

ASX & Media Release

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ASX Symbol

ARL

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*Company Secretary*Rebecca Moylan
*Chief Financial Officer*Matt Read
*Project Director*Alex Mukherji
*General Manager Land Access*Mike Miller
*General Manager Technical Services*Matthew McCarthy
*General Manager Exploration***Issued Capital***Fully Paid Ordinary Shares*
197,016,915*Performance Rights*
5,982,400*Options*
3,000,000**ABN 30 614 289 342**

Ardea, Sumitomo Metal Mining (SMM) and Mitsubishi Corporation (MC) to form a Joint Venture to develop the Kalgoorlie Nickel Project (KNP) – Goongarrie Hub

Highlights

- Strategic Partners selected for the globally significant KNP – Goongarrie Hub located in the tier 1 mining jurisdiction of WA.
- Ardea has executed a binding Cooperation Agreement to form a 50:50 incorporated JV with SMM and MC (**Consortium**) which represents a significant Critical Minerals Collaboration.
- The Consortium will fund 100% of the DFS costs up to the agreed budget of approximately A\$98.5 million and assist KNPL in optimising debt financing to earn an ultimate 50% interest in the JV, with Ardea retaining the other 50%.
- The Transaction is subject to conditions precedent including FIRB approval and the execution of a binding Shareholders' Agreement.
- In addition, Ardea, SMM and KNPL have agreed on funding support arrangements allowing DFS activities to continue in Q2 2024.
- Transaction completion is expected prior to the end of Q3 2024.

Ardea Resources Limited (**Ardea** or the **Company**) is pleased to announce it has entered into a binding Cooperation Agreement with Sumitomo Metal Mining Co., Ltd (**SMM**) and Mitsubishi Corporation (**MC**) (**Consortium**) to form a 50:50 incorporated joint venture (**JV**) to develop the Kalgoorlie Nickel Project (**KNP**) – Goongarrie Hub (**Transaction**) (Figure 1 and 2). The incorporated JV vehicle will be Kalgoorlie Nickel Pty Ltd (**KNPL**), which is currently a wholly owned subsidiary of Ardea.

The Cooperation Agreement sets out the terms and conditions on which the Consortium, Ardea and KNPL will fund and conduct the Definitive Feasibility Study (**DFS**), and upon agreement by the parties and subject to a positive DFS outcome, Front-End Engineering Design (**FEED**) and Pre-Commitment Activities (**PCA**), leading to a Final Investment Decision (**FID**) on the KNP – Goongarrie Hub.

Separately to the Cooperation Agreement, Ardea, SMM and KNPL have agreed on funding support arrangements, enabling earlier DFS activities to occur in Q2 2024.

This Transaction represents the successful conclusion of Ardea's Strategic Partner process and is a major milestone for the development of the KNP – Goongarrie Hub into a globally significant nickel-cobalt operation.

SMM is a pre-eminent Japanese nickel-cobalt laterite development and production company, operating the Coral Bay and Taganito HPAL nickel operations in the Philippines and the Niihama Nickel Refinery and Harima Refinery in Japan. MC is one of Japan's largest and premier general trading and investment companies with decades of experience in investing in the Australian resources sector.



Managing Director and CEO of Ardea, Andrew Penkethman, noted:

"The Ardea team have been focused on aligning the Company with the best possible strategic partners to assist in realising the full potential of the Kalgoorlie Nickel Project – Goongarrie Hub. Sumitomo Metal Mining and Mitsubishi Corporation are high quality partners that can bring leading expertise to continue to drive the project forward.

Sumitomo Metal Mining is a leader in developing and operating nickel laterite projects and is fully integrated within both the stainless steel and lithium-ion battery sectors. Mitsubishi Corporation has decades of resources sector experience within Australia and has been a significant investor and contributor to the Australian economy.

Ardea acknowledges Japan as a well-respected partner of Australia and looks forward to being part of the growing relationship between the two nations, as they progress their commitment to the global energy transition. This is especially relevant with nickel and cobalt classified as Critical Minerals by both nations.

Once in production, the Kalgoorlie Nickel Project – Goongarrie Hub is expected to be one of the largest nickel-cobalt producers in Australia. The project will meet the high ESG standards expected from modern society and be a leader in responsible resource project development, as demonstrated by Ardea's 2023 Pre-Feasibility Study.

