

28 August 2019

## Notices of Meetings

Hardey Resources Limited (ASX: HDY) (Company) is pleased to announce the following notices of meeting to seek, amongst other things, the shareholder approvals required in connection with the remediation proposal announced on 8 March 2019:

- Notice of meeting of all shareholders (**General Meeting**);
- Notice of Meeting of the 'Vendors' of Nelly Vanadium Pty Ltd and Vanadium Mining Pty Ltd (**Vendor Meeting**); and
- Notice of Meeting of the 'Blumenthal Parties' (**Blumenthal Parties' Meeting**).

Each of the Meetings will be held at Quest West Perth, 54 Kings Park Road, Western Australia on Friday, 27 September 2019.

The General Meeting will be held at 10.00am. All shareholders are eligible to attend the General Meeting (in person, or by proxy, representative or attorney).

The Vendor Meeting will be held at the later of the conclusion of the General Meeting, and 10.30am. Only the Vendors will be entitled to vote at the Vendor Meeting (in person, or by proxy, representative or attorney).

The Blumenthal Parties' Meeting will be held at the later of the conclusion of the Vendor Meeting and 10.45am. Only the Blumenthal Parties will be entitled to vote at the Blumenthal Parties' Meeting (in person, or by proxy, representative or attorney).

## Correction of typographical error

The Company advises that it has identified a typographical error in the notice of meeting and explanatory memorandum dispatched to shareholders for the General Meeting (**Printed Notice**).

Resolution 4 of the Printed Notice stated that Shareholder approval was sought for the selective reduction of the Company's capital and cancellation of 532,989,169 Shares issued to the shareholders of Nelly Vanadium Pty Ltd and Vanadium Mining Pty Ltd. This number of Shares should actually be 537,408,750.

There are two references to the 532,989,169 figure in Section 5 of the Explanatory Memorandum which should also both instead refer to the 537,408,750 figure.

The typographical error has been corrected in the notice of meeting and explanatory memorandum for the General Meeting annexed to this announcement.

The Company apologises for any inconvenience caused by this typographical error.



ACN 115 593 005

## NOTICE OF GENERAL MEETING

The General Meeting of the Company will be held at Quest West Perth, 54 Kings Park Road, West Perth, Western Australia on Friday, 27 September 2019 at 10:00am (WST).

*The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional advisor prior to voting.*

*Should you wish to discuss any matter, please do not hesitate to contact the Company Secretary by telephone on (08) 6559 1792.*

Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice

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# HARDEY RESOURCES LIMITED

ACN 115 593 005

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## NOTICE OF GENERAL MEETING

Notice is hereby given that the general meeting of Shareholders of Hardey Resources Limited (**Company**) will be held at Quest West Perth, 54 Kings Park Road, West Perth WA 6005, Western Australia on Friday, 27 September 2019 at 10:00am (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Wednesday, 25 September 2019 at 5:00pm (WST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

## AGENDA

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### 1. Resolution 1 - Election of Director - Mr Nick Johansen

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That, in accordance with Clause 11.11 of the Constitution and for all other purposes, Mr Nick Johansen, a Director who was appointed on 15 March 2019, retires and, being eligible, is elected as a Director on the terms and conditions in the Explanatory Memorandum."*

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### 2. Resolution 2 - Election of Director - Mr Brian Thomas

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That, in accordance with Clause 11.11 of the Constitution and for all other purposes, Mr Brian Thomas, a Director who was appointed on 15 March 2019, retires and, being eligible, is elected as a Director on the terms and conditions in the Explanatory Memorandum."*

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### 3. Resolution 3 - Election of Director - Mr Matthew Bull

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That, in accordance with Clause 11.7 of the Constitution, Listing Rule 14.4 and for all other purposes, Mr Matthew Bull, who was nominated as a candidate for election as a Director of the Company by a Shareholder, be elected as a Director with effect from the date of this Meeting on the terms and conditions in the Explanatory Memorandum."*

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#### 4. Resolution 4 - Capital reduction of Consideration Shares held by Vendors

To consider and, if thought fit, to pass with or without amendment, as a special resolution the following:

*"That, pursuant to and in accordance with section 256C(2) of the Corporations Act and for all other purposes, Shareholders approve the selective reduction of the Company's capital and cancellation of 537,408,750 Shares issued to the shareholders of Nelly Vanadium Pty Ltd and Vanadium Mining Pty Ltd with effect from the date that is 14 days after this Resolution is lodged with ASIC, on the terms and conditions set out in the Explanatory Memorandum."*

##### Voting Prohibitions

The Company will disregard any votes cast in favour of this Resolution by any person whose Shares are proposed to be bought back or by their associates.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 5. Resolution 5 - Capital reduction of Consideration Shares held by Blumenthal Parties

To consider and, if thought fit, to pass with or without amendment, as a special resolution the following:

*"That, pursuant to and in accordance with section 256C(2) of the Corporations Act and for all other purposes, Shareholders approve the selective reduction of the Company's capital and cancellation of 433,429,988 Shares originally issued to the shareholders of Nelly Vanadium Pty Ltd or Vanadium Mining Pty Ltd (or their nominees) and subsequently transferred to the Blumenthal Parties with effect from the date that is 14 days after this Resolution is lodged with ASIC, on the terms and conditions set out in the Explanatory Memorandum."*

##### Voting Prohibitions

The Company will disregard any votes cast in favour of this Resolution by any person whose Shares are proposed to be bought back or by their associates.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 6. Resolution 6 - Cancellation of Consideration Options held by Blumenthal Parties

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That, subject to Resolution 5 being passed and pursuant to and in accordance with Listing Rule 6.23.2 and for all other purposes, Shareholders approve the cancellation of 607,821,499 Quoted Options originally issued to the shareholders of Nelly Vanadium Pty Ltd and Vanadium Mining Pty Ltd (or their nominees) and subsequently transferred to the Blumenthal Parties on the terms and conditions set out in the Explanatory Memorandum."*

### Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who holds a Quoted Option that is the subject of the approval or any of their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 7. Resolution 7 - Consolidation of capital

To consider and, if thought fit, to pass, with or without amendment, as an ordinary resolution the following:

*"That, pursuant to and in accordance with section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the terms and conditions in the Explanatory Memorandum, on the basis that:*

- (a) every 20 Shares be consolidated into 1 Share; and
- (b) all Options on issue be adjusted in accordance with Listing Rule 7.22,

*and, where this Consolidation results in a fraction of a security being held, the Company be authorised to round that fraction up to the nearest whole security."*

BY ORDER OF THE BOARD



Sarah Smith  
Company Secretary  
Hardey Resources Limited  
Dated: 28 August 2019

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# HARDEY RESOURCES LIMITED

ACN 115 593 005

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## EXPLANATORY MEMORANDUM

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### 1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Quest West Perth, 54 Kings Park Road, West Perth WA 6005, Western Australia on Friday, 27 September 2019 at 10:00am (WST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Background
Section 4	Resolutions 1 -3 - Election of Directors
Section 5	Resolutions 4 & 5 - Capital reduction of Consideration Shares
Section 6	Resolution 6 - Cancellation of Consideration Options held by Blumenthal Parties
Section 7	Resolution 7 - Consolidation of capital
Schedule 1	Definitions
Schedule 2	Terms and conditions of Quoted Options
Schedule 3	Executive Summary from CSA Report
Schedule 4	Pro forma balance sheet

A Proxy Form is located at the end of the Explanatory Memorandum.

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### 2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

#### 2.1 Voting in person

To vote in person, attend the Meeting on the date and at the place set out above.

## 2.2 Proxies

### (a) Voting by proxy

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (i) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (ii) a proxy need not be a member of the Company; and
- (iii) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

### (b) Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (i) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (ii) if the proxy has 2 or more appointments that specify different ways to vote on the resolution - the proxy must not vote on a show of hands;
- (iii) if the proxy is the chair of the meeting at which the resolution is voted on - the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (iv) if the proxy is not the chair - the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

### (c) Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (i) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (ii) the appointed proxy is not the chair of the meeting;
- (iii) at the meeting, a poll is duly demanded on the resolution; and

- (iv) either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

### 2.3 Chair's voting intentions

The Chair intends to exercise all available proxies in favour of all Resolutions, unless the Shareholder has expressly indicated a different voting intention.

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## 3. Background to Resolutions

### 3.1 Vanadium Acquisitions and Consideration Securities

#### (a) NVPL Acquisition

The Company entered into a conditional heads of agreement (**NVPL HoA**) in July 2018 with the shareholders of Nelly Vanadium Pty Ltd (**NVPL**) (**NVPL Vendors**) to acquire 100% of the shares of NVPL.

The previous Board's published responses to queries raised by ASX disclose that in respect of this acquisition:

- (i) Condor Prospecting S.A has submitted an application for the tenure underlying the Nelly Vanadium Mine to be reactivated;
- (ii) an agreement had been entered into between NVPL and Condor Prospecting S.A. for Condor Prospecting S.A. to transfer the mining lease for the Nelly Vanadium Mine, once granted, to be transferred to a newly incorporated company;
- (iii) the previous Board understood that newly incorporated company would be Metal Energy S.A., although this had not yet been formally agreed with Condor Prospecting S.A.;
- (iv) 95% of the shares in Metal Energy S.A. are held by NVPL, with the remaining 5% held by an Argentinian resident, Maria Eugenia Bustelo; and
- (v) it had been intended for a deed of arrangement to be entered into with Ms Bustelo, which would state that she is holding the shares in Metal Energy S.A. on trust for NVPL.

The current Board is not aware of a deed of arrangement having been entered into by Ms Bustelo and NVPL. Further, to the knowledge of the current Board, no Argentinian legal advice has been obtained by the Company regarding the above matters, or NVPL's current interest in the Nelly Vanadium Mine. Accordingly, NVPL gives no assurance as to the current interests of NVPL in the Nelly Vanadium Mine.

#### (b) VanMin Acquisition

The Company entered into a conditional heads of agreement (**VanMin HoA**) in July 2018 with the shareholders of Vanadium Mining Pty Ltd (**VanMin**) (**VanMin**



Vendors) to acquire 100% of the shares of VanMin, in order to acquire a 100% interest in six vanadium projects in Queensland and the Northern Territory.

(c) **Amendment Agreements**

The NVPL HoA and the VanMin HoA were both subsequently varied by agreements entered into in August 2018 (**Amendment Agreements**) to give effect to the NVPL Vendors and VanMin Vendors (together, **Vendors**) nominating Aceglow Holdings Pty Ltd (**Aceglow**) and Energy Capital Partners Pty Ltd (**ECP**) (together, the **Additional Parties**) as the recipients for a portion of the consideration payable for the Vanadium Acquisitions.

The current Board notes that there is a large volume of correspondence between the Company (while under the control of the previous Board) and ASX in relation to, amongst other things, the rationale for the execution of the Amendment Agreements (**ASX Inquiry Correspondence**). Shareholders are directed to the numerous announcements released on the ASX markets announcements platform on between September 2018 and February 2019 for the ASX Inquiry Correspondence.

