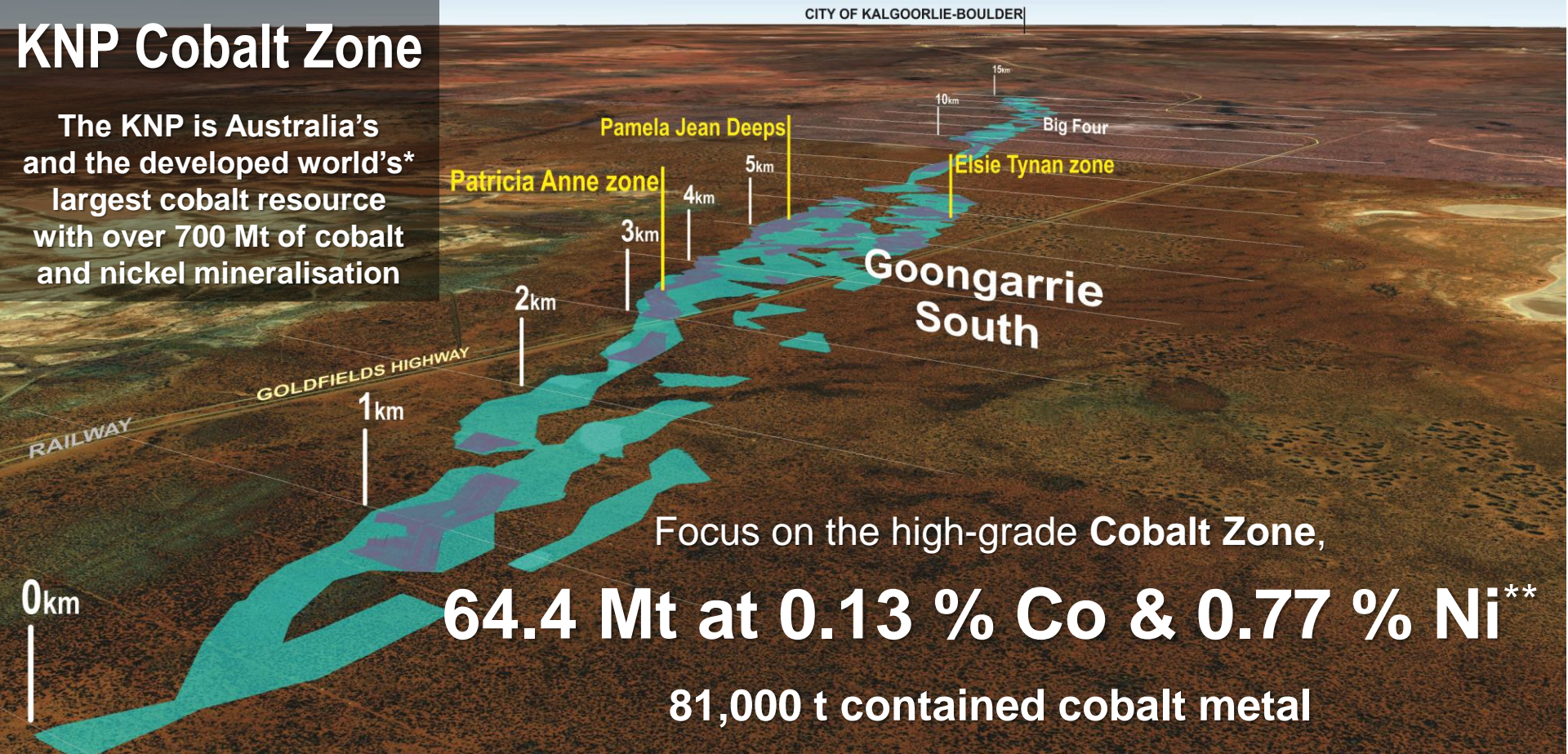
By 2022, the world is expected to require

**10 new KNP
Cobalt Zones
per year**

to come online to keep up with expected demand.

KNP Cobalt Zone

The KNP is Australia's and the developed world's* largest cobalt resource with over 700 Mt of cobalt and nickel mineralisation



Focus on the high-grade Cobalt Zone,
64.4 Mt at 0.13 % Co & 0.77 % Ni**
81,000 t contained cobalt metal

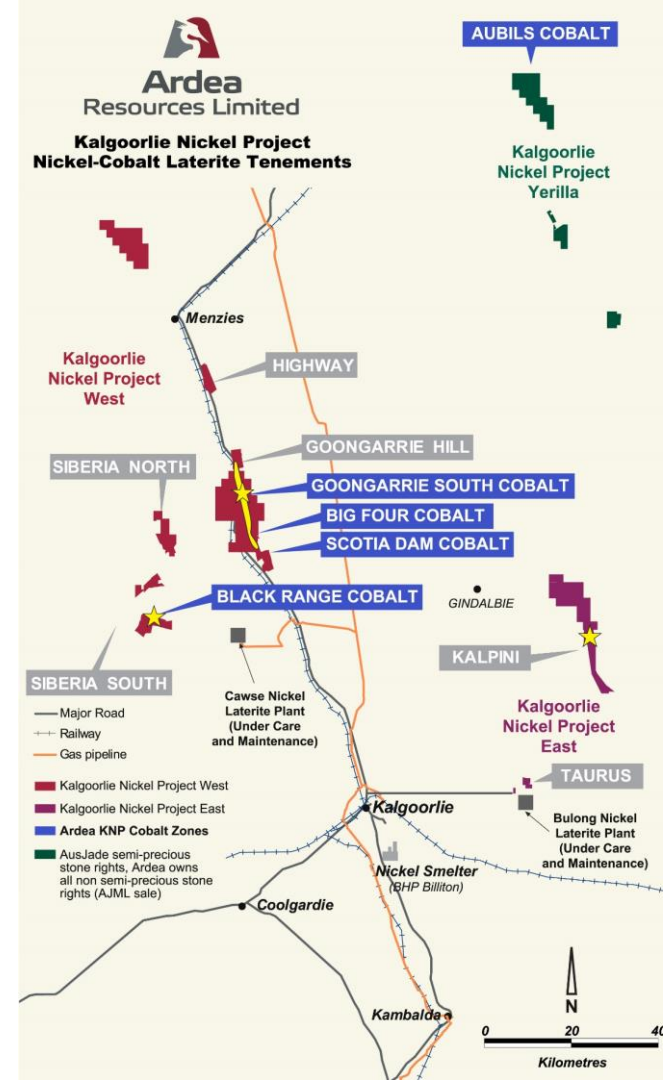
View over Goongarrie South and Big Four, looking southeast, showing the extent of the deposit (blue-green = Co >0.05%, purple = Co > 0.10%), and proximity to infrastructure