I would like to thank Ardea Shareholders and stakeholders for their continued support as we have been undertaking the KNP – Goongarrie Hub Strategic Partner process. The completion of the Goongarrie Hub Strategic Partner process would not have been possible without the significant input from the Ardea team, advisers and key service providers. Their contributions are acknowledged and appreciated."

Masaru Takebayashi, Director and Managing Executive Officer and General Manager of Non-Ferrous Metals Div. of SMM noted:

"Sumitomo Metal Mining Co., Ltd. and Mitsubishi Corporation are pleased to formalise this cooperation agreement with Ardea in relation to the high-quality Kalgoorlie Nickel Project - Goongarrie Hub. We look forward to working collaboratively with the Ardea team to leverage our complementary skills and capabilities to advance this major Critical Minerals project in a manner which meets the high ESG standards expected from modern society."

Hon. David Michael MLA, the Western Australian Minister for Mines and Petroleum noted:

"The Cook Government welcomes the commitment from Ardea and Japanese companies – Sumitomo Metal Mining Co., Ltd. and Mitsubishi Corporation – to form a strategic joint venture partnership to develop the Kalgoorlie Nickel Project at the Goongarrie Hub.

Nickel is recognised as a critical mineral in Australia and is key commodity in products essential for global decarbonisation efforts.

The Western Australian Government congratulates all parties involved in the Kalgoorlie Nickel Project and look forward to the DFS progressing".

Hon. Madeleine King MP, the Federal Minister for Resources and Minister for Northern Australia noted:

"I congratulate everyone involved in this agreement - including Ardea Resources, Sumitomo Metal Mining Co., Ltd., Mitsubishi Corporation and the joint venture vehicle, Kalgoorlie Nickel Pty Ltd.

The Kalgoorlie Nickel Project – Goongarrie Hub is a great example of collaboration between Australia and Japan of the strong enduring partnership between our two countries.

This is a globally significant nickel-cobalt project that shows how Australian nickel projects can succeed economically, while also meeting the world's best environment, social and governance standards.

I look forward to this project going from strength to strength as both Australia and Japan work towards the global energy transition.

The road to net zero runs through Australia's resources sector."



Transaction Overview

Under the Transaction, KNPL will manage the DFS process, with the Consortium providing 100% of the funding for the DFS up to a budget of approximately A\$98.5 million via staged equity contributions over approximately 18 months. Ardea and the Consortium will provide technical and commercial input into the DFS. At the conclusion of the DFS spend, the Consortium will have subscribed to a 35% ownership in KNPL and retain the right to increase its ownership in KNPL to 50% upon a positive FID decision by the Consortium.

The scope and budget for the FEED and PCA are unknown at this point and will be determined during the DFS. On a positive DFS outcome, Ardea and the Consortium will fund further development costs associated with the FEED and PCA, through to the FID stage, in equal portions. The parties' respective cost contributions are not capped, however the parties are not obliged to proceed with FEED and PCA unless they are each satisfied with the DFS report.

The Cooperation Agreement supersedes the MOU, the details of which are set out in Ardea's previous ASX announcements.¹

The Transaction is subject to conditions precedent, including Foreign Investment Review Board (**FIRB**) approval and execution of a Shareholders Agreement.²

Now that the Cooperation Agreement has been entered into, in preparation for the successful satisfaction of the conditions precedent and Transaction completion, KNPL will undertake the early stages of DFS work. Ardea, KNPL and SMM have agreed funding support arrangements to facilitate the progression of the early DFS works while the conditions precedent to the Cooperation Agreement are being satisfied. Under the funding support arrangements, the parties are to agree a contribution plan under which SMM will advance up to A\$12,000,000 in funding to KNPL, as and when funds are required to facilitate early DFS works. As part of the contribution plan, Ardea may also elect to fund some of the early DFS works.

If the conditions precedent to the Cooperation Agreement are not satisfied by the prescribed due date, any advance funding provided will need to be repaid by KNPL within a specified period. Ardea has agreed to guarantee this repayment.

The parties have advanced negotiations on the terms of the Shareholders Agreement and Offtake Agreement, being the remaining transaction documents, and expect to be able to agree and execute the Shareholders Agreement during Q3 2024 and the Offtake Agreement after the DFS is completed.

Transaction completion is expected to be prior to the end of Q3 2024.

A summary of the material terms and conditions of the Cooperation Agreement is set out in the Annexure.