The Company cautions that the ASX Inquiry Correspondence was authorised by the previous Board and concerns matters which occurred prior to the involvement of the current Board with the Company. Accordingly, the current Board makes no representations or warranties in respect of the responses given by the Company in the ASX Inquiry Correspondence. Further, the subject matter of the ASX Inquiry Correspondence was not a determinative factor in the current Board ultimately resolving to unwind the Vanadium Acquisitions (see Section 3.3 for further information).

The execution of the Amendment Agreements was not announced to the market or disclosed in the notice of meeting issued by the Company for its annual general meeting held on 24 August 2018 (**2018 AGM**) at which the Company sought and obtained Shareholder approvals for the Vanadium Acquisitions.

As noted above, the Company sought and obtained Shareholder approvals for the Vanadium Acquisitions at the 2018 AGM. On the same day, as final consideration payment, the Company issued a total of 737,500,000 Shares and 737,500,000 Quoted Options to the NVPL Vendors and ECP, and 550,000,000 Shares and 550,000,000 Quoted Options to the VanMin Vendors and Aceglow, in the following proportions:

	Shares		Quoted Options <sup>1</sup>	
	Number	%	Number	&
<b>NVPL Vendors and Additional Parties</b>				
Red Marlin Pty Ltd (ACN 154 804 949) ATF Red Marlin Trust ( <b>Red Marlin</b> )	79,964,522	10.84%	79,964,522	10.84%
Strat Plan Pty Ltd (606 815 641) ATF Strat Plan Trust ( <b>Strat Plan</b> )	80,756,250	10.95%	80,756,250	10.95%

	Shares		Quoted Options <sup>1</sup>	
BBD Custodians Pty Ltd (ACN 154 804 912) ATF BBD Trust (BBD)	79,964,522	10.84%	79,964,522	10.84%
Condor Prospecting Pty Ltd (ACN 615 725 945) (Condor)	79,172,794	10.74%	79,172,794	10.74%
JD Squared Investments Pty Ltd (ACN 137 967 483) ATF JD Squared Investments Trust (JD Squared)	15,042,831	2.04%	15,042,831	2.04%
Vassago Pty Ltd (ACN 128 802 166) ATF Aston Trust (Vassago)	15,042,831	2.04%	15,042,831	2.04%
ECP	387,556,250	52.55%	387,556,250	52.55%
<b>Sub-Total</b>	<b>737,500,000</b>	<b>100%</b>	<b>737,500,000</b>	<b>100%</b>
<b>VanMin Vendors and Additional Parties</b>				
Red Marlin	37,181,375	6.76%	37,181,375	6.76%
Strat Plan	74,362,750	13.52%	74,362,750	13.52%
BBD	37,181,375	6.76%	37,181,375	6.76%
Condor	14,993,000	2.73%	14,993,000	2.73%
JD Squared	10,623,250	1.93%	10,623,250	1.93%
Vassago	10,623,250	1.93%	10,623,250	1.93%
Lance Christopher Hubbard	27,500,000	5.00%	27,500,000	5.00%
Aceglow	337,535,000	61.37%	337,535,000	61.37%
<b>Sub-Total</b>	<b>550,000,000</b>	<b>100.00%</b>	<b>550,000,000</b>	<b>100.00%</b>
<b>TOTAL</b>	<b>1,287,500,000</b>	<b>-</b>	<b>1,287,500,000</b>	<b>-</b>

**Notes:**

1. Quoted Options are exercisable at \$0.02 each on or before 30 April 2020, and were issued on the same terms and conditions as other Quoted Options already on issue (as set out in Schedule 2).

Shortly after settlement of the Vanadium Acquisitions:

- (a) Red Marlin and BBD each sold a total of 12,500,000 Shares issued as part consideration for the acquisition of Vanadium Mining Pty Ltd for a total sum of \$55,002.50 each;
- (b) a majority of the Shares and Quoted Options issued to the Additional Parties were transferred off-market to entities the Company understands are controlled by Mr Blumenthal and his associates, namely, Horatio Street Pty Ltd, Anglo Menda Pty Ltd and Pacific Continental Holdings Pty Ltd (Blumenthal Parties), details of which are set out in section 3 of the announcement the Company released on the ASX market announcements platform on 21 December 2018; and
- (c) the Blumenthal Parties sold a portion of those Shares and Quoted Options on-market.

The table below sets out the Shares and Quoted Options that were issued as consideration (**Consideration Securities**) that are currently held by the NVPL Vendors and the VanMin Vendors (together, the **Vendors**), the Additional Parties and the Blumenthal Parties, together with the proceeds received in consideration for the sale of any Consideration Securities that were issued or transferred to, and are no longer held by those parties:

Security holders	Consideration Securities		Proceeds of Sale <sup>1</sup>	
	Shares	Options	Shares	Options
<b>Vendors</b>				
Red Marlin	104,645,897	117,145,897	\$55,002.50	-
Strat Plan	155,119,000	155,119,000	-	-
BBD	104,645,897	117,145,897	\$55,002.50	-
Condor	94,165,794	94,165,794	-	-
JD Squared	25,666,081	25,666,081	-	-
Vassago	25,666,081	25,666,081	-	-
Lance Hubbard	27,500,000	27,500,000	-	-
<b>Sub-Total</b>	<b>537,408,750</b>	<b>562,408,750</b>	<b>\$110,005.00</b>	<b>-</b>
<b>Additional Parties</b>				
ECP	-	-	\$54,200.26	-
Aceglow	-	-	-	-
<b>Sub-Total</b>	<b>-</b>	<b>-</b>	<b>\$54,200.26</b>	<b>-</b>
<b>Blumenthal Parties</b>				
Anglo Menda Pty Ltd <sup>2</sup>	13,888,738	105,099,800	\$904,022.82	\$113,736.40

Security holders	Consideration Securities		Proceeds of Sale <sup>1</sup>	
	Shares	Options	Shares	Options
Pacific Continental Pty Ltd	411,091,250	487,721,699	\$286,103.93	\$2,281.50
Horatio Street Pty Ltd	8,450,000	15,000,000	\$32,171.57	-
<b>Sub-Total</b>	<b>433,429,988</b>	<b>607,821,499</b>	<b>\$1,222,298.32</b>	<b>\$116,018.90</b>
<b>TOTAL</b>	<b>970,838,738</b>	<b>1,170,230,249</b>	<b>\$1,386,503.58</b>	<b>\$116,017.90</b>

Notes:

1. On 15 March 2019 the Company announced receipt of all Proceeds of Sale from the Additional Parties and the Blumenthal Parties.
2. Excludes 83,706 Shares and 45,000,200 Options held by Anglo Menda Pty Ltd prior to the Vanadium Acquisitions being completed.

### 3.2 Remediation Proposal

Following completion of the Vanadium Acquisitions, the Securities of the Company were placed in trading halts on 4 and 6 September 2018 and were then suspended on 10 September 2018 pending responses to ASX queries regarding the involvement of corporate advisor Everblu and its associates, namely the Blumenthal Parties, in the Vanadium Acquisitions.

Numerous ASX query letters and responses were announced to the ASX in the following months, culminating in a remediation proposal as set out in the letter announced on 8 March 2019 (**Remediation Proposal**). Pursuant to the Remediation Proposal, a new interim Board of Directors was appointed on 15 March 2019, following the resignations of Messrs Terence Clee, Robin Armstrong and Robert McCauley.

The overall goal of the remedial action set out in the Remediation Proposal was for the new interim Board to consider afresh whether the Vanadium Acquisitions (with any changes that may be negotiated and agreed by the new Board and the Vendors) are in the best interests of the Company and its unassociated Shareholders.

Other remediation actions include:

- (a) The execution of standstill deeds with respect to the Consideration Securities with each of the Vendors, the Additional Parties and the Blumenthal Parties. The Company announced on 29 March 2019 that it had entered into such deeds (**Standstill Deeds**), pursuant to which the parties had agreed, amongst other things, not to dispose of or exercise any of the Consideration Securities issued or transferred to them.

There is the potential for a legal claim to be made by any of the Vendors, Additional Parties or Blumenthal Parties against the Company in resolving to cancel and unwind the Vanadium Acquisitions pursuant to the process set out in the Remediation Proposal. However, the Board considers this to be an unlikely prospect. Under the Standstill Deeds, each of the Vendors, the Blumenthal Parties and the Additional Parties have released the Company from any legal claims that they may have against the Company. The Company

has granted a reciprocal release from liability in favour of each of the Vendors, the Blumenthal Parties and the Additional Parties. On the basis of these releases, and the thorough process undertaken by the Board in assessing whether to proceed with the Vanadium Projects or otherwise, the Board considers that there is a low likelihood of any successful claim being made.

- (b) The payment of the proceeds of any sales (whether on market or otherwise) of the Consideration Securities received by the Additional Parties, or transferred to the Blumenthal Parties, as set out in the table in Section 3.1. The Company announced on 15 March 2019 that it had received these amounts, which totalled \$1,357,000.
- (c) The cancellation of the Consideration Securities issued to and currently held by the Vendors, or transferred to the Blumenthal Parties, by way of selective capital reduction. The Company is seeking the necessary Shareholder approvals pursuant to Resolutions 5 and 6 for the cancellation of such Securities. The Company is also holding separate meetings of the Vendors and the Blumenthal Parties on the same date as the Meeting to seek the requisite approvals for the cancellation of such Securities.
- (d) The election of a new Board via a Director nomination process. The Company is seeking Shareholder approval pursuant to Resolutions 1 to 3 (inclusive) for the election of the proposed new Directors. Further details of the current interim Board, the nomination process and the proposed new Directors are set out in Sections 3.11 and 4.1 below.

The Company's Securities remain in suspension pending implementation of the Remediation Proposal. ASX has reserved its rights to delist the Company at any time if the Remediation Proposal is not implemented in accordance with its terms.

### 3.3 Review of the Vanadium Projects

The Board agreed the following principles, in determining whether the Acquisitions are in the best interests of the Company and its Shareholders other than the Vendors, the Blumenthal Parties, the Additional Parties and their respective associates (**Unassociated Shareholders**):

- (a) *Technical merit*: The projects sought to be acquired (or the projects in which a potential interest has been acquired) pursuant to the Vanadium Acquisitions (**Vanadium Projects**) must have technical merit, to include not only exploration potential, but the real possibility of the Company developing the projects into a profitable income producing asset by delineation, development through to commercial production;
- (b) *Commercial merit*: that the Board is confident it has reasonable grounds to consider that the Company can raise sufficient capital to explore, develop and exploit the deposits, at an increased valuation and share price; and
- (c) *Resale*: that the value in the Projects may be realised alternatively by way of joint venture, sale or other transaction, at a gain to the Company.

On 30 April 2019 the Company reported that it had engaged CSA Global Pty Ltd (**CSA Global**) to conduct a desktop technical review of the Vanadium Projects. The Company has received a final report from CSA Global and has reviewed its contents.