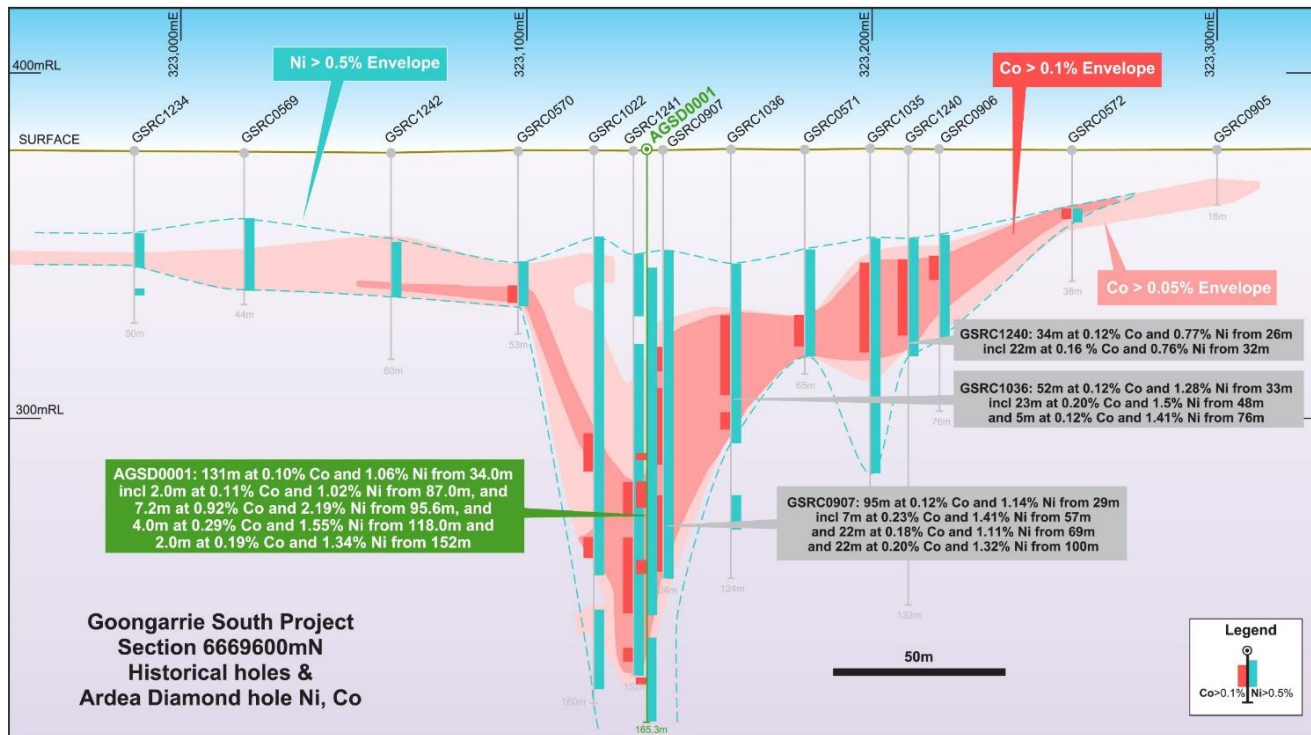
* By contained cobalt metal. Source of data for comparison: SNL Metals & Mining database (www.snl.com) ** See Appendix 1 for resource breakdown.

KNP Cobalt Zone

- More than \$50 million spent historically Vale-Inco and Heron with circa 400,000 metres of drilling and detailed metallurgical work available
- Active mining area, within 150 km of Kalgoorlie, WA
- On active granted mining leases
- **100% ownership of project, unencumbered**



KNP Cobalt Zone



- Shallow, lateritic cobalt-nickel deposits within 120m of surface
- Open-pit mining provides low strip ratio (~1:1)
- Cobalt and nickel in soft, iron-rich clay, free digging
- Flat-lying cobalt-nickel mineralisation usually within 50m of surface