Transaction Milestones

The following is an indicative timeline with an estimated approximate 18 month duration to progress towards a completed DFS. Following the DFS completion, the JV will work towards agreeing to proceed with FEED, PCA and debt financing.

Event	Timing
DFS commencement	Expected in H1 2024
Transaction completion	Prior to the end of Q3 2024
DFS completion	H2 2025
FEED & PCA commencement	Subject to DFS results
Debt Financing & FID	Subject to FEED results

¹ Ardea ASX announcement 5 July 2023, Ardea ASX announcement 29 September 2023, Ardea ASX announcement 21 December 2023 and Ardea ASX announcement 29 February 2024.

² Refer to the Annexure.



Kalgoorlie Nickel Project

Ardea's KNP hosts one of the largest nickel-cobalt resources in the developed World, 854Mt at 0.71% Ni and 0.045% Co for **6.1Mt of contained nickel and 386kt of contained cobalt** (ASX release 30 June 2023), which places the Company in a prime position to provide essential supplies of ESG-compliant nickel and cobalt, along with other Critical Minerals such as scandium.

The Goongarrie Hub is located 70km northwest of the mining centre the City of Kalgoorlie-Boulder (Figure 1 and 2), with resources of 584Mt at 0.69% nickel and 0.043% cobalt for **4Mt of contained nickel and 250kt of contained cobalt** (ASX release 30 June 2023). Resources from the Goongarrie, Highway and Siberia North laterite nickel-cobalt deposits are planned to be the base load feed for a process operation located at Goongarrie South.

The resources at Goongarrie are dominantly the premium goethite style and extend continuously over 25km of strike and at Highway, 30km north, over a strike length of 10km (Figure 2). All key Goongarrie Hub mineral resources are located on granted mining leases and tenure 100%-controlled by Ardea.

The project also has ready access to high-quality infrastructure with the Goldfields Highway, rail line and power infrastructure passing through the project area. The gas pipeline is located some 30km to the east and there are two port options, these being Esperance and Kwinana, that are well serviced by the KNP road and rail network.

With the exception of the Goongarrie Hub, Ardea will continue to retain 100% of all other KNP tenements, being the Kalpini Hub (Kalpini, Bulong projects) and the Yerilla Hub (Jump Up Dam, Boyce Creek and Aubils projects) (Figure 2).

These projects provide the Company with an internal project pipeline for future growth for nickel-cobalt and associated Critical Minerals.

