

ASX & Media Release

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ASX Symbol

ARL

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Issued Capital

Fully Paid Ordinary Shares
106,145,424

*Unlisted options
exercisable at \$0.25*
11,155,011

*Directors/Employee
Performance Rights*
3,390,000

ABN 30 614 289 342

Godolphin Resources Limited a spin-out of Ardea's NSW tenements

Ardea Resources Limited (Ardea) advises of the intended spin-out of its highly prospective NSW Lachlan Fold Belt gold and base metal tenements into a new Initial Public Offering (IPO) named **Godolphin Resources Limited** (Godolphin or GRL).

Godolphin will offer existing Ardea shareholders and new subscribers exposure to a publicly-listed company with a tenement portfolio within the highly prospective Lachlan Fold Belt (LFB) region of NSW.

Highlights of the proposed IPO include:

- Ardea shareholders to receive an in-specie distribution of 30 million Godolphin vendor shares at nil cost, plus have a priority right to subscribe for IPO shares.
- The IPO capital raising to include the issue of up to 40 million new fully ordinary paid shares in Godolphin at an issue price of \$0.20 per share, raising a minimum of \$4.5 million (before costs) and up to \$8 million (before costs).
- A portfolio of some 3,216km² of 100%-owned and unencumbered tenure within the LFB and in particular targeting the Lachlan Transverse Zone (LTZ), the crustal-scale structure with which the McPhillamy's gold, Cadia-Ridgeway gold-copper and Northparkes copper-gold ore deposits are all associated.
- Godolphin will own potential open pit gold deposits at Lewis Ponds and Mount Aubrey as near term development opportunities, with the long-term strategy being the discovery of bulk tonnage mineral assets akin to the Cadia-Ridgeway and Northparkes porphyry gold-copper style of mineralisation.
- The focus for the first two years after Godolphin's listing will be the development of new and updated JORC-compliant mineral resource estimates for four defined targets including Lewis Ponds gold-zinc, Mount Aubrey gold, Yeoval copper-gold and the Lachlan Mine gold.
- Godolphin will leverage off an established operations team based in Orange in the central LFB to quickly advance the targets post IPO.

The spin out of Godolphin is consistent with the Ardea Board's commitment to delivering value for Ardea shareholders and at the same time facilitating a greater focus on Ardea's large and high-quality portfolio of West Australian nickel, cobalt and gold assets including the flagship Goongarrie Nickel Cobalt Project (GNCP).

Gold and Base Metal Spin-out Unlocking the Value of Ardea's NSW Mineral Assets

Introducing Godolphin Resources Limited

Ardea Resources Limited (Ardea) is pleased to provide this update on the proposed spin out of its wholly owned subsidiary, **Godolphin Resources Limited** (Godolphin or GRL) through an Initial Public Offering (the **Proposed Transaction**).

Godolphin's development focus will be the Lewis Ponds gold-zinc and Mount Aubrey gold projects associated with the Lachlan Transverse Zone (LTZ) of the Lachlan Fold Belt (LFB) in central NSW.

The Proposed Transaction is subject to various conditions, including approval by Ardea shareholders at an Extraordinary General Meeting (EGM) proposed for Q3 2019, in anticipation of a listing in Q4 2019.

The Ardea Board is committed to unlocking the significant value held in the LFB assets, and believes that this is best achieved through the ASX listing of a focused, standalone gold and base metal exploration and development company, with dedicated funding, board and management team.

Godolphin Resources Limited has been registered as a wholly-owned subsidiary of Ardea, with title to the NSW assets in the process of being transferred to GRL.

The derivation of the Godolphin name is from the Godolphin Fault, a crustal-scale structure that hosts significant mineral deposits along its entire strike length, including the 60km of strike held by GRL.

Since its listing in 2017, Ardea has become the second largest mineral tenement holder in NSW with some 3,216km², with tenure being associated with the key LFB metallogenic provinces being the LTZ and Gilmore Suture. This dominant land position has been acquired through detailed project scale and regional data compilation and analysis. This work has been carried out by the dedicated exploration team based in Orange. The work has highlighted the prospectivity of the Godolphin tenements and remarkably, the fact that this area is largely under explored by modern standards.