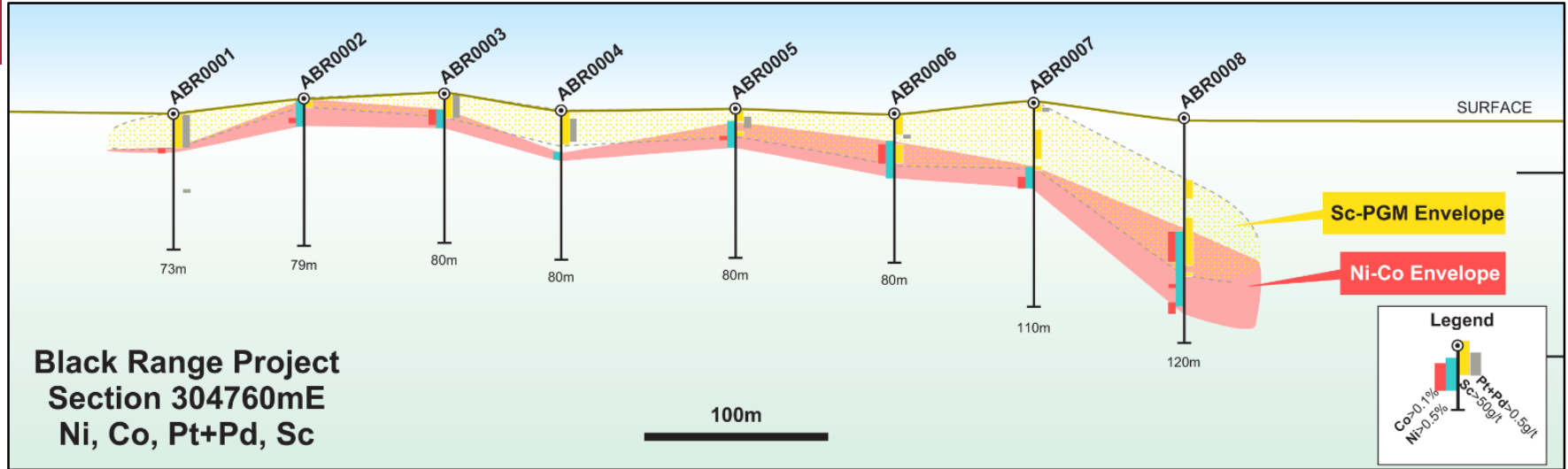


Lateritic cobalt-nickel deposit

Soft, iron-rich clay is host to mineralisation

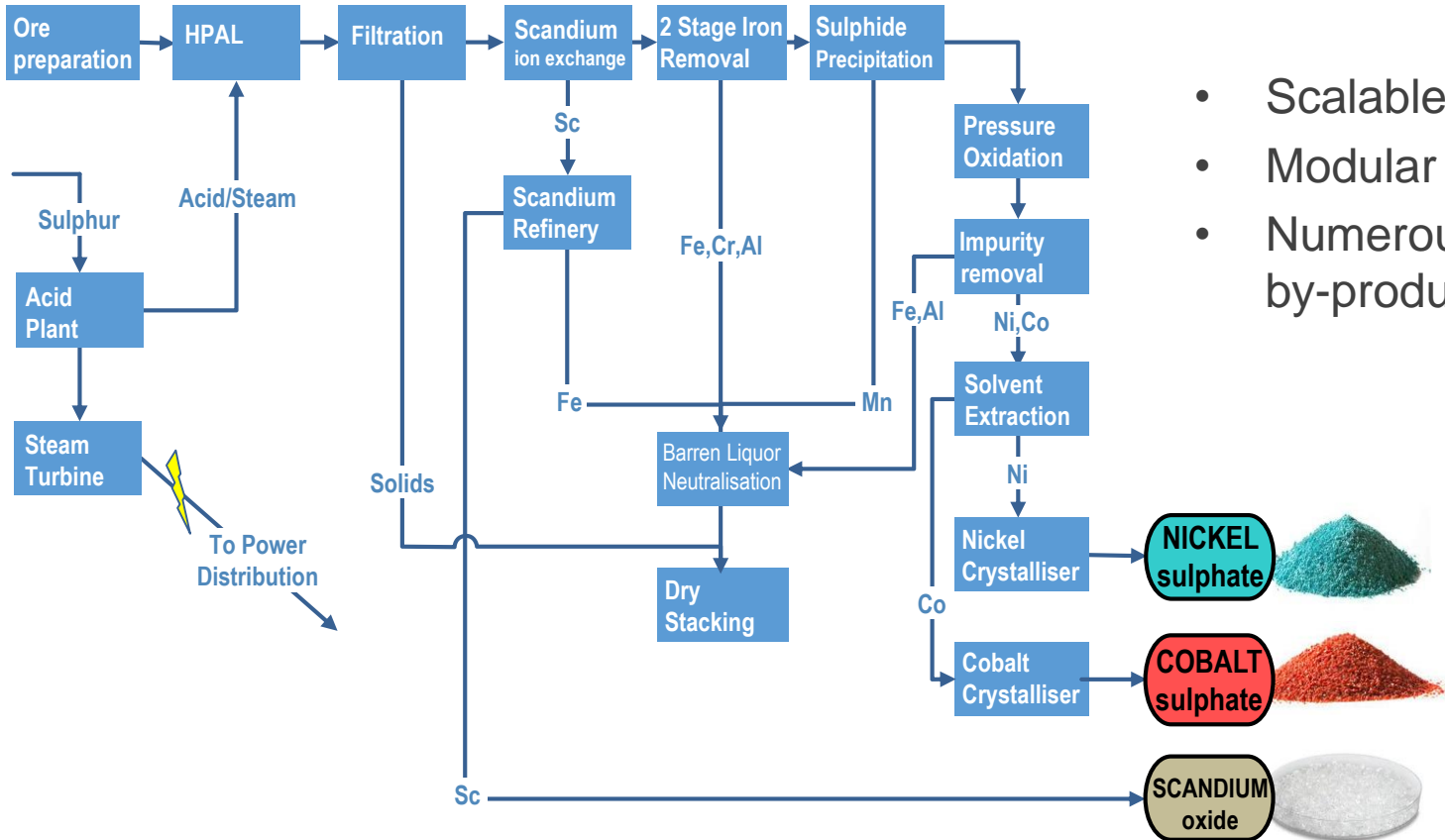
- Cobalt to nickel ratio in most similar deposits is 1:12 to 1:20
- KNP Cobalt Zone cobalt to nickel ratio is less than 1:6