The Executive Summary of the CSA Global report is provided in Schedule 3. CSA Global has given its written consent to be named as having conducted the review of the Vanadium Projects on behalf of the Company, and to the disclosure of the Executive

Summary of the CSA Global report, in each case, in the form and context in which they are included in this Notice of Meeting.

The Board has considered the report and a number of other commercial and legal factors and determined that the Company should cancel and unwind the Vanadium Acquisitions, pursuant to the process set out in the Remediation Proposal.

The key factors considered by the Board in reaching this conclusion were as follows:

- (a) The Nelly Vanadium Mine is of limited size, with limited prospects for expansion, and has significant uncertainty with regards to metallurgy and potentially viable processing of the ore, as well as the feasibility of generating a saleable concentrate that would meet grade and purity specifications.
- (b) The projects acquired from VanMin have no proven proven processing route, and/or limited exploration potential.
- (c) The apparent lack of due diligence undertaken prior to entering into the agreements for the Vanadium Acquisitions. As far as the Board is aware, independent legal due diligence was not undertaken prior to proceeding with the Vanadium Acquisitions. Of the minimal due diligence that does appear to the Board to have been carried out, it appears to have been largely based on information provided by the Vendors, their Consultants, advisors or their representatives.

In addition, as noted in Section 3.1(a) above, it appears that the Company may only hold a 95% interest in an application to reactivate the Nelly Vanadium Mine, however the Company does not have Argentinian legal advice confirming this interest.

- (d) The high sovereign risk in Argentina generally, and specifically in the San Luis province. Several ASX-listed mining companies are experiencing difficulty and delays in having their exploration and drill permits progressed or approved, and it is unknown when the situation will improve. Accordingly, it there is considered to be a high likelihood of difficulties and delays in having the licence applications covering the Nelly Vanadium Mines granted.
- (e) The Vanadium Projects are early stage exploration projects and would require significant capital investment to advance them to a development assessment phase. The ability for listed junior explorers to raise capital in the current economic climate and small market capitalisation space has become increasingly difficult. Due to several factors including market conditions and commodity prices, the Board considers that is unlikely that the Company would be able to raise the funds required to advance the Vanadium Projects in any material way, in a manner that would be in the best interests of Shareholders.
- (f) Vanadium market: The vanadium market is currently depressed with the market price US\$8.10/lb (Vanadium Pentoxide Flake 98%, China) against a high in October 2018 of US\$34.00/lb. The ASX market for vanadium companies has been very depressed through most of 2019, with very few capital raisings for Vanadium projects or vanadium acquisitions by ASX listed companies. In terms of larger Vanadium producers, the TSX listed Largo Vanadium, which operates a vanadium mine in Brazil had a share price high of C\$4.65 in November 2018, to a price of C\$1.62 on 5 June 2019, close to its 12 month low of C\$1.44.

On the basis of the technical merit of the Vanadium Projects as assessed by the Board with the benefit of the desktop report from CSA Global, and the additional factors noted above, the Board has resolved that the Vanadium Acquisitions are not in the best interests of the Unassociated Shareholders. Accordingly, the Company will move to cancel and unwind the Vanadium Acquisitions, pursuant to the process set out in the Remediation Proposal.

### 3.4 Advantages and disadvantages

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolutions 4 to 6 (inclusive):

- (a) Conducting a mining and exploration business has inherent risks. Should the Company continue to retain the Vanadium Projects, there is a risk that the Vanadium Projects may not be commercially feasible, or that funding will not be available for their commercial development at the relevant times, and that they may therefore not be able to be commercially developed successfully. As summarised in Section 3.3, the Board has considered the desktop report prepared by CSA Global and the commercial aspects of the Vanadium Acquisitions and has concluded that it is in the best interests of the Company and the Unassociated Shareholders to cancel and unwind the Vanadium Acquisitions.
- (b) The Company does not have certainty as to the interest held by the Company in the Nelly Vanadium Mine.
- (c) There will be fewer Shares on issue and, consequently, the ownership interest in the Company of the remaining Shareholders will increase.
- (d) Not proceeding with the Vanadium Projects allows the Company to focus on its other projects including the Grace project in Western Australia, and the Burruga Project in New South Wales which are the subject of increasing exploration activity and attention.

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolutions 4 to 6 (inclusive):

- (a) The Company will no longer have any right or interest in the Vanadium Projects. If the Vanadium Projects are more successful than anticipated by the Board, it is possible that the Company may have forgone the opportunity to realise the actual future value of the Vanadium Projects.
- (b) There are certain Shareholders who may have purchased Shares on market as a consequence of the Vanadium Acquisitions. Now that the Vanadium Acquisitions are to be cancelled, these Shareholders may wish to sell their Shares in the Company.

The Board notes the above risks are inherently forward looking and uncertain in nature and therefore subject to factors and issues beyond the control of the Company.

### 3.5 Steps to unwind the Vanadium Acquisitions

In accordance with the Remediation Proposal, the Company is seeking Shareholder approval to:

- (a) elect a new Board of Directors following the Director nomination process (Resolutions 1 to 3 (inclusive)); and

- (b) cancel and unwind the Vanadium Acquisitions by:
- (i) undertaking a selective capital reduction and cancellation of the Consideration Shares issued or transferred to and currently held by the Vendors and the Blumenthal Parties by way of selective capital reduction (Resolutions 4 and 5); and
  - (ii) cancelling the Consideration Options issued to and currently held by the Vendors; and
  - (iii) cancelling the Consideration Options issued to the Vendors (or their nominees) and subsequently transferred to the Blumenthal Parties (Resolution 6).

Pursuant to the Standstill Deeds, the Vendors, the Additional Parties and the Blumenthal Parties have agreed not to vote any of their Consideration Shares until the Remediation Proposal had been implemented. The Company notes that no Considerations Securities are currently held by the Additional Parties.

The Vendors will also pay over to the Company the Proceeds of Sale in full received by them on the 25 million Shares previously sold by Red Marlin and BBD, being \$110,005 in total (refer to the table at Section 3.1).

Concurrently with the cancellation of the Consideration Securities and the receipt of the Proceeds of Sale, the Company has agreed to transfer back to the applicable Vendors the shares it acquired in NVPL and VanMin respectively.

### 3.6 Consolidation

Following the Remediation Proposal, the Company proposes to consolidate its issued capital on a 20 for 1 basis (Consolidation) subject to the receipt of Shareholders' approval of Resolution 7.

### 3.7 Pro forma capital structure

The pro forma capital structure of the Company following completion of the Remediation Proposal and Consolidation is set out below:

Capital structure	Shares	Options	
		Quoted	Unquoted
Current Securities <sup>1</sup>	2,649,315,830	2,100,384,346	48,926,578
Cancellation of Consideration Securities (Resolutions 4-6)	-970,838,738	-1,170,230,249	-
<b>Total pre-Consolidation</b>	<b>1,678,477,092</b>	<b>930,154,097</b>	<b>48,926,578</b>
Post-Consolidation (Resolution 7) <sup>2</sup>	83,923,385	40,507,705	2,446,329
<b>Total upon completion of all Resolutions</b>	<b>83,923,385</b>	<b>40,507,705</b>	<b>2,446,329</b>

Notes:



1. Current Options (pre-Consolidation) comprised of:
  - (a) 2,100,384,346 Quoted Options exercisable at \$0.02 each on or before 30 April 2020, full terms and conditions of which are set out in Schedule 2;
  - (b) 45,525,000 unquoted Options exercisable at \$0.06 each on or before 19 August 2020; and
  - (c) 3,401,578 unquoted Options exercisable at \$0.044 each on or before 1 October 2020.
2. Options on a post-Consolidation basis comprised of:
  - (a) 40,507,705 Quoted Options exercisable at \$0.40 each on or before 30 April 2020;
  - (b) 2,276,250 unquoted Options exercisable at \$1.20 each on or before 19 August 2020; and
  - (c) 170,079 unquoted Options exercisable at \$0.88 each on or before 1 October 2020.

### 3.8 Effect on control

If Resolutions 4 and 5 are passed, each of the Vendors' and Blumenthal Parties' voting power in the Company will decrease proportionately and each remaining Shareholders' voting power in the Company will increase proportionately to the reduction in the number of Shares on issue as a result of the unwinding of the Vanadium Acquisitions and the cancellation of the Consideration Shares.

None of the Vendors or the Blumenthal Parties and their respective associates are expected to have an interest in more than 20% of the issued Share capital following the cancellation. Therefore, it is not expected that the selective capital reduction of Consideration Shares will give rise to any change in the control of the Company.

### 3.9 Pro forma balance sheet

The cancellation of the Consideration Securities for nominal cash consideration will have a negligible effect on the Company's financial position, however the Company's net assets and total equity will be reduced as a result of the Company transferring ownership of NVPL and VanMin back to the Vendors.

A reviewed pro forma statement of financial position of the Company as at 30 June 2019 based on the unaudited accounts of the Company as at 30 June 2019 is set out in Schedule 4.

### 3.10 Indicative timetable

In the event Shareholders approve Resolutions 4 to 7 (inclusive) it is anticipated that the actions under the Remediation Proposal and the Consolidation will take effect in accordance with the timetable below (with the Consolidation following the timetable set out in Appendix 7A (paragraph 8) of the Listing Rules). Shareholders are cautioned that the Company's Shares will remain suspended from official quotation until the Remediation Proposal is completed.

Event	Date
Lodgement of Notice sent to ASIC	26 August 2019
Company announces Consolidation and sends out Notice	28 August 2019
Meeting - Shareholders approve cancellation of Consideration Securities and Consolidation	27 September 2019

Event	Date
Meetings of Vendors and the Blumenthal Parties to vote in favour of the cancellation of the Consideration Shares Lodgement of Resolutions 4, 5 and 7 with ASIC	
Cancellation of Consideration Securities and completion of Remediation Proposal	14 October 2019
Last day for trading (off-market only) on a pre-Consolidation basis	15 October 2019
Post-Consolidation trading (off-market only) starts on a deferred settlement basis	16 October 2019
Last day for Company to register transfers on a pre-Consolidation basis	17 October 2019
First day for Company to register Securities on a post-Consolidation basis and first day for issue of holding statements	18 October 2019
Change of details of holdings date. Deferred settlement market ends Last day for Securities to be entered into holders' Security holdings Last day for the Company to send notice to each holder of the change in their details of holdings	24 October 2019
Normal trading of post-Consolidation Securities commences	25 October 2019

The timetable is a proposed indicative timetable and the Board reserves the right to vary the dates in accordance with the Listing Rules.

### 3.11 Proposed Board

The current interim Board comprises:

- (a) Mr John Hannaford - Non-Executive Chairman;
- (b) Mr Nick Johansen - Non-Executive Director; and
- (c) Mr Brian Thomas - Non-Executive Director.

Interim Directors Mr Scott Paterson and Mr David Izzard resigned on 14 August 2019.

It is intended that Messrs Johansen and Thomas will stand for election by Shareholders at the Meeting, while Mr Hannaford will resign with effect from the conclusion of the Meeting and will not seek election as a Director.

