



ABN 30 614 289 342

**Interim Financial Report
for the
Period from Incorporation on 17 August 2016
to the Period ended 31 December 2016**

This interim financial report does not include all the notes of the type normally included in an annual financial report. At 31 December 2016 Ardea Resources Limited was a wholly owned subsidiary of Heron Resources Limited (“Heron”) and was not a disclosing entity in its own right (Note Ardea formed part of Heron’s consolidated accounts at that time).

Ardea entered into a Demerger Implementation Agreement (“DIA”) with Heron dated 9 November 2016, to complete an Initial Public Offering (“IPO”) to list on the Australian Securities Exchange (“ASX”), and under the terms of the DIA, until all the conditions precedent to the DIA were met it held no assets and no liabilities (except 100 shares at \$1, and \$100 cash). It had lodged a Prospectus dated 9 November 2016 with the Australian Securities and Investments Commission (“ASIC”) and was in the process of marketing the IPO. Funds received from investors at the date of this report were held on trust for the investors, and in the event that the IPO did not successfully receive the minimum funds required of \$3,500,000 and meet the other conditions precedent of the DIA, then the funds would be returned to investors.

This interim financial report is prepared at the request of the ASX under listing rule 4.2B, and only for this purpose.

Investors are referred to the Prospectus dated 9 November 2016 and subsequent ASX announcements which includes a Pro-forma Balance Sheet following the successful closing of the IPO with a total of \$5,099,825 in new funds received. Ardea was admitted to the official list of the ASX on 9 February 2017.

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ARDEA RESOURCES LIMITED

ABN 30 614 289 342

CORPORATE DIRECTORY

DIRECTORS

Katina Law
Chair

Matthew Painter
Managing Director

Ian Buchhorn
Non-Executive Director

COMPANY SECRETARY

Sam Middlemas

PRINCIPAL REGISTERED OFFICE

Level 1, 7 Havelock Street
West Perth
Western Australia 6005

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AUDITOR

Butler Settineri (Audit) Pty Ltd
Unit 16, First Floor Spectrum Offices
100 Railway Road
Subiaco
Western Australia, 6008

SHARE REGISTRY

Security Transfer Australia Pty Limited
770 Canning Highway
Applecross
Western Australia, 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233
Email: registrar@securitytransfer.com.au

STOCK EXCHANGE LISTING

The Company's shares are quoted on the Australian Securities Exchange. The Home Exchange is Perth.

ASX CODE

ARL - ordinary shares

ARDEA RESOURCES LIMITED

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ARDEA RESOURCES LIMITED

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DIRECTORS' REPORT

Your Directors present their report on the financial statements of Ardea Resources Limited (ARL) at the end of and during the period since incorporation on 17 August 2016 to the period ended 31 December 2016. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS & SENIOR MANAGEMENT

The following persons held office as Directors and Senior Management of ARL Group Limited during the period since incorporation and until the date of this report:

Katina Law – *BCom, CPA, MBA, GAICD*

Chair

Appointed 7 November 2016

Katina Law has over 25 years experience in the mining industry covering corporate and site based roles across several continents. Over the past ten years she has worked with a number of ASX-listed resources companies in strategic, financial advisory and general management roles. She has worked on a number of development and evaluation projects which were later subject to corporate transactions including the Deflector gold and copper project and the King Vol polymetallic zinc project. Ms Law was Executive Director and CEO of East Africa Resources Limited from 2012 to 2015. Ms Law has also held senior positions at Newmont Mining Corporation's head office in Denver, USA and at LionOre International based in Perth. Ms Law has a Bachelor of Commerce degree from UWA, is a Certified Practising Accountant and has an MBA from London Business School.

She is currently a non-executive Director of headspace and Gumala Enterprises Pty Ltd. Ms Law has no other public company directorships.

Matthew Painter – *B.Sc.(Hons), PhD*

Managing Director

Appointed 7 November 2016

Matthew Painter is a geologist with over 20 years professional experience including SRK Consulting, Sabre Resources, AngloGold Ashanti, Geological Survey of WA and MIM Exploration. His expertise is in ore deposit geology and structural geology, and his work has been instrumental in the successful discovery, exploration and development of greenfield and brownfields deposits globally. Dr Painter has extensive on-ground experience throughout Australia and overseas including east, west and southern Africa across a broad range of commodities including gold, copper, zinc-lead-silver, uranium, tin and manganese. Dr Painter has extensive managerial and ASX-listed company corporate experience. He has a Bachelor of Science with Honours degree from the University of Melbourne and has a Doctor of Philosophy (PhD) in Economic Geology from the University of Queensland. Dr Painter has no other public company directorships.