Scandium Oxide By-Product



- Scandium discovered by Ardea at Goongarrie South, Black Range, Kalpini
- Systematic scandium resampling of KNP Cobalt Zone commencing September
- Tabular, near-surface bodies grading between 45 and 500 g/t scandium will be mined to access the cobalt and nickel below
- Potential for scandium oxide by-product

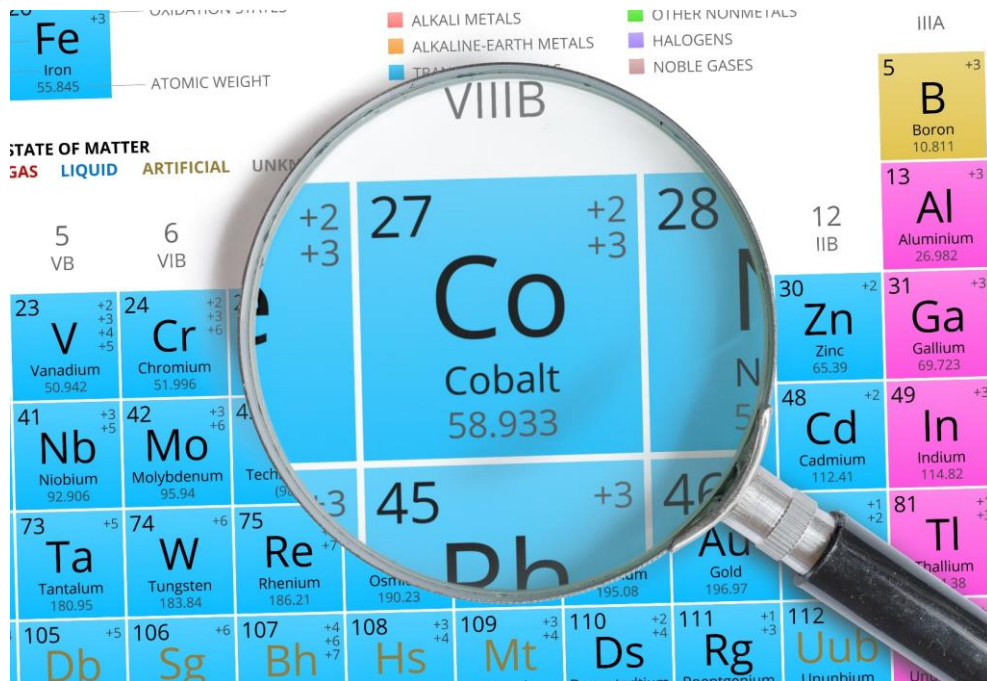
Preliminary Flowsheet for the KNP Cobalt Zone



- Scalable
- Modular
- Numerous possible by-products

HPAL-MS - Advantages

- Proven Technology
 - Flexibility to recover by-products
 - Lower operating cost over other leaching options
 - Ability to adopt a lower CAPEX modular approach
 - Successful operations available for benchmarking



Benchmarking-Successful operations

1st Generation

- Moa Bay Revitalisation
 - 100% Capacity in a year
 - 25,000tpa Ni 3,000tpa Co

3rd Generation

- Coral Bay 1
 - 90% capacity
 - 15months
 - 10,000tpa Ni 750tpa Co
- Coral Bay 2
 - 100% capacity in 9 months
 - 10,000tpa Ni
 - 750tpa Co

4th Gen

- Taganito
 - 90%+ nameplate 3 years
 - 30,000tpa Ni 2,600tpa Co

PFS Test work

- Sample 0.126% cobalt and 1.5% nickel
- Completed Bench Scale Autoclave tests
- Ongoing Bench scale tests
 - remove scandium via SX/IC
 - recover nickel and cobalt as a mixed sulphide
 - Solvent extraction test work to separate the cobalt and nickel





Forward Strategy Using HPAL Flowsheet

- Select key personnel with previous involvement in HPAL design, commissioning and ramp up.
- Assess adopt successful implementation components of third generation laterite operations
- The Flow sheet
 - Will be supported by continuous pilot operations
 - Be based on proven technology that is financially successful for laterite ores.
 - Explore opportunities for valuable by-products

PFS delivery

- Completion of Test work prior to Christmas
- Refinement of flowsheet Compare and Assess financial and technical risk for the various throughput options
 - 1Mtpa
 - 2Mtpa
 - 4Mtpa
- Finalise PFS first Qtr 2018



Fast-Tracking Development To Add Value

- **Extra funds being used to streamline projects** and drilling to upgrade resources and reserves
- **Expedite DFS by commencing drilling programs now** as part of the PFS
- **Advancement of deposits** from Kalpini, Highway, Yerilla camps **to KNP Cobalt Zone** through strategic drilling
 - Around 40,000 m RC drill programs
 - Metallurgical testing, resource definition and modelling



- Drilling at Goongarrie, Black Range, Siberia, Aubils camps
 - Resource upgrades for Co, Ni, Sc, Pt, Pd as appropriate (at least 25,000 m RC drilling)
 - Reserve definition at Patricia Anne, Goongarrie South (around 45,000 m RC drilling)
 - Metallurgical variability sampling in preparation for DFS (~4,500m diamond drilling)
- Evaluation of gold and base metal exploration projects with view to consider **spinning out** once sufficient value has been added through new drilling programs

OTHER PROJECTS



Lewis Ponds bulk mining model

Major development project with enormous potential

- Historic resources: 6.62 Mt @ 2.4 % Zn, 1.4 % Pb, 0.2 % Cu, 1.5 g/t Au, and 69 g/t Ag
- Bulk mining open pit exploration target:

15 – 25 Mt @ 2.2 – 3.7 % ZnEq*
or 1.0 – 1.5 g/t AuEq*

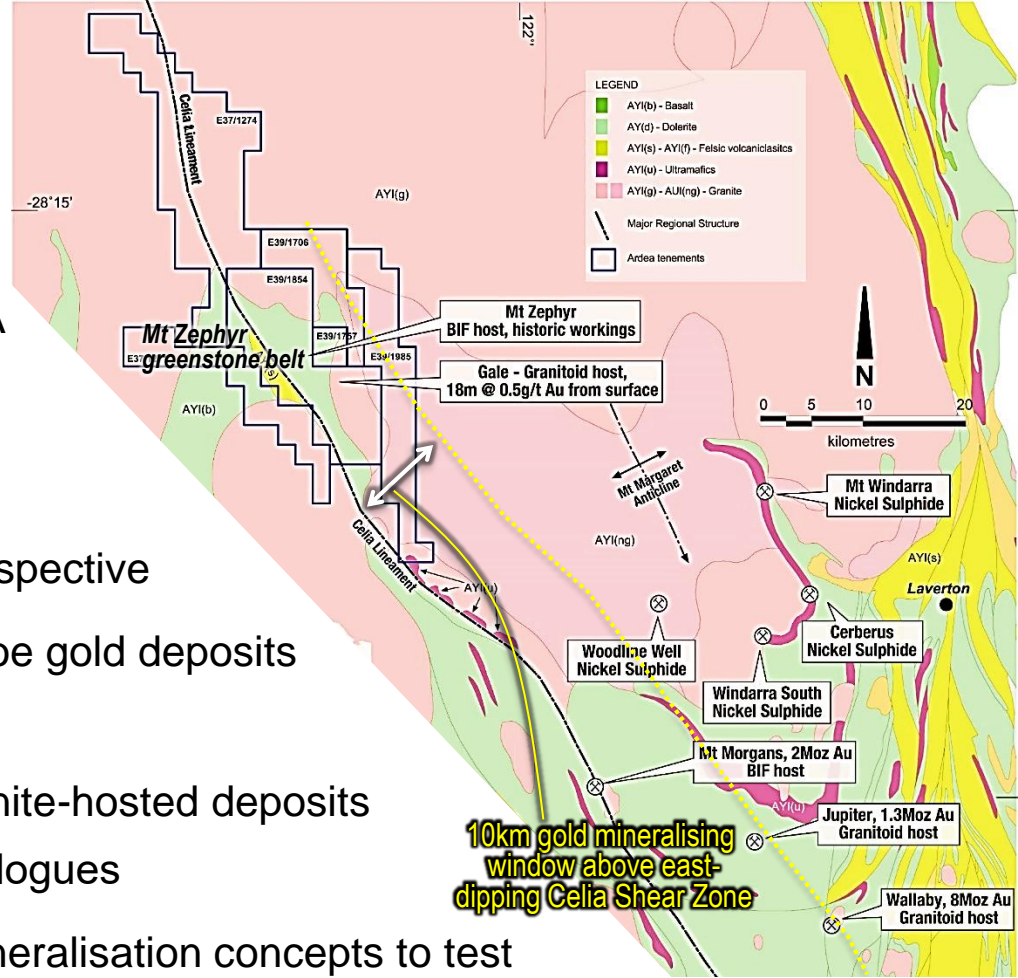
- Main resource on freehold land owned by Ardea



* Metal equivalent values calculated on basis of metal USD prices as at 21 December 2016 (Zn \$2617/t, Cu \$5488/t, Pb \$2177/t, Au \$1133/oz, Ag \$16/oz) and assuming 80% recovery. As such, the following formulae apply: $ZnEq(\%) = Zn(\%) + 1.678Cu(\%) + 0.665Pb(\%) + 1.253Au(g/t) + 0.016Ag(g/t)$, $AuEq(g/t) = 0.718Zn(\%) + 1.507Cu(\%) + 0.598Pb(\%) + Au(g/t) + 0.011Ag(g/t)$. The Company's opinion is that all the elements included in the metal equivalents calculation have a reasonable potential to be sold. The potential quantity and grade is conceptual in nature, and there has been insufficient exploration based on the "bulk-tonnage" concept to estimate a mineral resource and it is uncertain if further exploration will result in the estimation of a "bulk tonnage" mineral resource.

Mt Zephyr Gold Project

- Exceptional gold exploration ground in WA
- Greenstone-hosted gold deposits
- No gold exploration for over 20 years
- Area east of Celia Lineament is highly prospective
- Along structure from Mt Morgans, Lake Roe gold deposits
 - Dunn's Line analogues
- Along strike from Jupiter and Wallaby syenite-hosted deposits
 - Gale, Easter Well and Paul's Find analogues
- Ardea will have first application of new mineralisation concepts to test