In accordance with the Remediation Proposal and following a Director nomination process including independent adjudication (see Section 4.1 for additional information), the Company is seeking Shareholder approval to elect the following persons as Directors at the Meeting:

- (d) Mr Nick Johansen as Non-Executive Director;
- (e) Mr Brian Thomas as Non-Executive Director; and
- (f) Mr Matthew Bull as Non-Executive Director.

See Section 4 for further information on the Proposed Directors.

### 3.12 Board intentions if Resolutions are *not* passed

If for any reason Shareholders do not approve the cancellation of the Consideration Securities under Resolutions 4 to 6 (inclusive) as required under the Remediation Proposal, the Company is to be restored, as nearly as may be possible, to the position it would have been in had it not entered into the Vanadium Acquisitions.

To this end, the Vendors, the Additional Parties and the Blumenthal Parties have agreed to engage in good faith with the Company to achieve an equivalent outcome. This may include them selling the Consideration Securities for a total consideration of \$1.00, to be disposed of by an independent third-party on-market in an orderly fashion with all proceeds (less any fees payable to the independent third party) being remitted to the Company. The Vendors will also repay to the Company any amounts received by them as a result of any sales of the Consideration Securities, including Red Marlin and BBD paying the Proceeds of Sale. The Company will then transfer to the Vendors 100% of the issued capital in NVPL and VanMin, with the Vendors to reimburse the Company for all amounts paid by it in connection with the tenements.

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## 4. Resolutions 1 -3 - Election of Directors

### 4.1 General

Clause 11.11 of the Constitution allows the Company in general meeting by resolution and the Board at any time to appoint at any time a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to Clause 11.7 of the Constitution, no person other than a Director seeking re-election shall be eligible for election to the office of Director at any general meeting unless he or some Shareholder has given notice of the nomination to the Company in the prescribed form and the Company has received the proposed Director's consent to act.

The current Directors, namely Messrs Brian Thomas, David Izzard, John Hannaford, Nick Johansen and Scott Paterson, were appointed as interim Non-Executive Directors of the Company on 15 May 2019 (**Interim Directors**).

On 22 May 2019, the Company announced a Director nomination process, allowing Shareholders holding more than 3 million Shares a two-week period to nominate a Director for review and possible appointment. The Company has received letters from the Shareholders nominating four persons for election as Directors (**Nominated Directors**), as well as the Nominated Directors' consent to act, in accordance with the nomination process and Clause 11.7 of the Constitution.

The Company appointed Mr Tony Taylor of Stanton Chase to review and adjudicate the Nominated Directors, along with the Interim Directors, to determine which proposed Directors to put to Shareholders for approval at this Meeting (**Proposed Directors**). Mr Taylor had regard to the need for the Board to be of an appropriate size and

collectively to have the necessary skills, commitment and knowledge to discharge its responsibilities as the board of an ASX listed entity.

The Interim Directors will resign as Directors at the Meeting and the following Proposed Directors are put to Shareholders for election as Directors at the Meeting:

- (a) Mr Nick Johansen, pursuant to Resolution 1;
- (b) Mr Brian Thomas, pursuant to Resolution 2; and
- (c) Mr Matthew Bull, pursuant to Resolution 3.

On 14 August 2019, Mr Scott Paterson and Mr David Izzard tendered their resignations effective immediately. In addition, Mr John Hannaford advised that he did not intend to seek re-election at the Meeting. The Proposed Directors' biographical details are set out below.

If elected, the Board considers Messrs Nick Johansen, Brian Thomas, and Matthew Bull to be independent.

Resolutions 1 to 3 are ordinary resolutions.

Mr John Hannaford, the only current Director not seeking election at the Meeting, recommends that Shareholders vote in favour of Resolutions 1 to 3.

#### **4.2 Mr Nick Johansen**

A solicitor with extensive mining experience, ranging from junior exploration to production, across a range of commodities, Mr Johansen has expertise in transactions, resources regulation, native title and environmental law. He completed his Graduate Diploma of Legal Practice at Australian National University. In addition, he holds a BA in economics from the University of Adelaide.

Currently he is non-executive chairman of logistics firm, Orcoda (ASX: ODA), and a director of AIM-listed Armadale Capital (LSE: ACP) which has early stage mining assets in Africa.

#### **4.3 Mr Brian Thomas**

**BSc MBA MAusIMM MAICD SAFin**

Mr Thomas is the Principal of a boutique corporate advisory practice providing advice on corporate finance, M&A, technical reviews, investor relations and market communications. He is able to access a significant capital markets and corporate advisory network. He has partnered with and advised corporate advisors, financial advisors and high net worth investor groups in creating and investing in small to mid-market capitalisation companies. He has also provided Non-Executive Chairman and Director representation on their behalf plus advised the boards and management on corporate finance, M&A, investor relations and fund raising. This followed a 15-year financial services career with Westpac Institutional Bank, a private property funds management group, Merrill Lynch Investment Bank, McIntosh Limited and Morgan Stockbroking.

In addition, he has extensive professional and pre-professional experience in senior operational management in the resources industry in both production and exploration settings working in a diverse range of commodities such as precious, base and energy metals, industrial minerals, diamonds, bulk commodities plus oil and gas. Mr Thomas graduated from the University of Adelaide with a BSc in Geology and Mineral

Economics, the University of Western Australia Business School with an MBA and the Securities Institute of Australia (now FinSIA) with a Certificate in Applied Finance and Investment.

His past directorships of ASX companies include: Strickland Resources Ltd (ASX:STK) (Non-Executive Director); Orinoco Gold Ltd (ASX:OGX) (Non-Executive Director); Transit Holdings Limited (ASX:TRH)/Potash Minerals Ltd (ASX:POK) (Non-Executive Director); Charter Pacific Corporation Ltd (ASX:CHF) (Non-Executive Director); Aragon Resources Limited (ASX:AAG) (Non-Executive Director); Auris Minerals Ltd (ASX:AUR) (Non-Executive Director - Current); Cougar Metals NL (ASX:CGM) (Non-Executive Director); Tempo Australia Ltd (ASX:TPP) (Non-Executive Director); Noah Resources Ltd (ASX:NOA) (Non-Executive Chairman); Bailey Minerals NL (ASX:BAA) (Non-Executive Chairman); Parker Resources NL (ASX:PKR) (Non-Executive Chairman); White Cliff Nickel Ltd (ASX:WCN) (Non-Executive Chairman); Chrome Corporation Ltd (ASX:CCI) (Managing Director).

#### **4.4 Mr Matthew Bull**

Mr Bull is a geologist with over 10 years' experience in the mining and exploration industry. He has worked in a wide range of commodities including graphite, bauxite, gold, iron ore, copper and coal. He has considerable experience on the operation greenfield and resource development drilling exploration programs. His previous positions include consultant geologist working on Discovery Africa's Tanzanian Graphite Project and CEO/Chief Geologist at Baru Resources.

Mr Bull was previously a director/exploration manager of Volt Resources (ASX:VRC) and is currently a Non-Executive Director/exploration manager of Lindian Resources (ASX:LIN).

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## **5. Resolutions 4 & 5 - Capital reduction of Consideration Shares**

### **5.1 General**

Resolutions 4 and 5 seek Shareholder approval for a selective capital reduction and cancellation of 537,408,750 Consideration Shares issued to the Vendors and 433,429,988 Consideration Shares transferred to the Blumenthal Parties respectively, for total consideration of \$1.00 per person having their Shares cancelled.

Resolutions 4 and 5 are special resolutions and therefore require approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney, or in the case of a corporate Shareholder, by a corporate representative).

The Board recommends that Shareholders vote in favour of Resolutions 4 and 5. For additional details on the Board's recommendation to unwind the Vanadium Acquisitions, please refer to Section 3.3.

### **5.2 Sections 256B and 256C(2) of the Corporations Act**

Section 256B of the Corporations Act provides that a company may reduce its share capital by cancelling the shares if the reduction:

- (a) is fair and reasonable to the company's shareholders;
- (b) does not materially prejudice the company's ability to pay its creditors; and

(c) is approved by shareholders under section 256C of the Corporations Act.

To enable the Company to make the capital reduction by cancelling the Consideration Shares, section 256C(2) of the Corporations Act requires a special resolution of the Shareholders passed at a general meeting as the capital reduction proposed for the Company is a selective reduction because the terms of the reduction will not be the same for all Shareholders; only 966,419,157 Consideration Shares will be cancelled. No votes may be cast on the resolutions by any persons whose shares are to be bought back, or by their associates.

Resolutions 4 and 5 seek Shareholder approval for a selective capital reduction and cancellation of 537,408,750 Consideration Shares issued to the Vendors and 433,429,988 Consideration Shares transferred to the Blumenthal Parties respectively, for total consideration of \$1.00 per person having their Shares cancelled.

A separate meeting of the Vendors has been convened to be held at the later of the conclusion of this Meeting, and 10:30am on Friday, 27 September 2019 at the same venue as the Meeting. At this meeting, a resolution will be put to the Vendors pursuant to section 256C of the Corporations Act for the selective capital reduction of the Consideration Shares held by the Vendors. Under the Standstill Deeds, the Vendors have undertaken to vote in favour of this resolution.

Similarly, a separate meeting of the Blumenthal Parties has been convened to be held at the later of the conclusion of the meeting of the Vendors described above, and 10:45am on Friday, 27 September 2019 at the same venue as the Meeting. At this meeting, a resolution will be put to the Blumenthal Parties pursuant to section 256C of the Corporations Act for the selective capital reduction of the Consideration Shares held by the Blumenthal Parties. Under the Standstill Deed, the Blumenthal Parties have undertaken to vote in favour of this resolution.

### **5.3 Effect of the proposed capital reduction**

The Directors believe the proposed capital reduction is fair and reasonable to Shareholders as a whole because the Consideration Shares were issued as consideration for the Vanadium Acquisitions, which will be unwound in accordance with the process set out in the Remediation Proposal. The Directors also believe that the proposed capital reduction will not materially prejudice the Company's ability to pay its creditors as no cash consideration was paid for the issue of the Consideration Shares. Therefore, the Directors consider it appropriate and necessary to cancel the Consideration Shares.

The Consideration Shares held by the Vendors comprise 20.28% of the total Shares currently on issue, while the Consideration Shares held by the Blumenthal Parties comprise 16.36% of the total Shares currently on issue.

There is no information known to the Company that is material to the decision on how to vote on Resolution 4 and 5 other than what has been disclosed in this Notice.

Pursuant to the Corporations Act, the Company may cancel the Consideration Shares 14 days after the lodgement of Resolutions 4 and 5 (once the requisite Shareholder approvals have been received) with the ASIC.

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## **6. Resolution 6 - Cancellation of Consideration Options held by Blumenthal Parties**

Under the terms of the Standstill Deed entered into between the Company and the Blumenthal Parties, the Blumenthal Parties agreed to the cancellation of the

Consideration Options with effect from the time their Consideration Shares are cancelled. Nominal consideration of \$1.00 per person having their Consideration Options cancelled is payable.