Work completed thus far by Ardea has advanced its NSW projects towards defining four separate JORC-compliant mineral resources. Work programs completed include land-holder access agreements, digitally capturing historic exploration data, geological mapping and soil auger geochemistry, leading to the definition of drill-ready targets across granted Godolphin tenure.

Godolphin will go to the market with this same Ardea "can-do" mindset, having totally transformed the tenement holding of February 2017 into cohesive holdings on universally acknowledged prime gold and base metal mineralised structures.

Ardea CEO Andrew Penkethman noted:

"We understand that different investors in Ardea have preferences for different asset exposure and with the Godolphin spin-out, we can clearly separate the WA Goongarrie Nickel Cobalt Project (GNCP) nickel production opportunity from the NSW gold production opportunity with ancillary gold/base metal exploration. This will drive superior value for shareholders in both entities.

The NSW assets being in a separate fully independent vehicle will crystallise their value and allow them to be advanced independently of Ardea's West Australian exploration and development initiatives."

Indicative Proposed Capital Structure:

The Ardea Board seeks to reward the support of Ardea shareholders through an in-specie distribution of shares in Godolphin. The IPO also proposes to raise a minimum of \$4.5 (with the ability to take additional funds) up to a maximum of \$8 million through the issue of at least 22,500,000 and up to 40 million new fully paid ordinary shares to fund the operations and development activity.

- Subject to shareholder approval an Extraordinary General Meeting (EGM), Ardea is to receive vendor share consideration of 30 million shares at \$0.20 per share, valued at \$6 million and representing Ardea’s historic cost base (GRL Vendor Shares).
- As at a Record Date intended to be held 3 days after the EGM, Ardea shareholders will receive an in-specie distribution of the 30 million GRL Vendor Shares at nil cost, plus have a priority right to subscribe for IPO Shares on terms yet to be finalised.
- The IPO issue to be up to a maximum of 40 million new shares at \$0.20, raising up to \$8 million (before costs) (GRL IPO Shares), to facilitate resource definition and extension drilling, prioritised on the Lewis Ponds and Mount Aubrey gold targets.
- Additionally, it is intended that all Godolphin shareholders will be issued loyalty options on the basis of one free option for every three Godolphin shares registered as at 3 months following listing. Each free option will have an exercise price being the higher of 25% greater than the 5 Day VWAP 3 months after listing or \$0.25, exercisable up to 1 year after issue.

Having received favourable response regarding the proposed Godolphin IPO, Ardea will seek to appoint a lead broker for the IPO. Details of the indicative structure and timing remain subject to change, pending input from the lead broker once appointed

Following listing, Godolphin will have multiple drilling programs with strong news flow, with up to four separate projects being moved towards or upgrading JORC-2012 compliant mineral resources, and be the second largest mineral tenement holder in NSW and the largest in the LFB mineral province.