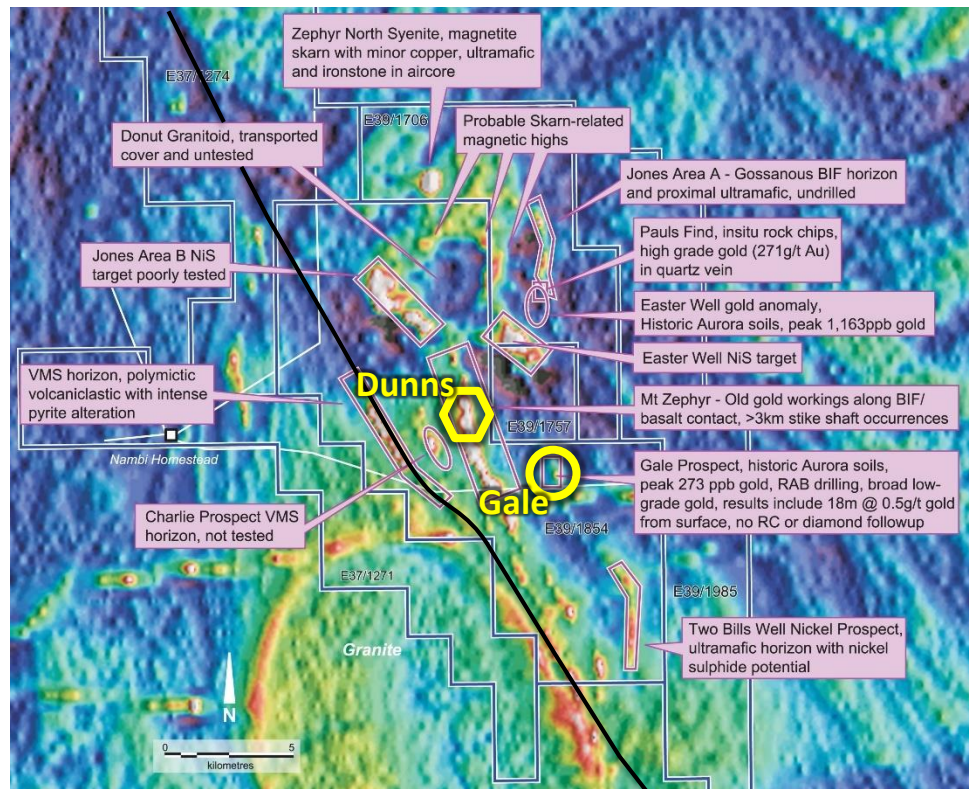
Mt Zephyr Drill Targets

Mt Zephyr / Dunns Line Gold

- 4km strike of mineralised BIF with old workings
- Historic grades of 5-90 g/t Au
- Mt Morgan's analogue, same host rocks
- Mt Magnet Hill 50 "Boogardie Breaks" model

Gale Gold

- High-grade, extensive, shallow anomaly
- Shallow RAB intercepts 18m @ 0.5 g/t gold from surface
- 273 ppb gold in soils
- Broad anomalism coincides with granite
- Jupiter/Wallaby analogue



Upcoming Catalysts

ONGOING	Upgrading of the KNP Cobalt Zone resources, incorporation of additional resources from Kalpini and other outlying areas
OCT 2017	Definition of scandium and platinoid resources at Black Range <ul style="list-style-type: none">• Scandium and platinoid assessment elsewhere ongoing
Q1 2018	Completion of the KNP Cobalt Zone PFS <ul style="list-style-type: none">• Selection of flow sheet and CAPEX requirements
Q2 2018	Definition of high-grade reserves at Goongarrie South
END 2019	DFS completion
2020	Commence stage 1 development of KNP Cobalt Zone
TBD	Potential spin-off or development of gold and base metal projects in WA and NSW

**Clear
development
timeline for the
KNP Cobalt Zone**

Why Ardea?

- Considerable leverage to increasing cobalt and nickel prices
- Fully funded through to DFS
- Significant relative value compared to Australian nickel-cobalt-laterite peers
- Clear strategy to become a near term cobalt producer
- Excellent exploration upside with plan to undertake comprehensive drilling and metallurgical programs



THANK YOU



App 1: Resource breakdown

KNP Cobalt Zone nickel-cobalt mineral resource (JORC 2012)

Area	Prospect	Resource category	Cut-off (% Co)	Size (Mt)	Co (%)	Ni (%)	Contained cobalt (t)	Contained nickel (t)	
Goongarrie	Goongarrie South	Measured	0.08	4.6	0.16	1.12	7,200	51,600	
		Indicated	0.08	12.9	0.13	0.79	17,300	101,300	
		Inferred	0.08	7.8	0.14	0.72	10,500	56,100	
		Subtotal	0.08	25.3	0.14	0.83	35,000	209,000	
	Big Four	Indicated	0.08	9.2	0.13	0.75	12,100	68,500	
		Inferred	0.08	2.2	0.13	0.57	2,800	12,500	
		Subtotal	0.08	11.4	0.13	0.71	14,900	81,000	
	Scotia	Indicated	0.08	1.13	0.18	0.86	2,000	9,700	
		Inferred	0.08	1.37	0.17	0.79	2,300	10,900	
		Subtotal	0.08	2.50	0.17	0.82	4,300	20,600	
	Goongarrie subtotal			0.08	39.6	0.14	0.80	54,200	310,600
	Siberia	Black Range	Indicated	0.50(Ni)	9.3	0.09	0.67	8,200	62,300
Inferred			0.50(Ni)	9.9	0.10	0.69	9,600	68,300	
Subtotal			0.50(Ni)	19.2	0.09	0.68	17,800	130,600	
Yerilla	Aubils	Inferred	0.08	6.0	0.15	0.90	9,000	54,000	
KNP COBALT ZONE		Total		64.4	0.13	0.77	81,000	495,200	

App 1: Resource breakdowns (continued)

KNP Cobalt Zone nickel-cobalt mineral resource (JORC 2012) – Compliance Statement

COMPLIANCE STATEMENT (JORC 2012 and NI43-101)

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 July 2014, 27 August 2015, 2015 Heron Annual Report;
2. Big Four-Goongarrie on 13 March 2012, 26 June 2012 and 24 July 2012.

