

COMPANY UPDATE

Hardey Resources Limited (the **Company** or **HDY**) is pleased to provide a further update on implementation of the Remediation Proposal announced by the Company on 8th March 2019.

Vanadium Project Review

The Interim Board has conducted a rigorous review process on the exploration projects acquired pursuant to the Company's acquisitions of Nelly Vanadium Pty Ltd and the Vanadium Mining Pty Ltd (**Vanadium Projects**).

As part of this review, the Company engaged CSA Global Pty Ltd (**CSA Global**) to conduct a Desktop Technical Review of the Vanadium Projects, which is now complete.

The Interim Board has carefully considered the technical aspects of the final CSA report. Taking into account the technical merit of the Vanadium Projects and other relevant considerations (including commerciality, market risk, sovereign risk, and commodity risk), the Interim Board has unanimously resolved that the Company should not proceed with the acquisitions of the Vanadium Projects. On this basis, and in accordance with the Remediation Proposal, the Company will now take action to unwind the transactions, handing back title to the Vanadium Projects to the applicable project vendors.

The Company will shortly convene an Extraordinary General Meeting (**EGM**) at which the Company's shareholders will be asked to vote on a number of matters, including a selective reduction in capital for the consideration securities issued to the Vendors and Additional Parties in connection with the Vanadium Acquisitions, or transferred to the Blumenthal Parties under the Off-Market Transfers, held as at the date of the Remediation Proposal (15 March 2019). The Vendors will also pay over to HDY the proceeds of sale in full received by them on the 25,000,000 HDY shares previously sold by them.

Full details of the review process undertaken by the Interim Board regarding the Vanadium Projects will be presented in the Notice of Meeting currently being prepared by the Company.

Hardey Projects

Grace Project – Paterson Range, Western Australia

As reported previously in the Company's announcement dated 24 May 2019, the Company's geological consultants, Cadre Geology and Mining, undertook a field reconnaissance program on the block of Prospecting Licences at the heart of the Grace Project in the Paterson Range on 12 May 2019. In addition to conducting a desktop study of all the past exploration data, the Company has now recovered the data files used in the calculation of the previously announced JORC 2012 compliant Inferred Resource (see the Company's announcement dated 20 February 2018).

Following a comprehensive review of all the geological, geophysical and assay data, as well as verification of the resource calculations, the Company confirms there is no new material information in relation to the JORC 2012 compliant Inferred Resource announced on 20 February 2018 and considers that a future exploration programme for this project should be generated. In addition, the Company continues to note heightened interest in this area from other explorers and major mining companies.

The Exploration Licence application immediately adjacent to the currently granted Grace Project tenure continues to be progressed with negotiations on a Land Access and Mineral Exploration Agreement with the Western Desert Lands Aboriginal Corporation nearing finalisation.

Pilbara Gold Exploration Projects – Pilbara Western Australia

A desktop study and a field reconnaissance programme was carried out by the Company's geological consultants last month on a granted exploration licence, E08/2880 which covers the historic Kooline lead zinc exploration play near Paraburdoo in the Pilbara. Assays for rock chip samples taken during the reconnaissance programme are expected to be available shortly.

Desktop studies of the historical exploration data are also being carried on the three other granted exploration licences in the Pilbara. Once the review has been completed, exploration programmes will be designed, budgeted and prioritised for future work.

Horseshoe South Base Metal Project – Murchison Western Australia

A review of the historical exploration conducted by a previous JV partner is currently underway. The Company notes that the Horseshoe Lights Project to the north of this granted tenure is currently the subject of a sale process by the current holder, Horseshoe Metals Limited.

Burruga Base Metals Project – Lachlan Fold Belt, NSW

The Company continues to compile and review previous exploration data for the Burruga project, in order to plan future exploration work.

Director Nomination

On 22 May 2019, the Company announced a Director Nomination Process, as foreshadowed in the Remediation Proposal, pursuant to which shareholders holding more than 3 million shares may nominate a representative for possible appointment as a Director. The Company appointed Mr Tony Taylor of Stanton Chase (**Adjudicator**) to review and adjudicate the nominated directors

along with the interim directors who nominated for re-election, to determine Proposed Directors. The adjudication process has been completed, and the Proposed Directors to be put up for election by shareholders at the upcoming General Meeting are:

1. Mr John Hannaford (*Interim Director*)
2. Mr Brian Thomas (*Interim Director*)
3. Mr David Izzard (*Interim Director*)
4. Mr Nick Johansen (*Interim Director*)
5. Mr Matt Bull

Mr Scott Paterson (Interim Director) declined to nominate for re-election and will step down as a director at the conclusion of the EGM. Detailed biographies on each of the Proposed Directors including qualifications and experience will be included in the Notice of Meeting for the EGM.

The Company is continuing to work through the Remediation Proposal with ASX to establish the requirements for the relisting of the Company on ASX.

For and on behalf of the Board

Sarah Smith
(Company Secretary)