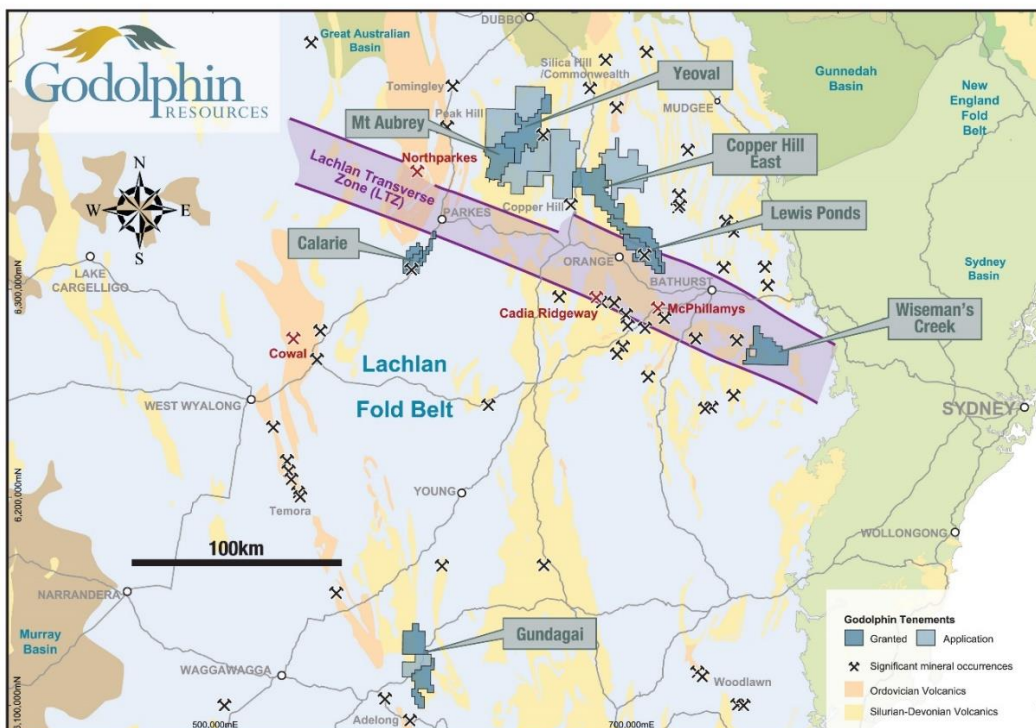


Figure 1: Location and Godolphin Tenement Holding Plan.

Proposed Transaction

The Proposed Transaction aims to facilitate the creation of two distinct and separate independent companies:

- **Ardea**, with its existing Board and senior executive team, focused on securing a Strategic Partner to assist fast tracking the Goongarrie Nickel Cobalt Project towards production and independently advancing its WA gold and nickel sulphide exploration; and
- **Godolphin** as a gold and base metal exploration/development company with a 100% interest in the Lewis Ponds gold-zinc project and Mount Aubrey gold project, as well as holding several high-quality gold and base metal exploration plays with advanced drill targets defined at all projects.

Further details of the Proposed Transaction will be set out in a notice of meeting and prospectus which will be sent to Ardea shareholders in due course.

Bellanhouse Legal has been appointed to manage the listing of Godolphin. Independent legal, accounting and technical experts have also been appointed, document preparation has commenced, and a search is underway to appoint a suitably qualified managing director to lead the Godolphin team, preferably based in Orange but possibly Sydney-based.

The proposed Godolphin board will be Mark Sykes as non-executive chairman, Ian Buchhorn as non-executive director and a managing director (to be appointed). The exploration manager will be Johan Lambrechts, who will transfer from Ardea and currently manages the NSW operations of Ardea from Orange.

Process and Timetable

The proposed activities for effecting the spin-out include:

- Ardea shareholders to vote on approving the Proposed Transaction at an EGM.
- Godolphin will undertake a public offer, with Ardea shareholders having a priority entitlement.
- Upon satisfying the conditions of admission to the ASX, the in-specie distribution will become effective and Ardea shareholders and those subscribing for shares under the public offer will be able to trade their Godolphin shares on ASX.
- Any foreign Ardea shareholders unable by corporate law to participate in the in-specie distribution will have their in-specie shares sold and the net proceeds paid to them.

Persons wishing to acquire Godolphin shares will receive a prospectus and complete the application form that will accompany the prospectus to subscribe for shares under Godolphin's Initial Public Offering.

Further updates will be provided as appropriate.

Strategy

Godolphin (GRL) has leveraged its exploration expertise and systematic approach to project identification by incorporating historical mineralisation data with advancements in computer-generated mapping to prioritise a suite of assets that offers an exceptional investment opportunity (see Figure 1):

- **Regionally-significant portfolio** - GRL has an asset portfolio of highly prospective copper and gold tenements in the producing Lachlan Transverse Zone in New South Wales. GRL has some 3,216km² of tenements, some 1,740km² granted and 1,476km² in application (see Figure 1).
- **Gold focus but with diverse commodity association** - GRL has a tenement suite that focuses on the discovery and development of epithermal and orogenic gold deposits, but also with strong exposure to copper-gold-molybdenum in porphyry settings, and lead-zinc-silver in VMS settings.

- **World-class, highly sought-after project location**
 - **The portfolio is strategically located** along the same geological structure in the LTZ that hosts one of Australia's largest low-cost producing gold mines in Cadia-Ridgeway.
 - The projects are located in two distinct areas, with all being located in **proximity to key infrastructure** such as towns, roads, power and water supply.
 - All projects are **in established, mine-friendly regions** with a **readily accessible experienced workforce**.