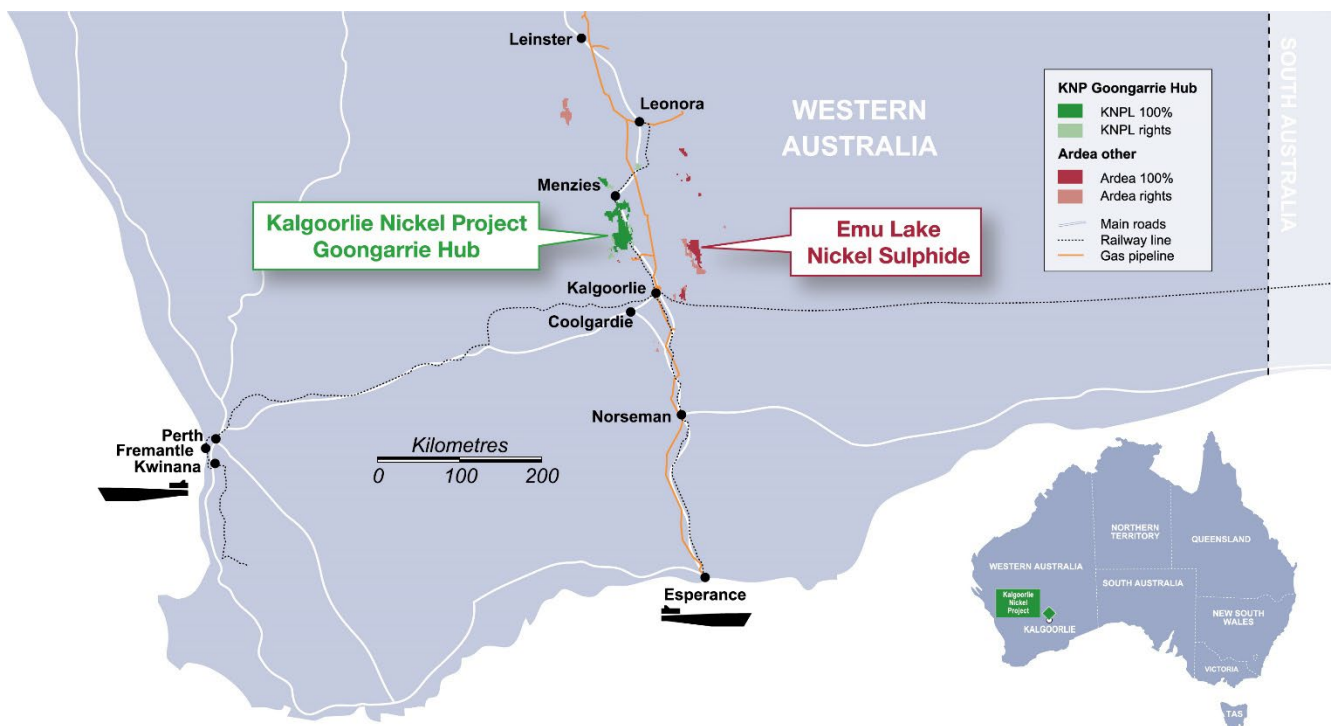


Figure 1: Kalgoorlie Nickel Project location plan highlighting the location of the Goongarrie Hub. Note the proximity to the City of Kalgoorlie-Boulder and direct access to key infrastructure, such as the Goldfields Highway and rail line with links to the port of Esperance on the South Coast and ports of Fremantle and Kwinana on the West Coast.