Ian Buchhorn – *BSc (Hons), Dipl. Geosci (Min. Econ), MAusIMM*

Non-Executive Director

Appointed 17 August 2016

Ian Buchhorn is a Mineral Economist and Geologist with over 30 years experience. 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 nickel, 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 has been a Director of Heron Resources Limited (17 February 1995 to present), RBR Group Limited (19 August to present) and Golden Cross Resources Limited (3 March 2014 to 13 July 2016).

Stephen Dennis – Non-Executive Director (Appointed 17 August 2016, Resigned 7 November 2016)

Simon Smith – Non-Executive Director and Company Secretary (Appointed 17 August 2016, Resigned 7 November 2016)

COMPANY SECRETARY

Robert (Sam) Middlemas – BCom, 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.

REVIEW OF OPERATIONS

There were no operations of the Company during the period since incorporation on 17 August 2016 and the period end at 31 December 2016.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Butler Settineri (Audit) Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the period since incorporation on 17 August 2016 and the period end at 31 December 2016. This Independence Declaration is set out on page 3 and forms part of the Directors' Report for the period ended 31 December 2016.

This report is made and signed in accordance with a resolution of Directors.

Dated at Perth 14 March 2017.



K Law
Chair

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Ardea Resources Limited for the period from incorporation on 17 August 2016 to 31 December 2016, 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.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER
Director

Perth

Date: 14 March 2017

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ARDEA RESOURCES LIMITED

Report on the financial report

We have reviewed the accompanying financial report of Ardea Resources Limited ("the Company") which comprises the condensed statement of financial position as at 31 December 2016, the condensed statement of comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the period from incorporation on 17 August 2016 to 31 December 2016, notes comprising a statement of significant accounting policies and other selected explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 31 December 2016 and its performance for the period from incorporation on 17 August 2016 to 31 December 2016; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Ardea Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a 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 the 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.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Ardea Resources Limited is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the period from incorporation on 17 August 2016 to 31 December 2016; and
- b) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER
Director

Perth

Date: 14 March 2017

ARDEA RESOURCES LIMITED

ABN 30 614 289 342

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Ardea Resources Limited, I state that:

In the opinion of the Directors:

- (a) The financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2016 and the performance for the period from incorporation on 17 August 2016 to 31 December 2016 of the Company; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Dated at Perth 14 March 2017.



K Law
Chair

ARDEA RESOURCES LIMITED

ABN 30 614 289 342

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the period from Incorporation on 17 August 2016 to the period ended 31 December 2016

	Note	Period Ended 31 December 2016 \$
Revenue		-
Interest income		-
Total revenue		-
Other expenses		-
Loss before income tax		-
Income tax		-
Net loss attributable for the half year		-
Other Comprehensive Income		-
Total Comprehensive loss for the half year		-
Basic earnings/(loss) per share (cents per share)	3	Nil
Diluted earnings/(loss) per share (cents per share)	3	Nil

The accompanying notes form an integral part of these financial statements.

ARDEA RESOURCES LIMITED

ABN 30 614 289 342

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	31 Dec 2016 \$
CURRENT ASSETS		
Cash and cash equivalents	2	100
Other receivables		-
Other assets		-
		<hr/>
TOTAL CURRENT ASSETS		100
		<hr/>
NON-CURRENT ASSETS		
Plant and equipment and motor vehicles		-
Intangibles		-
Capitalised mineral exploration Expenditure		-
		<hr/>
TOTAL NON-CURRENT ASSETS		-
		<hr/>
TOTAL ASSETS		100
		<hr/>
CURRENT LIABILITIES		
Trade and other payables		-
Provisions		-
		<hr/>
TOTAL CURRENT LIABILITIES		-
		<hr/>
TOTAL LIABILITIES		-
		<hr/>
NET ASSETS		100
		<hr/>
EQUITY		
Contributed equity	3	100
Option reserve		-
Accumulated losses		-
		<hr/>
TOTAL EQUITY		100
		<hr/>

The accompanying notes form an integral part of these financial statements.