As a dedicated resource investment vehicle focused on building regional positions in highly prospective provinces, Godolphin is well positioned to grow and derive returns from its portfolio of mineral assets.

Resource Targets

The Godolphin exploration focus and use of funds is to expand the known mineral resources, focussing initially on those projects with open-pit gold potential:

- **Lewis Ponds**, northern margin of the LTZ on the Godolphin Fault, JORC-2012 compliant mineral resource of 6.62Mt at 1.5g/t Au, 68g/t Ag, 2.4% Zn, 1.4% Pb¹ (refer Ardea Prospectus, 11 November 2016). This resource was originally defined as a high grade underground massive sulphide deposit. The Godolphin geological model is structural-hosted gold mineralisation related to a volcanoclastic sequence which includes possible stratiform base metal mineralisation. The multiple Lewis Ponds mineralised occurrences are all associated with the Godolphin Fault and its splays, with particularly significant being the McPhillamy's 2.03Moz gold resource located 15km SE of Ardea tenure along the Godolphin Fault structure (Regis Resources Limited, Annual Report 2018, 27 August 2018). New JORC compliant resource based on Ardea drilling and mapping in preparation by Godolphin.
- **Mount Aubrey**, northern margin of the LTZ, significant mineralisation target in which historic intercepts include 12m at 18g/t Au, 38m at 2.9g/t Au and 7m at 20g/t Au, JORC compliant resource in preparation by Godolphin. Ardea soil auger sampling returned up to 103ppb Au, drill-ready anomalies (refer Ardea ASX announcement, 29 April 2019).²
- **Yeoval**, northern margin of the LTZ, JORC-2004 compliant resource (Augur Resources, 17 September 2012), extensive historic copper and gold mines to evaluate, high priority drill targets defined in Godolphin soil auger geochemistry of up to 1,720ppm Cu and 23ppb Au (Ardea ASX announcement, 29 April 2019).³
- **Lachlan Mine**, southern margin of the LTZ on the Parkes Thrust, , which was the subject of prior estimation work undertaken by Goodrich Resources in 2012. GRL Calarie exploration tenure surrounds the Lachlan Mine. The target is orogenic/epithermal of the style mined from south to north along structure at Parkes, Peak Hill and Tomingley.

¹ The Company confirms it is not aware of any new information or data that materially affects the information included in the relevant market announcement and the material assumptions and technical parameters underpinning the estimate in the relevant announcement continue to apply. The current resource estimation is being completed to reflect a bulk tonnage open pit system as opposed to historic underground high-grade VMS models.

² The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement.

³ *ibid*

Drill Targets

Advanced stage gold drill targets include:

- **Wiseman's Creek**, central LTZ, Ardea rock-chip sampling up to 38g/t Au and 348g/t Ag, significant sample numbers have greater than 1g/t Au, confirming bulk tonnage potential (refer Ardea ASX announcement, 5 September 2018).⁴
- **Gundagai**, multiple gold workings hosted by porphyry units, historic RC drilling returned up to 20 metres at 1.58g/t gold within a quartz-limonite-pyrolusite stockwork system, Ardea soil sampling has defined new targets up to 94ppb Au, targets are drill-ready (refer Ardea ASX announcement, 29 April 2019).⁵