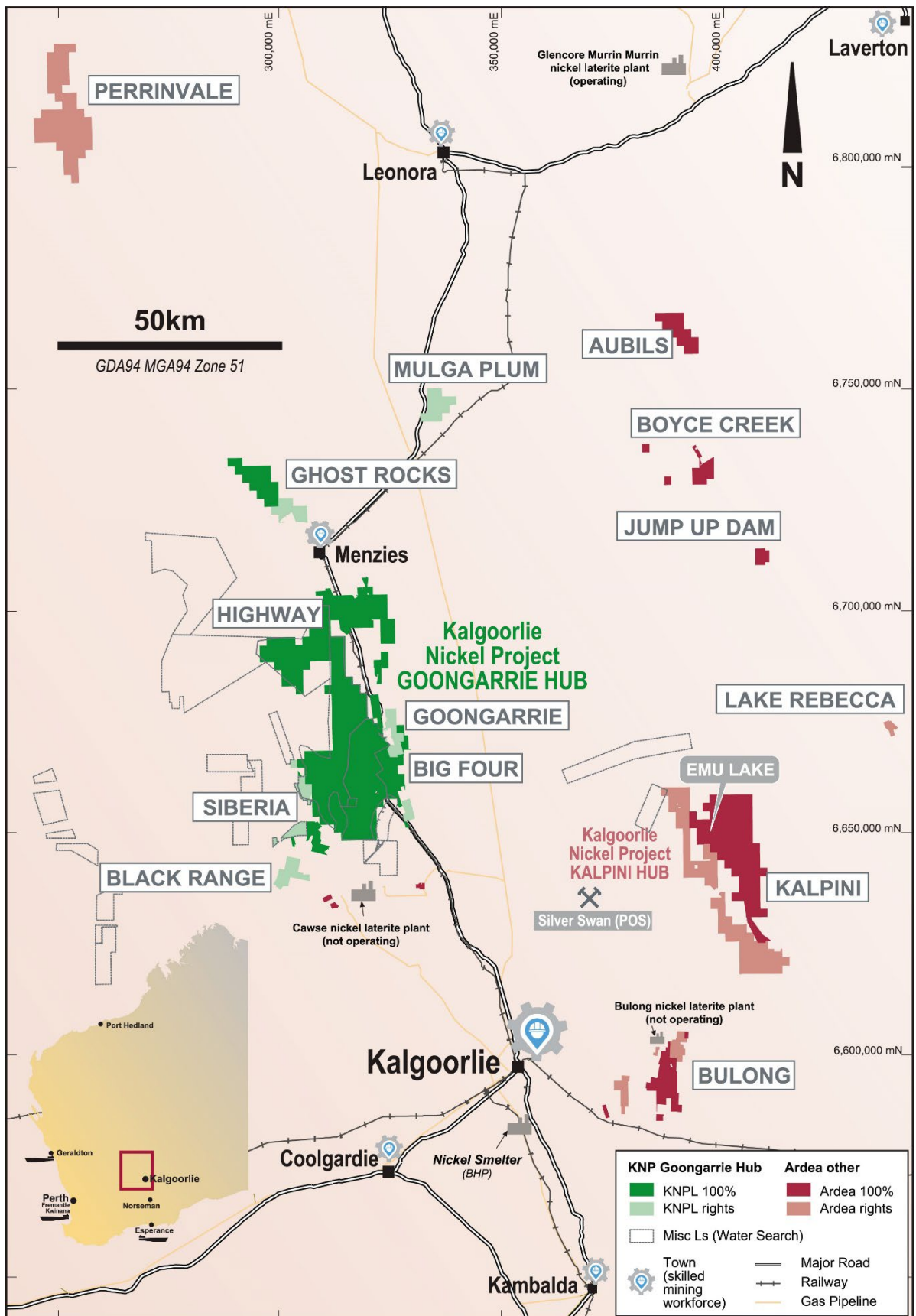


Figure 2: Kalgoorlie Nickel Project location plan. Note the proximity to the City of Kalgoorlie-Boulder and direct access to key infrastructure, such as the Goldfields Highway and rail line.



Advisers

Ardea appointed Gresham Partners as sole financial adviser and Clayton Utz as legal adviser.

The Consortium appointed Rothschild & Co as sole financial adviser and Herbert Smith Freehills as legal adviser.

About Sumitomo Metal Mining

Sumitomo Metal Mining Co., Ltd. (SMM) dates from the 16th century and copper processing in Japan. SMM is an integrated producer covering from mineral resources development, smelting & refining, to the production of battery materials and functional materials. By connecting the core businesses, it has advantages in sustainable value chains. With experience and know-how in mining development, it owns a number of quality resource interests for copper and gold. For nickel, its strength lies in HPAL (High Pressure Acid Leach), a technology to recover metals such as nickel and cobalt from nickel oxide ores. SMM successfully developed and operates two HPAL operations in the Philippines, at Coral Bay and Taganito.

About Mitsubishi Corporation

Mitsubishi Corporation (MC) operates a wide range of businesses spanning multiple industries and overseen by eight industry-specific business groups: Environmental Energy, Materials Solution, Mineral Resources, Urban Development & Infrastructure, Mobility, Food Industry, Smart-Life Creation, and Power Solution.

This announcement is authorised for release by the Board of Ardea Resources Limited.

For further information regarding Ardea, please visit <https://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 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 create and spin-out a gold focussed Company, 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 Persons statement

The Resource Estimation, exploration and industry benchmarking summaries are based on information reviewed or compiled by Mr. Ian Buchhorn, and Mr Andrew Penkethman. Mr Buchhorn is a Member of the Australasian Institute of Mining and Metallurgy and Mr Penkethman is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Both Mr Buchhorn and Mr Penkethman are full-time employees of Ardea Resources Limited and have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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 and Mr Penkethman have reviewed this press release and consent to the inclusion in this report of the information in the form and context in which it appears. Mr Buchhorn and Mr Penkethman own Ardea shares.

Ardea wishes to clarify that its current Kalgoorlie Nickel Project (KNP) Mineral Resource Estimate (MRE) following JORC Code (2012) guidelines is:

Camp	Prospect	Resource Category	Size (Mt)	Ni (%)	Co (%)	Contained Metal	
						Ni (kt)	Co (kt)
KNP TOTAL		Measured	22	0.94	0.079	207	17
		Indicated	361	0.73	0.047	2,622	169
		Inferred	471	0.70	0.043	3,272	200
GRAND TOTAL		Combined	854	0.71	0.045	6,101	386

Note: 0.5% nickel cutoff grade used to report resources. Minor discrepancies may occur due to rounding of appropriate significant figures.

The Mineral Resource Estimate information shown in this ASX release has been previously released on the ASX platform by Ardea in ASX release 30 June 2023, in accordance with Listing Rule 5.8.

The Ore Reserve information shown in this ASX release has been previously released on the ASX platform by Ardea in ASX release 5 July 2023, in accordance with Listing Rule 5.9.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous market announcements noted above and that all material assumptions and technical parameters underpinning the Mineral Resource Estimate and Ore Reserve in the previous market announcements continue to apply and have not materially changed.