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

The information in this report that relates to 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 and verified by Mr Ian Buchhorn who is a Member of the Australasian Institute of Mining and Metallurgy and currently a full-time employee of Heron Resources Limited. Mr Buchhorn has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the exploration activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Buchhorn consents to the inclusion in this report of the matters based on his information in the form and context that it appears.

The information in this report that relates to Mineral Resources for the Goongarrie South, Big Four and Aubils Prospects is based on information originally compiled by Mr James Ridley in 2008 and 2009 when employed as a Senior Resource Geologist with Heron Resources Limited. The information in this report that relates to Mineral Resources for the Scotia and Black Range Prospects is based on information originally compiled by Snowden Mining Industry Consultants on behalf of Heron in 2004. The Mineral Resource estimates for all five prospect areas have been reviewed and validated by James Ridley who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Ridley is now a full-time employee of Ridley Mineral Resource Consulting Pty Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the resource estimation activity that 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 Ridley consents to the inclusion in this report of the matters based on his information in the form and context that it appears. Note that Mineral Resources that are not Ore Reserves do not have demonstrated viability.

The exploration and industry benchmarking summaries are based on information reviewed by Mr Ian Buchhorn, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Buchhorn is a full-time employee of Heron 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 Buchhorn 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.

App 1: Resource breakdowns (continued)

Lewis Ponds mineral resource (JORC 2012)

Resource Category	Quantity (Mt)	Zn (%)	Cu (%)	Pb (%)	Au (g/t)	Ag (g/t)
Indicated						
Main Zone	5.82	2.1	0.1	1.1	1.5	59
Tom's Zone	0.54	5.5	0.3	3.8	1.7	172
Total Indicated	6.35	2.4	0.2	1.4	1.5	68
Inferred						
Main Zone	0.17	1.7	0.1	0.8	0.9	47
Tom's Zone	0.10	5.0	0.2	3.6	1.4	174
Total Inferred	0.27	3.0	0.1	1.9	1.1	96
Total Mineral Resource	6.62	2.4	0.2	1.4	1.5	69

In accordance with the Australian Security Exchange Limited Listing Rules Appendix 5A:

The information in this report that relates to Mineral Resources for the Lewis Ponds Project has been reviewed, and verified by Mr Robert Cotton who is a full time employee of Mineral Appraisals Pty Ltd. Mr Cotton who is a Fellow of the AusIMM, takes responsibility for the integrity of Data that have been used to prepare the resource estimates, and for the Geological Model. Mr Cotton has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the resource estimation activity that he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the JORC Code: Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Cotton consents to the inclusion in this report of the matters based on his information in the form and context that it appears.

Appendix 2: Key Risks

An investment in the Company is not risk free. Before deciding to trade in the Shares, Shareholders and interested investors should read the entire Prospectus, consider at least the following risk factors in light of their personal circumstances and investment objectives (including financial and taxation issues) and seek professional advice from their accountant, stockbroker, lawyer or other professional adviser. The operating and financial performance and position of the Group, the value of Shares and the amount and timing of any dividends that the Company may pay will be influenced by a range of factors. Many of these factors will remain beyond the control of the Group and the Directors. Accordingly, these factors may have a material effect on the Group's performance and profitability which may cause the market price of Shares to rise or fall over any given period. This section identifies the areas the Directors regard as major risks associated with an investment in the Company. This list is not intended to be an exhaustive list of the risk factors to which the Group is exposed.

Specific Risks

Non-grant or non-renewal of title

- A number of Ardea's Tenements are subject to application or renewal, the details of which are set out in the Solicitors' Report. In particular, the Mt Zephyr project consists of 8 tenements, of which 6 are subject to grant. Of these, 3 are subject to objection, and require an access agreement with the holders of prior infrastructure tenements.
- There is a risk that Ardea may not acquire or retain title to these Tenements.
- Under both New South Wales and Western Australian law, exploration tenements are valid for set periods of time and renewal is subject to the approval of the respective State Minister. There is no guarantee that Ardea will be successful in the renewal of exploration tenements as they reach their expiry date, though statutory mechanisms exist to extend title.
- If in future Tenements are not extended, Ardea may suffer damage through loss of the opportunity to discover and/or develop any mineral resources on these Tenements.

Management

- Ardea's management presently consists of two non-executive Directors and a Managing Director. Prior to appointing the full-time management team, the Managing Director will manage Ardea's exploration programs.

App 2: Key Risks (continued)

Limited exploration	<ul style="list-style-type: none">• Aside from Lewis Ponds and the KNP, Ardea's projects have been subjected to only limited drill testing. Whilst gold and/or nickel mineralisation as the case may be has been located in multiple previous drill intersections, there is a risk that the mineralisation in adjacent drill holes is not continuous between drill holes. There is also a risk that the presently completed drill holes may not be representative of the overall mineralisation present. Further drill tests are required to determine if mineralisation extends further beyond the geometry as defined in current drill patterns. There is no guarantee that if exploration extends the current resources that it will be capable of sustaining commercial development.
Resource estimates	<ul style="list-style-type: none">• Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when made, may change significantly when new information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should Ardea encounter mineralisation different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could have either a positive or negative effect on Ardea's operations.
Exploration and Operating Risks	<ul style="list-style-type: none">• The current and future operations of Ardea, including exploration, appraisal, development and possible production activities may be affected by a range of exploration and operating factors, including:<ul style="list-style-type: none">(i) geological conditions;(ii) limitations on activities due to seasonal or adverse weather patterns;(iii) alterations to program and budgets;(iv) unanticipated operational and technical difficulties encountered in geophysical surveys, drilling, metallurgical laboratory work and production activities;(v) mechanical failure of operating plant and equipment, industrial and environmental accidents, acts of terrorism or political or civil unrest and other force majeure events;(vi) industrial action, disputation or disruptions;

App 2: Key Risks (continued)

Exploration and Operating Risks (cont.)