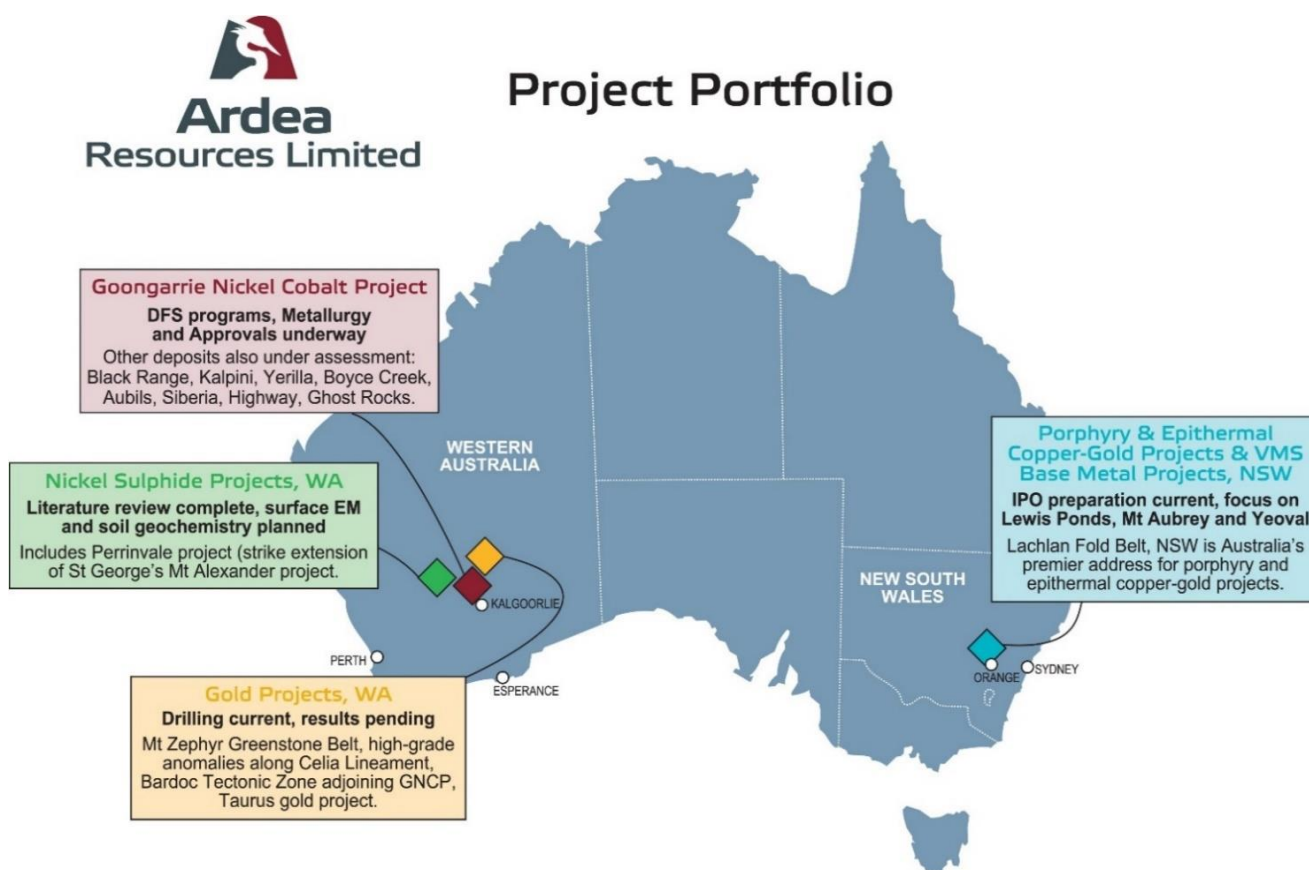
⁴ The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement.

⁵ *Ibid*

About Ardea Resources

Ardea Resources Limited (Ardea – ASX:ARL) is an ASX listed resources company, with 100% controlled Australian-based projects, prioritising a three-pronged value creation strategy which is:

- development of the Goongarrie Nickel Cobalt Project, which is part of the Kalgoorlie Nickel Project, a globally significant series of nickel-cobalt deposits which host the largest nickel-cobalt resource in the developed world, coincidentally located as a laterite cover which overlies fertile orogenic gold targets;
- advanced-stage exploration at WA gold and nickel sulphide targets within the Eastern Goldfields world-class nickel-gold province; and
- the Godolphin Resources Limited demerger of the NSW gold and base metal assets with planned in-specie share distribution, with all projects located within the Lachlan Fold Belt world-class gold-copper province, specifically within the Lachlan Transverse Zone (hosts McPhillamy's gold and Cadia and Northparkes copper-gold) and splay fault of the Gilmore Suture (hosts Cowal gold).



For further information regarding Ardea, please visit www.ardearesources.com.au or contact:

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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 of Godolphin Resources Limited, 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 of Godolphin Resources Limited 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.

Competent Person Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Matthew Painter, a Competent Person who is a Member of the Australian Institute of Geoscientists. Dr Painter is a full-time employee of Ardea Resources Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Painter consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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