Annexure - Summary of material terms and conditions of Cooperation Agreement

<p>Parties</p>	<p>Sumitomo Metal Mining Co., Ltd (SMM) Mitsubishi Corporation (MC) (together, the Consortium) Ardea Resources Limited (ACN 614 289 342) (Ardea) Kalgoorlie Nickel Pty Ltd (ACN 137 889 199) (Company)</p> <p>Note: SMM and MC are in the process of forming their own incorporated joint venture (Consortium SPV). Following this, SMM and MC will novate the Cooperation Agreement to the Consortium SPV.</p>
<p>Joint venture scope</p>	<p>Development and financing of the KNP Goongarrie Hub.</p>
<p>Formation of joint venture</p>	<p>The Company will operate as an incorporated joint venture on the terms set out in the Cooperation Agreement and the Shareholders' Agreement.</p>
<p>Conditions precedent</p>	<p>Completion under the Cooperation Agreement is conditional on the following conditions precedent being satisfied before the end of Q3 2024 (unless waived or extended by agreement):</p> <ul style="list-style-type: none"> • the Consortium incorporating the Consortium SPV and novating the Cooperation Agreement to the Consortium SPV; • execution of the Shareholders' Agreement; • the Consortium obtaining FIRB approval; and • the Consortium obtaining merger control clearance from the Korea Fair Trade Commission.
<p>Shareholders Agreement</p>	<p>The proposed Shareholders' Agreement will include customary provisions for a joint venture of the nature of this joint venture. In addition, the Consortium will have a casting vote in the event of a KNPL Board deadlock after FID in relation to certain matters.</p>
<p>Offtake Agreement</p>	<p>The Consortium will be entitled to purchase 75% of the product produced by the Project (Product) and will have a right of first refusal in respect of the remainder of the Product.</p> <p>The Offtake Agreement will be negotiated and agreed following the DFS Report.</p>
<p>Funding and consideration</p>	<p>The Consortium agrees to fund the DFS Budget and assist in obtaining debt finance for the construction of the KNP Goongarrie Hub project (Project) for an ultimate equity interest in the Company of 50% (subject to any adjustments under the Cooperation Agreement).</p> <p>The Consortium's ownership interest in the Company will be as follows:</p> <ul style="list-style-type: none"> • after 50% completion of the DFS: 17.5%; • after completion of the DFS: 35%; and • upon the Consortium making a positive FID: 50%.



<p>Default</p>	<p>Customary default provisions for a transaction of this nature.</p> <p>Additionally, if either party is in default of its financial obligations, the non-defaulting party may, at its discretion, fund the default shortfall by contributing additional funding to ensure that the Company remains fully funded. Additional funding provided will accrue interest. Additional funding and interest owed by a defaulting party, if not repaid within a prescribed period of time, will result in a dilution of that party's interest in the Company.</p>
<p>Final Investment Decision</p>	<p>The parties acknowledge their mutual intention to propose and make a Final Investment Decision (FID) after completion of, among other things, a positive DFS and FEED result and the execution of financing strategy (incorporating both debt and equity).</p>
<p>Governance</p>	<p>The parties will establish a steering committee to oversee DFS, FEED and PCA. On execution, the steering committee will initially comprise of two representatives of each of Ardea and the Consortium. The steering committee will function in accordance with customary governance and meetings provisions.</p> <p>The Shareholders' Agreement will address governance of the joint venture together with the Cooperation Agreement.</p>
<p>Change in control</p>	<p>If Ardea is subject to a change of control:</p> <ul style="list-style-type: none"> • if applicable, Ardea will need to promptly repay the total of any funding default amount, failing which Ardea's shareholding in the Company will be diluted and accordingly the Consortium's interest increased; and/or • the Consortium may elect to dispose of all of its interest in the Company.
<p>Exit provisions</p>	<p>Prior to FID, parties may only dispose of their interest in the Company in certain prescribed scenarios in accordance with the terms of the Cooperation Agreement.</p> <p>Parties each have customary pre-emption rights should either party elect to sell its shares in the Company to a third party.</p>
<p>Warranties</p>	<p>As is typical with such transactions, Ardea has provided certain warranties to the Consortium with respect to the Company and the Project.</p>
<p>Termination</p>	<p>The Cooperation Agreement may be terminated prior to FID for:</p> <ul style="list-style-type: none"> • non-satisfaction of the conditions precedent within the period set out in the Cooperation Agreement; • breaches of warranties given by Ardea which give rise to a claim by the Consortium exceeding certain thresholds; • insolvency of Ardea; • material breach; • failure by the Company to complete issue of the investment shares; and • material delay.