Under Listing Rule 6.23.2, a change which has the effect of cancelling an option for consideration can only be made if holders of ordinary securities approve the change.

The Company therefore requires prior Shareholder approval pursuant to Listing Rule 6.23.2 for the cancellation of the Blumenthal Options.

Resolution 6 is conditional on the passing of Resolution 5 (capital reduction of Consideration Shares held by Blumenthal Parties).

Resolution 6 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 6.

For completeness, it is noted that under the terms of the Standstill Deeds entered into between the Company and the Vendors, the Vendors have agreed to the cancellation of the Consideration Options with effect from the time that their Consideration Shares are cancelled. No consideration is payable to the Vendors in exchange for this cancellation. As no consideration is payable, Shareholder approval for the cancellation is not required. There is therefore no requirement for an additional resolution for the cancellation of the Vendors' Consideration Options.

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## **7. Resolution 7 - Consolidation of capital**

### **7.1 General**

Resolution 7 seeks Shareholder approval for the Company to undertake a consolidation of its capital on a 20 for 1 basis (**Consolidation**).

Resolution 7 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 7.

### **7.2 Legal requirements**

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

Listing Rule 7.22.1 requires that when a listed entity undertakes a consolidation of capital, the number of its options must be consolidated in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio.

### **7.3 Fractional entitlements**

Not all Security holders will hold that number of Securities (as the case may be) which can be evenly divided by 20. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Security.

### **7.4 Taxation**

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, Security holders are advised to seek their own tax

advice on the effect of the Consolidation and the Company accepts no responsibility for the individual taxation implications arising from the Consolidation.

## **7.5 Holding statements**

From the date of the Consolidation, all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities.

It is the responsibility of each Security holder to check the number of Securities held prior to disposal or exercise (as the case may be).

## **7.6 Effect on capital structure**

The approximate effect which the Consolidation will have on the Company's current capital structure is set out in Section 3.7 above. All numbers are subject to rounding.

## **7.7 Consolidation timetable**

If Resolution 7 is passed, the Consolidation will take effect in accordance with the timetable set out in Section 3.10.



## Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

**\$ or A\$** means Australian Dollars.

**Aceglow** means Aceglow Holdings Pty Ltd (ACN 144 938 143)

**Additional Parties** means Aceglow and ECP.

**Amendment Agreements** has the meaning given in Section 3.1(c).

**ASX** means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**Blumenthal Parties** means Horatio Street Pty Ltd (ACN 612 793 272), Anglo Menda Pty Ltd (ACN 608 554 052) and Pacific Continental Holdings Pty Ltd (ACN 619 428 901).

**Board** means the board of Directors.

**Chair** means the person appointed to chair the Meeting of the Company convened by the Notice.

**Clause** means a clause of the Constitution.

**Company** means Hardey Resources Limited (ACN 115 593 005).

**Consideration Options** means Quoted Options issued to the Vendors (or their nominees), or transferred to the Blumenthal Parties.

**Consideration Securities** means the Consideration Shares and the Consideration Options.

**Consideration Shares** means Shares issued to the Vendors (or their nominees), or transferred to the Blumenthal Parties, which are the subject of Resolutions 4 and 5.

**Consolidation** means the proposed consolidation of the Company's Securities as described in Resolution 7.

**Constitution** means the constitution of the Company as at the date of the Meeting.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**ECP** means Energy Capital Partners Pty Ltd (ACN 159 444 318).

**Equity Security** has the same meaning as in the Listing Rules.

**EverBlu** means EverBlu Capital Pty Ltd (ACN 612 793 683).

**Explanatory Memorandum** means the explanatory memorandum which forms part of the Notice.

**Interim Directors** means Messrs Brian Thomas, David Izzard, John Hannaford, Nick Johansen and Scott Paterson.

**Listing Rules** means the listing rules of ASX.

**Meeting** has the meaning given in the introductory paragraph of the Notice.

**Notice** means this notice of general meeting.

**NVPL** means Nelly Vanadium Pty Ltd (ACN 626 056 371).

**NVPL Vendors** means the vendors of the shares in NVPL (excluding, for the avoidance of doubt, the Additional Parties), as set out in the table in Section 3.1.

**Option** means an option to acquire a Share.

**Proceeds of Sale** means the proceeds of any sales (whether on market or otherwise) of any Consideration Securities received by the Additional Parties in connection with the Vanadium Acquisitions, or transferred to the Blumenthal Parties, as detailed in the Remediation Proposal.

**Proposed Directors** means Messrs John Hannaford, Nick Johansen, Brian Thomas, David Izzard and Matthew Bull.

**Proxy Form** means the proxy form attached to the Notice.

**Quoted Options** means Options quoted on the ASX (ASX:HDYOC), exercisable at \$0.02 each (pre-Consolidation) on or before 30 April 2020, issued on the terms and conditions set out in Schedule 2.

**Remediation Proposal** means the remediation proposal set out in the letter announced by the Company on the ASX market announcements platform on 8 March 2019.

**Resolution** means a resolution referred to in the Notice.

**Schedule** means a schedule to the Notice.

**Section** means a section of the Explanatory Memorandum.

**Securities** means any Equity Securities of the Company (including Shares and/or Options).

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means the holder of a Share.

**Standstill Deeds** means the deeds entered into between the Company and the NVPL Vendors, the Company and the VanMin Vendors, the Company and the Additional Parties, and the Company and the Blumenthal Parties, pursuant to which the parties agreed, inter alia, not to dispose of or exercise any of the Consideration Securities issued or transferred to them.

**Trading Day** has the meaning given in the Listing Rules.

**Vanadium Acquisitions** means the Company's acquisitions of NVPL and VanMin.

**VanMin** means Vanadium Mining Pty Ltd (ACN 621 703 991).

**VanMin Vendors** means the vendors of the shares in VanMin (excluding, for the avoidance of doubt, the Additional Parties), as set out in the table in Section 3.1.

**Vendors** means the NVPL Vendors and the VanMin Vendors.

**VWAP** means volume weighted average market price.

**WST** means Western Standard Time being the time in Perth, Western Australia.

## Schedule 2 - Terms and conditions of Quoted Options

The terms of the Quoted Options are as follows:

1. **(Entitlement):** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
2. **(Exercise Price):** Subject to paragraph 9, the amount payable upon exercise of each Option will be \$0.02 (on a pre-Consolidation basis) **(Exercise Price)**.
3. **(Expiry Date):** Each Option will expire at 5:00 pm (WST) on 30 April 2020 **(Expiry Date)**. An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
4. **(Exercise Period):** The Options are exercisable at any time on or prior to the Expiry Date **(Exercise Period)**.
5. **(Notice of Exercise):** The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate **(Notice of Exercise)** and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
6. **(Exercise Date):** A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds **(Exercise Date)**.
7. **(Timing of issue of Shares on exercise):** Within 15 Business Days after the Exercise Date, the Company will:
  - (a) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
  - (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
  - (c) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under 7(b) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.
8. **(Shares issued on exercise):** Shares issued on exercise of the Options rank equally with the then issued shares of the Company.
9. **(Reconstruction of capital):** If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

10. **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
11. **(Change in exercise price):** An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
12. **(Transferability):** The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.
13. **(Quotation):** The Company will apply for quotation of the Options on ASX.

## Schedule 3 -Executive Summary from CSA Report

### Executive Summary

CSA Global has undertaken a desktop technical review of Hardey Resources' Vanadium projects in Queensland, the Northern Territory and Argentina, to assist the Board in assessing the technical merits of these projects.

### Queensland Projects

Hardey's Queensland vanadium projects (Sharptooth, Spike, Petrie and Cera) cover outcropping and subcropping Toolebuc Formation, which forms an outcropping rim around both the Eromanga and Carpentaria Basins, as well as in the Euroka Arch area. The Toolebuc Formation is regionally prospective for oil shale and vanadium mineralisation. Vanadium within the Toolebuc Formation originally concentrated in organic fractions derived from marine organisms and, during early diagenesis, the vanadium re-mobilised and became associated with (mainly illitic) clays. Weathering of the Toolebuc Formation frequently results in substantial vanadium enrichment compared with the fresh rock.

A single drillhole (PacMinex drill hole RH15) drilled within the Sharptooth licence, returned 13 m (3.5 m to 16.5 m depth) at 0.27% V<sub>2</sub>O<sub>5</sub> including 4 m at 0.31% V<sub>2</sub>O<sub>5</sub> (company report CR4434).

In mid-2010, Hancock Exploration Management Services (HEMS) completed an aircore drilling programme consisting of 413 air core holes drill for 12,400 m in total. This aircore drilling programme targeted the Toolebuc Formation, and overlapped with the current Cera and Petrie tenements, as well as the extreme southern portion of the Spike tenement. Holes were logged, where possible, using an Auslog gamma probe, and all samples were analysed using a hand-held Niton XRF spectrometer.

No Mineral Resources have been defined on the licences, but there are several large vanadium Mineral Resources in the region, underlain by Toolebuc Formation. Typical resource grades are ≈0.3% V<sub>2</sub>O<sub>5</sub>. Vanadium in these deposit types is bonded to the clay particulate fraction and the combination of size fraction, clay mineralogy and organic chemistry does not respond well to many traditional extraction techniques. To date no process has produced results suitable for full-scale commercial operation for viable economic extraction of the vanadium. At present, there are no mining operations globally extracting vanadium product from shale-hosted vanadium mineralisation.

While the Hardey projects are at an early stage, there is strong potential for vanadium mineralisation as indicated by the presence of the Toolebuc Formation on all the licences, with the presence, along strike, of current vanadium Mineral Resources, enhancing the prospectivity of the Sharptooth tenement. CSA Global considers there to be a high likelihood of vanadium mineralisation underlying much of the tenure, and there is a clear path towards defining a vanadium Mineral Resource, although the viability of economically obtaining a saleable vanadium product from this type of deposit has not yet been demonstrated, and this raises a question on the reasonable prospects for eventual economic extraction test of a resource, though other parties have taken a long term view and identified Toolebuc-hosted vanadium Mineral Resources.

*It is CSA Global's opinion that this tenement package is prospective for hosting vanadium. However substantial time and effort will be required to move beyond simply identifying and quantifying a vanadium resource to developing a technically viable and socially permissible mining and processing operation.*

To progress the assessment of the vanadium potential on these tenements the target stratigraphy and historical data needs confirmation. Following this confirmation, resource definition drilling would be the next stage to quantify grades and tonnages of material. In parallel with the resource definition work, early stage metallurgical and processing work would be required.