(vii) unavailability of transport or drilling equipment to allow access and geological and geophysical investigations;

(viii) unavailability of suitable laboratory facilities to complete metallurgical testwork investigations;

(ix) failure of metallurgical testing to determine a commercially viable product;

(x) shortages or unavailability of manpower or appropriately skilled manpower;

(xi) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment;

(xii) prevention or restriction of access by reason of inability to obtain consents or approvals; and

(xiii) Certain of Ardea's tenements are subject to agreements with third parties which limit the commodities that Ardea may exploit on these tenements; with third parties having certain rights. Whilst Ardea does not consider these limitations to be unduly onerous, there is a risk that these restrictions may not be in Ardea's best interests or that the third parties may, in asserting their rights over Ardea's tenements, not act in Ardea's best interests.

Commodity Prices

- Ardea may derive some of its future revenue from the sale of commodity products, or from the sale of either intermediate or fully-separated products. Consequently, any earnings will be closely related to the price of these commodities together with the terms of any off-take agreement(s) under which Ardea's products may be sold.
- Commodity prices fluctuate and are affected by numerous factors beyond the control of Ardea. These factors include worldwide and regional supply and demand for the specific commodity, prevailing commodity trading terms, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on Ardea's exploration, project development and production plans and activities, together with the ability to fund those plans and activities. Furthermore, some products are not traded upon terminal, liquid, commodity exchanges. There is a risk therefore that Ardea may not be able to secure an attractive price for its commodity products.

App 2: Key Risks (continued)

Environment	<ul style="list-style-type: none">• The projects are subject to Western Australian, New South Wales and Federal laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, the projects would be expected to have a variety of environmental impacts should development proceed. In particular, the Donnelly River project application covers areas of private land and state forests. There is a risk that owners' rights and environmental requirements may restrict or prevent Ardea from carrying out its exploration activities.• Ardea intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by Ardea's activities are rehabilitated as required by applicable laws.
Mining Tax and Royalties	<ul style="list-style-type: none">• There is a risk that the Commonwealth, New South Wales or Western Australian Governments may seek to introduce further, or increase existing, taxes and royalties.
Encumbrances on Title	<ul style="list-style-type: none">• Ardea may at a future date be required to encumber part or all of its tenure to expedite future commercial transactions.
Funding	<ul style="list-style-type: none">• Ardea may derive some of its future revenue from the sale of commodity products, or from the sale of either intermediate or fully-separated products. Consequently, any earnings will be closely related to the price of these commodities together with the terms of any off-take agreement(s) under which Ardea's products may be sold.• Commodity prices fluctuate and are affected by numerous factors beyond the control of Ardea. These factors include worldwide and regional supply and demand for the specific commodity, prevailing commodity trading terms, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on Ardea's exploration, project development and production plans and activities, together with the ability to fund those plans and activities. Furthermore, some products are not traded upon terminal, liquid, commodity exchanges. There is a risk therefore that Ardea may not be able to secure an attractive price for its commodity products.
Unforeseen Risks	<ul style="list-style-type: none">• There may be other risks which the Directors are unaware of at the time of issuing this Prospectus which may impact on Ardea and its operations, and on the valuation and performance of Ardea's Shares.

App 2: Key Risks (continued)

Other Risks

General Economic Risks and Business Climate Risks

- Share market conditions may affect the listed securities regardless of operating performance. Share market conditions are affected by many factors such as:
 - (a) general economic outlook;
 - (b) movements in or outlook on interest rates and inflation rates;
 - (c) currency fluctuations;
 - (d) commodity prices;
 - (e) changes in investor sentiment towards particular market sectors; and
 - (f) the demand and supply for capital.
- Commodity prices are influenced by physical and investment demand for those commodities. Fluctuations in commodity prices may influence individual projects in which Ardea may have an interest.

Native Title Risks

- The Native Title Act 1993 (Cth) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with Native Title in Australia and this may impact on Ardea's operations and future plans.
- Native Title can be extinguished by valid grants of land or waters to people other than the Native Title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost their connection with the relevant land or waters. Native Title is not extinguished by the grant of mining leases, as they are not considered to be grants of exclusive possession. A valid mining lease prevails over Native Title to the extent of any inconsistency for the duration of the title.
- For tenements to be validly granted (or renewed) after 23 December 1996 the special 'right to negotiate' regime established by the Native Title Act must be followed.
- It is important to note that the existence of a Native Title claim is not an indication that Native Title in fact exists to the land covered by the claim, as this is a matter ultimately determined by the Federal Court.
- Ardea must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of exploration and mining operations.

App 2: Key Risks (continued)

Exploration, Development, Mining and Processing Risks

- The business of mineral exploration, project development and mining by its nature contains elements of significant risk. Ultimate and continuing success of these activities is dependent on many factors such as:
 - (a) the discovery and/or acquisition of economically recoverable ore reserves;
 - (b) successful conclusions to feasibility studies;
 - (c) access to adequate capital for project development;
 - (d) design and construction of efficient mining and processing facilities within capital expenditure budgets;
 - (e) securing and maintaining title to tenements and compliance with the terms of those tenements;
 - (f) obtaining consents and approvals necessary for the conduct of exploration and mining; and
 - (g) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.
- Adverse weather conditions over a prolonged period can adversely affect exploration and mining operations and the timing of revenues.
- Whether or not income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, integrity of mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.
- Mining is an industry which has become subject to increasing legislative regulation including but not limited to environmental responsibility and liability. The potential for liability is an ever present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. The introduction of new laws and regulations or changes to underlying policy may adversely impact on the operations of Ardea.