ARDEA RESOURCES LIMITED

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CONDENSED STATEMENT OF CHANGES IN EQUITY

For the period from Incorporation on 17 August 2016 to the period ended 31 December 2016

	Contributed Equity	Losses	Total
OPENING BALANCE	-	-	-
TOTAL COMPREHENSIVE LOSS	-	-	-
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS			
Shares issued during the period	100	-	100
BALANCE AT 31 DECEMBER 2016	<u>100</u>	<u>-</u>	<u>100</u>

The accompanying notes form an integral part of these financial statements.

ARDEA RESOURCES LIMITED

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CONDENSED STATEMENT OF CASH FLOWS

For the period from Incorporation on 17 August 2016 to the period ended 31 December 2016

	Period ended 31 Dec 2016 \$ Inflows/(Outflows)
Cash flows from operating activities	
Receipts from customers	-
Interest received	-
Payments to suppliers and employees	-
	<hr/>
Net cash flows used in operating activities	-
	<hr/>
Cash flows from investing activities	
Payments for exploration and evaluation	-
Payments for plant and equipment and motor vehicles	-
Funds received from sale of tenements	-
	<hr/>
Net cash flows used in investing activities	-
	<hr/>
Cash flows from financing activities	
Loan repaid	-
Proceeds from the issue of shares	100
	<hr/>
Net cash flows provided by financing activities	100
	<hr/>
Net increase/(decrease) in cash held	100
	<hr/>
Cash at the beginning of the half year	-
	<hr/>
Cash at the end of the half-year	100
	<hr/>

The accompanying notes form an integral part of these financial statements.

ARDEA RESOURCES LIMITED

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS For the period from Incorporation on 17 August 2016 to the period ended 31 December 2016

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These general purpose financial statements for the period since incorporation on 17 August 2016 and the period ended 31 December 2016 have been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including Accounting Standard AASB 134: Interim Financial Reporting and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB").

It is recommended that these financial statements and reports be read in conjunction with the Prospectus dated 9 November 2016 and lodged with ASIC on that date.

The report has been prepared on the accruals basis and in accordance with the historical cost convention. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as would a full financial report.

The accounting policies and methods of computation adopted in the preparation of the financial report are consistent with those adopted and disclosed in the Prospectus dated 9 November 2016.

	31 Dec 2016 \$
2. CASH	
Funds on deposit	<u><u>100</u></u>

At 31 December 2016 the Company held \$3,509,208.89 on trust in its Share Issue Account. These funds would be available for the Company to access upon the successful listing of Ardea Resources Limited on the ASX as noted in the Prospectus dated 9 November 2016 and lodged with ASIC on that date. The listing was subject to a number of Conditions Precedent in the Heron Demerger Implementation Agreement, and until these were satisfied, the funds were subject to be returned to investors.

	31 Dec 2016 \$
3. CONTRIBUTED EQUITY	
<i>(a) Issued Capital</i>	
100 ordinary shares	<u><u>100</u></u>

At incorporation on 17 August 2016 there were 100 Fully Paid Shares issued to the holding Company Heron Resources Limited for \$100. There were no other share or other securities issued.

ARDEA RESOURCES LIMITED

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS For the period from Incorporation on 17 August 2016 to the period ended 31 December 2016

3. EARNINGS/(LOSS) PER SHARE

31 Dec
2016
\$

The following reflects the loss and share data used in the calculations of basic and diluted (loss) per share:
(Loss) used in calculating basic and diluted (loss) Per share

-

Number of
Shares

Weighted average number of ordinary shares used in calculating basic earnings/(loss per share and weighted average number of ordinary shares:

100

4. DIVIDENDS

No dividend has been declared or paid during the period ended 31 December 2016.

5. EVENTS SUBSEQUENT TO BALANCE DATE

Since 31 December 2016, no event has arisen that would be likely to materially affect the operations of the Company, the results of the Company or the state of affairs of the Company not otherwise disclosed in the Company's financial statements, except for the following:

On 9 February 2017, the Company was admitted to the official list of the ASX, having closed the IPO and issued securities referred to in the Ardea Resources Limited Prospectus dated 9 November 2016 and lodged with the ASIC on that date. Total equity raised was \$5,099,825, through the issue of 25,499,126 fully paid ordinary shares. Full details of the final capital structure, use of funds and proforma balance sheet following the ASX listing are included in announcements lodged with ASX at this time.

6. CONTINGENT ASSETS AND LIABILITIES

There are no contingent liabilities or contingent assets as at 31 December 2016.

7. SEGMENT INFORMATION

The Company did not operate during the reporting period.