### Northern Territory Projects

The Wollagalong and Mt Chisholm licences are in the Northern Territory of Australia. These licences are adjacent to the Mt Peake vanadiferous titanomagnetite (VTM) deposit, where vanadium occurs within

magnetite grains that are present as layers within a gabbroic intrusion. The Mt Peake project has returned positive economics in a Definitive Feasibility study, despite being much lower grade ( $\approx 0.4\%$   $V_2O_5$ ,  $\approx 7\%$   $TiO_2$ ) than the well-documented Bushveld Complex deposits in South Africa ( $>0.6\text{--}2.0\%$   $V_2O_5$  and  $9\text{--}10\%$   $TiO_2$ ), primarily due to the TIVAN® processing methodology that reportedly removes the CAPEX constraints associated with expensive solvent extraction techniques, and results in the production of several saleable product streams.

Cover sequences are present on both licences and no mafic rocks are shown as outcropping on geological maps; the premise behind the prospectivity of the licences is the apparent continuation of the geophysical (aeromagnetic) signature associated with Mt Peake Deposit onto the licences.

Historical exploration on the licences is limited and was focussed on gold exploration; as such there is no definitive data that indicates the presence of mafic rocks on either of the licences.

The Wollagalong licence is considered the most prospective for VTM mineralisation, with the southern edge of the licence underlain by the continuation of the Mt Peake geophysical anomaly. Prospectivity at Chisholm is considered lower, with only a “stringer” like continuation of the Mt Peake anomaly onto the licence and a separate aeromagnetic high occurring to the south of the licence; the origin of which is unknown.

It is reasonable to expect that the continuations of the Mt Peake anomaly onto the Wollagalong licence represent the extension of mafic rocks, beneath cover, onto the licences, although the depth of the cover remains to be ascertained. However, the presence of mafic rocks does not necessarily imply the presence of “economic” magnetite accumulations, nor does a high magnetic signal. Similarly, there is no guarantee that the magnetite will exhibit the same degree of vanadium or titanium enrichment as the Mt Peake magnetite as this is likely a function of magmatic fractionation and may differ from layer to layer within a differentiated magmatic intrusion – e.g. in the Bushveld Complex not all the magnetite layers are enriched in vanadium.

In CSA Global’s opinion, the recent valuation carried out by Agricola has overstated the geological prospectivity of both the Wollagalong and Chisholm licences. Similarly, the prospective area on each of the licences is considered, by CSA Global, to be considerably less than the 50% postulated by Agricola. The licences, while conceptually prospective for Mt Peak style VTM mineralisation, do not have demonstrable on-licence geological evidence for VTM mineralisation.

The following recommendations are made to further technically de-risk the NT licences:

- Undertake inversion modelling of the aeromagnetic data to generate targetable geophysical solids that are considered to be the most magnetite rich and to determine likely depth of the targets beneath cover. Magnetic inversion and forward modelling is likely to cost in the region of \$25,000;
- In the event of target depth being reasonably shallow, consider undertaking partial leach geochemical exploration over the areas considered most magnetite-rich, the test for elevated mafic-metal associations under cover i.e. V, Cr, Ni, Co – this is potentially applicable to Wollagalong but less likely to be applicable at Chisholm and;
- In the event of co-incident high-magnetic geophysical targets being overlain by an elevated mafic geochemical signature; these would warrant initial drill testing to determine:
  - The presence of mafic rocks at an acceptable depth
  - Potential correlation of the high magnetic signal with actual magnetite accumulations
  - Determine whether there is elevated V in the magnetite (if present/if intersected).

## Nelly Mine

Nelly Vanadium Mine, acquired by Hardey Resources in August 2018, is a 53-hectare tenement located 170 km from San Luis, the capital of San Luis Province in Argentina. According to legacy records, the tenement contains an abandoned mine that was active between 1949 to 1957.

Nelly Mine appears to be a base-metal vanadate deposit, which is a relatively rare deposit type that is of only minor importance relative to other vanadium deposit types. Almost all base-metal vanadate deposits occur in the oxidized zones of base-metal vein and replacement deposits. Vanadate deposits are largely restricted to tropical and temperate zones and regions of dry climate. It is thought that they form via groundwater leaching of vanadium and molybdenum from the country rock, and precipitation of the oxidized base-metal minerals in the zone of oxidation.

The so-called "La Nelly" deposit is hosted in micaceous schists intruded by post-kinematic pegmatites possibly related to the Las Chacras batholith of lower Carboniferous age. It has been suggested that brittle deformation associated with extensional tectonic processes allowed hydrothermal fluids to rise, leading to emplacement of mineralised veins containing base-metal sulphides. These veins were then affected by vanadium-enriched meteoric water leading to precipitation of base-metal vanadate minerals.

The Nelly Mine likely represents a base-metal vanadate deposit of limited size, with a total strike length of  $\approx 1.1$  km of mineralisation identified. It is unknown if any strike extensions could be found, or the extent of other mineralised veins in the area. It has been assumed that the veins identified in old workings form a continuous trend; however, it is noted that the veins may grade laterally into a stockwork – therefore mineralisation may not be continuous along strike. Because base-metal vanadate deposits typically occur only in the upper (oxidised) portions of base-metal deposits, there is likely to be a limited depth of mineralisation at the La Nelly and care should be taken not to overestimate the depth of mineralisation unless it can be definitively shown to extend at depth. An additional consideration is that at 53 Ha, the licence area does have much potential for exploration of additional mineralised veins that could create significant tonnages.

Although grades of  $>1\%$  have been reported from recent grab samples and historical records, it is unclear how vanadium is distributed through the deposit or if mineralisation is continuous.

Although the opportunity may exist to create a high-grade vanadium concentrate via flotation of vanadinite, it is unclear what the downstream treatment options for such a concentrate would be. Although mention has been made in Hardey Resources ASX announcements of creating a direct shipping ore vanadium product, it is unclear what such a product would be – vanadium grades would need to be at least 1.5% V<sub>2</sub>O<sub>5</sub> for consideration by a primary vanadium roasting plant, and the lead (and arsenic) contents of the material may prove problematic.

Several key questions will need to be addressed for advancement of the project:

- Distribution of vanadium – several trenches should be dug and sampled, or channel samples should be taken across the veins, systematically along strike at several locations, in order to assess the distribution of vanadium in the oxidised portions of the veins;
- Minor drilling should be carried out to intersect the veins below the oxidised portion, to assess if vanadium mineralisation continues at depth;
- Soil geochemistry should be carried out to identify other potential targets for mineralisation;
- Work should be done to investigate the processing options for the ore. This could include vanadinite flotation tests and hydrometallurgical extraction tests on the concentrates produced; and
- The availability of additional licence areas surrounding the current claim boundaries should be investigated.

It is CSA Global's opinion that this tenure holding represents a base-metal vanadate deposit of limited size, with limited prospects for expansion. There is also significant uncertainty with regards to metallurgy and

potentially viable processing of the ore, as well as the feasibility of generating a saleable concentrate that would meet grade and purity specifications. Therefore, this tenure is less likely to be of value to a company intending to proceed to mining in the near future.



Schedule 4 - Pro forma balance sheet

	Hardey Resources Limited Unaudited 30-Jun-19 \$	Pro Forma Adjustments (a)	Total \$
<b>Current Assets</b>			
Cash and cash equivalents	516,052	272,578	788,630
Trade and other receivables	405,689	-272,578	133,111
<b>Total current assets</b>	<b>921,741</b>	<b>-</b>	<b>921,741</b>
<b>Non Current Assets</b>			
Exploration and evaluation assets	17,047,952	-	17,047,952
Available for sale financial assets	1,119	-	1,119
Plant and equipment	26,403		26,403
<b>Total non current assets</b>	<b>17,075,474</b>	<b>0</b>	<b>17,075,474</b>
<b>Total assets</b>	<b>17,997,215</b>	<b>0</b>	<b>17,997,215</b>
<b>Current liabilities</b>			
Trade and other payables	487,644	-	487,644
<b>Total current liabilities</b>	<b>487,644</b>	<b>-</b>	<b>487,644</b>
<b>Total liabilities</b>	<b>487,644</b>		<b>487,644</b>
<b>Net assets</b>	<b>17,509,571</b>	<b>0</b>	<b>17,509,571</b>
<b>Equity</b>			
Contributed equity	26,885,215		26,885,215
Reserves	5,531,168	-	5,531,168
Accumulated losses	-14,906,812		-14,906,812
<b>Total equity</b>	<b>17,509,571</b>	<b>-</b>	<b>17,509,571</b>

Notes:

(a) Effect on balance sheet of unwinding Vanadium Acquisitions. \$ 272,578

\$ 272,578



ABN 45 115 593 005



HDY
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?

Phone: 1300 369 046 (within Australia) +61 3 9415 4431 (outside Australia)

Online: www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by 10:00am (WST) Wednesday, 25 September 2019.

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person.

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission.

Lodge your Proxy Form: XX

Online:

Use your computer or smartphone to appoint your proxy and vote at www.investorvote.com.au or scan your personalised QR code below using your smartphone.

Your secure access information is



Control Number: 999999
SRN/HIN: I9999999999
PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or +61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Hardey Resources Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Hardey Resources Limited to be held at Quest West Perth, 54 Kings Park Road, West Perth, Western Australia on Friday, 27 September 2019 at 10:00am (WST) and at any adjournment or postponement of that meeting.

## Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Election of Director - Mr Nick Johansen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Director - Mr Brian Thomas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Director - Mr Matthew Bull	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Capital reduction of Consideration Shares held by Vendors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Capital reduction of Consideration Shares held by Blumenthal Parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Cancellation of Consideration Options held by Blumenthal Parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Consolidation of capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

<input type="text"/>	<input type="text"/>	<input type="text"/>	/ /
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

### Update your communication details (Optional)

<input type="text"/>	<input type="text"/>
Mobile Number	Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically





ACN 115 593 005

## NOTICE OF MEETING - VENDORS

<b>Location:</b>	Quest West Perth 54 Kings Park Road, West Perth, Western Australia
<b>Date:</b>	Friday, 27 September 2019
<b>Time:</b>	The later of the conclusion of the General Meeting and 10:30am

*The Notice of Meeting of the Vendors should be read in its entirety. If Vendors are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional advisor prior to voting.*

*Should you wish to discuss any matter, please do not hesitate to contact the Company Secretary by telephone on (08) 6559 1792.*

Vendors are urged to attend or vote by lodging the proxy form attached to the Notice

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# HARDEY RESOURCES LIMITED

ACN 115 593 005

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## NOTICE OF MEETING OF VENDORS

Notice is hereby given that the meeting of the Vendors will be held at Quest West Perth, 54 Kings Park Road, West Perth WA 6005, Western Australia on Friday, 27 September 2019 at the later of the conclusion of the General Meeting and 10:30am (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

Terms and abbreviations used in the Notice are defined in Schedule 1.

## AGENDA

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### 1. Resolution 1 - Capital reduction of Consideration Shares held by Vendors

To consider and, if thought fit, to pass with or without amendment, as a **special resolution** the following:

*"That, pursuant to and in accordance with section 256C(2) of the Corporations Act and for all other purposes, Vendors approve the selective reduction of the Company's capital and cancellation of 537,408,750 Shares issued to the shareholders of Nelly Vanadium Pty Ltd and Vanadium Mining Pty Ltd with effect from the date that is 14 days after this Resolution is lodged with ASIC, on the terms and conditions set out in the Explanatory Memorandum."*

**Only the Vendors may vote on this Resolution.**

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a Vendor, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a Vendor, in accordance with a direction on the Proxy Form to vote as the proxy decides.

BY ORDER OF THE BOARD



Sarah Smith  
Company Secretary  
Hardey Resources Limited  
Dated: 28 August 2019

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# HARDEY RESOURCES LIMITED

ACN 115 593 005

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## EXPLANATORY MEMORANDUM

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### 1. Introduction

The Explanatory Memorandum has been prepared for the information of Vendors in connection with the business to be conducted at the Meeting to be held at Quest West Perth, 54 Kings Park Road, West Perth WA 6005, Western Australia on Friday, 27 September 2019 at the later of the conclusion of the General Meeting and 10:30am (WST) (Meeting).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolution will be voted.

The Vendors have also each been provided with a copy of the Notice of General Meeting. The Notice of General Meeting includes information to assist the Vendors in deciding how to vote on the Resolution. The Notice of General Meeting is incorporated into the Notice by reference.

The Explanatory Memorandum includes the following information to assist Vendors in deciding how to vote on the Resolution:

Section 2	Action to be taken by Vendors
Section 3	Background
Section 4	Resolution 1 - Capital reduction of Consideration Shares
Schedule 1	Definitions
Schedule 2	Vendors

A Proxy Form is located at the end of the Explanatory Memorandum.

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### 2. Action to be taken by Vendors

Vendors should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolution.

#### 2.1 Voting in person

To vote in person, attend the Meeting on the date and at the place set out above.

#### 2.2 Proxies

(a) Voting by proxy

A Proxy Form is attached to the Notice. This is to be used by Vendors if they wish to appoint a representative (a 'proxy') to vote in their place. All Vendors

are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Vendor from attending and voting at the Meeting in person.

Please note that:

- (i) a Vendor entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (ii) a proxy need not be a member of the Company; and
- (iii) a Vendor entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

(b) Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (i) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (ii) if the proxy has 2 or more appointments that specify different ways to vote on the resolution - the proxy must not vote on a show of hands;
- (iii) if the proxy is the chair of the meeting at which the resolution is voted on - the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (iv) if the proxy is not the chair - the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

(c) Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (i) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (ii) the appointed proxy is not the chair of the meeting;
- (iii) at the meeting, a poll is duly demanded on the resolution; and
- (iv) either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

## 2.3 Chair's voting intention

The Chair intends to exercise all available proxies in favour of the Resolution.

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## 3. Background to Resolution

A detailed background to the Resolution is provided in the Notice of General Meeting.

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## 4. Resolution 1 - Capital reduction of Consideration Shares

### 4.1 General

Resolution 1 seeks Vendor approval for a selective capital reduction and cancellation of 537,408,750 Consideration Shares issued to the Vendors, for total consideration of \$1.00 per person having their Shares cancelled.

Resolution 1 is a special resolution and therefore requires approval of 75% of the votes cast by Vendors present and eligible to vote (in person, by proxy, by attorney, or in the case of a corporate Vendor, by a corporate representative).

Pursuant to the terms of the Standstill Deeds, each of the Vendors have undertaken to the Company to vote in favour of this Resolution.

### 4.2 Sections 256B and 256C(2) of the Corporations Act

Section 256B of the Corporations Act provides that a company may reduce its share capital by cancelling the shares if the reduction:

- (a) is fair and reasonable to the company's shareholders;
- (b) does not materially prejudice the company's ability to pay its creditors; and
- (c) is approved by shareholders under section 256C of the Corporations Act.

To enable the Company to make the capital reduction by cancelling the Consideration Shares, section 256C(2) of the Corporations Act requires a special resolution of the Shareholders passed at a general meeting as the capital reduction proposed for the Company is a selective reduction because the terms of the reduction will not be the same for all Shareholders; only 537,408,750 Consideration Shares will be cancelled. No votes may be cast on the resolutions by any persons whose shares are to be bought back, or by their associates. This resolution is the subject of resolution 4 in the Notice of General Meeting.

Resolution 1 will only be put to Vendors for approval if resolution 4 being considered by Shareholders at the General Meeting is approved by the requisite majority of Shareholders. If resolution 4 is not approved by the requisite majority of Shareholders, Resolution 1 will be withdrawn.

### 4.3 Effect of the proposed capital reduction

The Directors believe the proposed capital reduction is fair and reasonable to Shareholders as a whole because the Consideration Shares were issued as consideration for the Vanadium Acquisitions, which will be unwound in accordance with the process set out in the Remediation Proposal. The Directors also believe that the proposed capital reduction will not materially prejudice the Company's ability to pay its creditors



as no cash consideration was paid for the issue of the Consideration Shares. Therefore, the Directors consider it appropriate and necessary to cancel the Consideration Shares.

The Consideration Shares held by the Vendors comprise 20.28% of the total Shares currently on issue.

There is no information known to the Company that is material to the decision on how to vote on Resolution 1 other than what has been disclosed in this Notice or the Notice of General Meeting, which is incorporated by reference into this Notice.

Pursuant to the Corporations Act, the Company may cancel the Consideration Shares 14 days after the lodgement of Resolution 1 (once the requisite Shareholder and Vendor approvals have been received) with the ASIC.

## Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

**\$ or A\$** means Australian Dollars.

**ASX** means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**Board** means the board of Directors.

**Chair** means the person appointed to chair the Meeting of the Company convened by the Notice.

**Company** means Hardey Resources Limited (ACN 115 593 005).

**Consideration Shares** means Shares issued to the Vendors (or their nominees) which are the subject of Resolution 1.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Explanatory Memorandum** means the explanatory memorandum which forms part of the Notice.

**General Meeting** means the general meeting of Shareholders convened by the Notice of General Meeting, and any adjournment or postponement of that general meeting.

**Meeting** has the meaning given in the introductory paragraph of the Notice.

**Notice** means this notice of meeting of the Vendors.

**Notice of General Meeting** means the notice of general meeting of the same date of this Notice, convening a meeting of Shareholders to be held on 27 September 2019 at 10:00am (WST).

**NVPL** means Nelly Vanadium Pty Ltd (ACN 626 056 371).

**NVPL Vendors** means the vendors of the shares in NVPL.

**Proxy Form** means the proxy form attached to the Notice.

**Remediation Proposal** means the remediation proposal set out in the letter announced by the Company on the ASX market announcements platform on 8 March 2019.

**Resolution** means the resolution referred to in the Notice.

**Schedule** means a schedule to the Notice.

**Section** means a section of the Explanatory Memorandum.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means the holder of a Share.

**Standstill Deeds** means the deeds entered into between the Company and the NVPL Vendors and the Company and the VanMin Vendors, pursuant to which the parties agreed, inter alia, not to dispose of or exercise any of the Consideration Shares issued or transferred to them.

**Vanadium Acquisitions** means the Company's acquisitions of NVPL and VanMin in August 2018 pursuant to separate heads of agreement, as approved by Shareholders at the 2018 annual general meeting of the Company.

**VanMin** means Vanadium Mining Pty Ltd (ACN 621 703 991).

**VanMin Vendors** means the vendors of the shares in VanMin.

**Vendors** means the NVPL Vendors and the VanMin Vendors, as set out in Schedule 2.

**WST** means Western Standard Time being the time in Perth, Western Australia.

## Schedule 2 - Vendors

Vendors	Consideration Shares
Red Marlin Pty Ltd (ACN 154 804 949) ATF Red Marlin Trust	104,645,897
Strat Plan Pty Ltd (606 815 641) ATF Strat Plan Trust	155,119,000
BBD Custodians Pty Ltd (ACN 154 804 912) ATF BBD Trust	104,645,897
Condor Prospecting Pty Ltd (ACN 615 725 945)	94,165,794
JD Squared Investments Pty Ltd (ACN 137 967 483) ATF JD Squared Investments Trust	25,666,081
Vassago Pty Ltd (ACN 128 802 166) ATF Aston Trust	25,666,081
Lance Christopher Hubbard	27,500,000
<b>Total</b>	<b>537,408,750</b>

**HARDEY RESOURCES LIMITED**  
ACN 115 593 005  
**PROXY FORM**

The Company Secretary  
Hardey Resources Limited

**By post:** C/- Mirador Corporate  
Suite 2, Level 1, 1 Altona Street, West Perth, WA 6005  
**By hand delivery:** Suite 2, Level 1, 1 Altona Street, West Perth, WA 6005  
**By email:** ss@miradorcorporate.com

**Name of Shareholder:**

**Address of Shareholder:**

**Number of Shares entitled to vote:**

Please mark  to indicate your directions. Further instructions are provided overleaf.

**STEP 1 - APPOINT A PROXY TO VOTE ON YOUR BEHALF**

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the Meeting.

I/We being a Shareholder hereby appoint:

The Chair of the Meeting  OR if you are NOT appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

(mark box)

Or failing the person/body corporate named, or if no person/body corporate is named, the Chair of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Meeting of the Vendors to be held at Quest West Perth, 54 Kings Park Road, Western Australia on Friday, 27 September 2019 at the later of 10:30am (WST) and the conclusion of the General Meeting, and at any adjournment or postponement of that Meeting.

**CHAIR'S VOTING INTENTIONS IN RELATION TO UNDIRECTED PROXIES**

The Chair intends to vote all undirected proxies in favour of the Resolution. In exceptional circumstances the Chair may change his/her voting intentions on the Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

**STEP 2 - INSTRUCTIONS AS TO VOTING ON RESOLUTION**

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

	For	Against	Abstain*
Resolution 1      Capital reduction of Consideration Shares held by Vendors			

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

\* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**Authorised signature/s** This section *must* be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1  	Shareholder 2  	Shareholder 3  
Sole Director/Company Secretary	Director	Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

<sup>1</sup>Insert name and address of Shareholder

<sup>2</sup> Insert name and address of proxy

\*Omit if not applicable

### PROXY NOTES

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be provided to the Company Secretary at an address provided above (by post, hand delivery, facsimile or email) not less than 48 hours prior to the time of commencement of the Meeting (WST).



ACN 115 593 005

## NOTICE OF MEETING - BLUMENTHAL PARTIES

<b>Location:</b>	Quest West Perth 54 Kings Park Road, Western Australia
<b>Date:</b>	Friday, 27 September 2019
<b>Time:</b>	The later of the conclusion of the Vendor Meeting and 10:45am

*The Notice of Meeting of the Blumenthal Parties should be read in its entirety. If Blumenthal Parties are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional advisor prior to voting.*

*Should you wish to discuss any matter, please do not hesitate to contact the Company Secretary by telephone on (08) 6559 1792.*

Blumenthal Parties are urged to attend or vote by lodging the proxy form attached to the Notice

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# HARDEY RESOURCES LIMITED

ACN 115 593 005

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## NOTICE OF MEETING OF BLUMENTHAL PARTIES

Notice is hereby given that the meeting of the Blumenthal Parties will be held at Quest West Perth, 54 Kings Park Road, West Perth WA 6005, Western Australia on Friday, 27 September 2019 at the later of the conclusion of the Vendor Meeting and 10:45am (WST) (Meeting).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

Terms and abbreviations used in the Notice are defined in Schedule 1.

## AGENDA

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### 1. Resolution 1 - Capital reduction of Consideration Shares held by Blumenthal Parties

To consider and, if thought fit, to pass with or without amendment, as a **special resolution** the following:

*"That, pursuant to and in accordance with section 256C(2) of the Corporations Act and for all other purposes, the Blumenthal Parties approve the selective reduction of the Company's capital and cancellation of 433,429,988 Shares originally issued to the shareholders of Nelly Vanadium Pty Ltd or Vanadium Mining Pty Ltd (or their nominees) and subsequently transferred to the Blumenthal Parties with effect from the date that is 14 days after this Resolution is lodged with ASIC, on the terms and conditions set out in the Explanatory Memorandum."*

**Only the Blumenthal Parties may vote on this Resolution.**

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

BY ORDER OF THE BOARD



Sarah Smith  
Company Secretary  
Hardey Resources Limited  
Dated: 28 August 2019



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# HARDEY RESOURCES LIMITED

## ACN 115 593 005

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### EXPLANATORY MEMORANDUM

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## 1. Introduction

The Explanatory Memorandum has been prepared for the information of Blumenthal Parties in connection with the business to be conducted at the Meeting to be held at Quest West Perth, 54 Kings Park Road, West Perth WA 6005, Western Australia on Friday, 27 September 2019 at the later of the conclusion of the Vendor Meeting and 10:45am (WST) (**Meeting**).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolution will be voted.

The Blumenthal Parties have also each been provided with a copy of the Notice of General Meeting. The Notice of General Meeting includes information to assist the Blumenthal Parties in deciding how to vote on the Resolution. The Notice of General Meeting is incorporated into the Notice by reference.

The Explanatory Memorandum includes the following information to assist Blumenthal Parties in deciding how to vote on the Resolution:

Section 2	Action to be taken by Blumenthal Parties
Section 3	Background
Section 4	Resolution 1 - Capital reduction of Consideration Shares
Schedule 1	Definitions
Schedule 2	Blumenthal Parties

A Proxy Form is located at the end of the Explanatory Memorandum.

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## 2. Action to be taken by Blumenthal Parties

The Blumenthal Parties should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolution.

### 2.1 Voting in person

To vote in person, attend the Meeting on the date and at the place set out above.

### 2.2 Proxies

#### (a) Voting by proxy

A Proxy Form is attached to the Notice. This is to be used by Blumenthal Parties if they wish to appoint a representative (a 'proxy') to vote in their

place. All Blumenthal Parties are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a person from attending and voting at the Meeting in person.

Please note that:

- (i) a Blumenthal Party entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (ii) a proxy need not be a member of the Company; and
- (iii) a Blumenthal Party entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

(b) Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (i) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (ii) if the proxy has 2 or more appointments that specify different ways to vote on the resolution - the proxy must not vote on a show of hands;
- (iii) if the proxy is the chair of the meeting at which the resolution is voted on - the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (iv) if the proxy is not the chair - the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

(c) Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (i) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (ii) the appointed proxy is not the chair of the meeting;
- (iii) at the meeting, a poll is duly demanded on the resolution; and
- (iv) either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

## 2.3 Chair's voting intention

The Chair intends to exercise all available proxies in favour of the Resolution.

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## 3. Background to Resolution

A detailed background to the Resolution is provided in the Notice of General Meeting.

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## 4. Resolution 1 - Capital reduction of Consideration Shares

### 4.1 General

Resolution 1 seeks approval of the Blumenthal Parties for a selective capital reduction and cancellation of 433,429,988 Consideration Shares issued to the Blumenthal Parties, for total consideration of \$1.00 per person having their Shares cancelled.

Resolution 1 is a special resolution and therefore requires approval of 75% of the votes cast by Blumenthal Parties present and eligible to vote (in person, by proxy, by attorney, or in the case of a corporate Blumenthal Party, by a corporate representative).

Pursuant to the terms of the Standstill Deeds, each of the Blumenthal Parties have undertaken to the Company to vote in favour of this Resolution.

### 4.2 Sections 256B and 256C(2) of the Corporations Act

Section 256B of the Corporations Act provides that a company may reduce its share capital by cancelling the shares if the reduction:

- (a) is fair and reasonable to the company's shareholders;
- (b) does not materially prejudice the company's ability to pay its creditors; and
- (c) is approved by shareholders under section 256C of the Corporations Act.

To enable the Company to make the capital reduction by cancelling the Consideration Shares, section 256C(2) of the Corporations Act requires a special resolution of the Shareholders passed at a general meeting as the capital reduction proposed for the Company is a selective reduction because the terms of the reduction will not be the same for all Shareholders; only 433,429,988 Consideration Shares will be cancelled. No votes may be cast on the resolutions by any persons whose shares are to be bought back, or by their associates. This resolution is the subject of resolution 5 in the Notice of General Meeting.

Resolution 1 will only be put to Blumenthal Parties for approval if resolution 5 being considered by Shareholders at the General Meeting is approved by the requisite majority of Shareholders. If resolution 5 is not approved by the requisite majority of Shareholders, Resolution 1 will be withdrawn.

### 4.3 Effect of the proposed capital reduction

The Directors believe the proposed capital reduction is fair and reasonable to Shareholders as a whole because the Consideration Shares were issued as consideration for the Vanadium Acquisitions, which will be unwound in accordance with the process set out in the Remediation Proposal. The Directors also believe that the proposed capital reduction will not materially prejudice the Company's ability to pay its creditors

as no cash consideration was paid for the issue of the Consideration Shares. Therefore, the Directors consider it appropriate and necessary to cancel the Consideration Shares.

The Consideration Shares held by the Blumenthal Parties comprise 16.36% of the total Shares currently on issue.

There is no information known to the Company that is material to the decision on how to vote on Resolution 1 other than what has been disclosed in this Notice or the Notice of General Meeting, which is incorporated by reference into this Notice.

Pursuant to the Corporations Act, the Company may cancel the Consideration Shares 14 days after the lodgement of Resolution 1 (once the requisite Shareholder and Blumenthal Parties' approvals have been received) with the ASIC.

## Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

**\$ or A\$** means Australian Dollars.

**ASX** means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**Blumenthal Parties** means the parties listed in Schedule 2.

**Board** means the board of Directors.

**Chair** means the person appointed to chair the Meeting of the Company convened by the Notice.

**Company** means Hardey Resources Limited (ACN 115 593 005).

**Consideration Shares** means Shares issued to the Blumenthal Parties (or their nominees) which are the subject of Resolution 1.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Explanatory Memorandum** means the explanatory memorandum which forms part of the Notice.

**General Meeting** means the general meeting of Shareholders convened by the Notice of General Meeting, and any adjournment or postponement of that general meeting.

**Meeting** has the meaning given in the introductory paragraph of the Notice.

**Notice** means this notice of meeting of the Blumenthal Parties.

**Notice of General Meeting** means the notice of general meeting of the same date of this Notice, convening a meeting of Shareholders to be held on Friday, 27 September 2019 at 10.00am (WST).

**NVPL** means Nelly Vanadium Pty Ltd (ACN 626 056 371).

**NVPL Vendors** means the vendors of the shares in NVPL.

**Proxy Form** means the proxy form attached to the Notice.

**Remediation Proposal** means the remediation proposal set out in the letter announced by the Company on the ASX market announcements platform on 8 March 2019.

**Resolution** means the resolution referred to in the Notice.

**Schedule** means a schedule to the Notice.

**Section** means a section of the Explanatory Memorandum.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means the holder of a Share.

**Standstill Deeds** means the deeds entered into between the Company and the Blumenthal Parties, pursuant to which the Blumenthal Parties agreed, inter alia, not to dispose of or exercise any of the Consideration Shares issued or transferred to them.

**Vanadium Acquisitions** means the Company's acquisitions of NVPL and VanMin in August 2018 pursuant to separate heads of agreement, as approved by Shareholders at the 2018 annual general meeting of the Company.

**VanMin** means Vanadium Mining Pty Ltd (ACN 621 703 991).

**VanMin Vendors** means the vendors of the shares in VanMin.

**Vendors** has the meaning given to that term in the Notice of General Meeting.

**Vendor Meeting** means the meeting of the Vendors to be held at the later of 27 September 2019 at 10.30am (WST) and the conclusion of the General Meeting.

**WST** means Western Standard Time being the time in Perth, Western Australia.

## Schedule 2 - Blumenthal Parties

<b>Blumenthal Parties</b>	<b>Consideration Shares</b>
Anglo Menda Pty Ltd	13,888,738
Pacific Continental Pty Ltd	411,091,250
Horatio Street Pty Ltd	8,450,000
<b>Total</b>	<b>433,429,988</b>

**HARDEY RESOURCES LIMITED**  
ACN 115 593 005  
**PROXY FORM**

The Company Secretary  
Hardey Resources Limited

**By post:** C/- Mirador Corporate  
Suite 2, Level 1, 1 Altona Street, West Perth, WA 6005  
**By hand delivery:** Suite 2, Level 1, 1 Altona Street, West Perth, WA 6005  
**By email:** ss@miradorcorporate.com

**Name of Shareholder:**

**Address of Shareholder:**

**Number of Shares entitled to vote:**

Please mark  to indicate your directions. Further instructions are provided overleaf.

**STEP 1 - APPOINT A PROXY TO VOTE ON YOUR BEHALF**

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the Meeting.

I/We being a Shareholder hereby appoint:

The Chair of the Meeting  OR if you are NOT appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

(mark box)

Or failing the person/body corporate named, or if no person/body corporate is named, the Chair of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Meeting of the Blumenthal Parties to be held at Quest West Perth, 54 Kings Park Road, Western Australia on Friday, 27 September 2019 at the later of 10.45am (WST) and the conclusion of the Vendor Meeting, and at any adjournment or postponement of that Meeting.

**CHAIR'S VOTING INTENTIONS IN RELATION TO UNDIRECTED PROXIES**

The Chair intends to vote all undirected proxies in favour of the Resolution. In exceptional circumstances the Chair may change his/her voting intentions on the Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

**STEP 2 - INSTRUCTIONS AS TO VOTING ON RESOLUTION**

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

	For	Against	Abstain*
Resolution 1      Capital reduction of Consideration Shares held by Blumenthal Parties			

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

\* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.



**Authorised signature/s**

This section *must* be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

<sup>1</sup>Insert name and address of Shareholder

<sup>2</sup> Insert name and address of proxy

\*Omit if not applicable

**PROXY NOTES**

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be provided to the Company Secretary at an address provided above (by post, hand delivery, facsimile or email) not less than 48 hours prior to the time of commencement of the Meeting (WST).