

11 February 2019

Mr Wade Baggott
Principal Adviser, Listings Compliance (Perth)
ASX Limited
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

Dear Mr Baggott

Hardey Resources Limited (HDY) – ASX Queries

I refer to your letter dated 5 February 2019 and respond to your questions as follows:

1) Did you give instructions on behalf of HDY to Steinepreis Paganin to prepare variations to the Original Nelly Vanadium Agreement and the Original Vanadium Mining Agreement?

Yes – I instructed Steinepreis Paganin on behalf of HDY.

2) a) In what format (eg letter, email or verbally) did you give those instructions to Steinepreis Paganin?

Verbally – via phone.

b) If the instructions were provided by letter or email to Steinepreis Paganin, please provide a copy (this is not for release to the market).

Not applicable.

c) If the instructions were provided verbally to Steinepreis Paganin, please explain why HDY would choose this method to communicate such important and detailed information to its lawyers.

HDY wanted to receive Steinepreis Paganin's advice on the vendor's request. Therefore, phone conversations were the most convenient and time effective way to talk through and consider the request. Phone conversation was also the best way to draw Steinepreis Paganin's immediate attention to the issue, as often members of the legal team are overseas – as was the case in this instance.

d) Who from the Vendors, its advisors or Adam Blumenthal provided you with the information about the changes needed to the Original Nelly Vanadium Agreement and the Original Vanadium Mining Agreement for you to be able to give those instructions to Steinepreis Paganin?

The Vendors provided me with the information. I was in communication with numerous members of the Vendor Group at the time to discuss their request as well as other matters. Of the Vendors I spoke to, my recollection is that Jason Osbourne was the first person to give me the information. Around the time, I also spoke to Adam Blumenthal about the Vendor's request.

e) In what format (by letter, email or verbally) did they provide that information?

Verbally – via phone.

f) If the information was provided by letter or email, please provide a copy (this is not for release to the market).

Not applicable.

g) If the information was provided verbally, please explain why HDY would choose to accept this method of communication to receive such important and detailed information from the Vendors, its advisors or Adam Blumenthal.

The information itself was quite basic information to receive. The mathematics of the redistribution and names of parties was not difficult to note down on scrap paper by Terence Clee in a matter of minutes. The decision HDY faced on whether or not to accept the Vendor's request was the important decision. Therefore, shortly after receiving and considering the information, Terence Clee contacted Steinepreis Paganin.

Your sincerely,

A handwritten signature in dark ink, appearing to read 'Terence Clee', with a stylized, flowing script.

Terence Clee
(Executive Director)

5 February 2019

Mr Terence Clee
Chairman of Directors
Hardey Resources Limited
Level 1, 1 Altona Street
WEST PERTH WA 6005

By email: terence@terenceclee.com

Dear Mr Clee

Hardey Resources Limited (“HDY”): Further ASX Queries

ASX Limited (“ASX”) is writing to you in your capacity as the chairman of directors of HDY.

ASX refers to the following:

- ASX’s query letter dated 4 October 2018 and HDY’s letter dated 12 October 2018 in response lodged on the ASX Market Announcements Platform (“MAP”) and released at 2:02 pm AEST on 12 October 2018; and
- your telephone conversation with Kevin Lewis, ASX’s Chief Compliance Officer, at 3.42 pm AEST on 5 February 2019.

Capitalised terms in this letter have the same meaning as in our 4 October 2018 Query Letter.

In HDY’s letter dated 10 October 2018, HDY responded as follows to questions 5 and 6 of ASX’s 4 October 2018 query letter:

5. ***ASX notes in HDY’s response to question 5 of the Query Letter HDY stated that “The variation to the Original Nelly Vanadium Agreement was made at the request of the vendors to reallocate the consideration securities to be issued by HDY to certain nominees of the vendors”.***

- 5.1 ***Please advise why the plural “nominees” is used in this response when there was only one Additional Party (Energy Capital Partners Pty Ltd) added in the variation to the Original Nelly Vanadium Agreement.***

The use of the plural form was unintentional. The Company confirms that there was only one nominee, being Energy Capital Partners Pty Ltd, identified by the Vendors to receive part of the Vendors’ consideration securities agreed to be paid by the Company for the acquisition of Nelly Vanadium.

- 5.2 ***Please advise which of the Vendors of Nelly Vanadium nominated Energy Capital Partners Pty Ltd to receive the consideration otherwise due to it under that agreement.***

All Vendors of Nelly Vanadium nominated Energy Capital Partners Pty Ltd as recipient of some of the consideration under that agreement, as set out below:

Vendor	Original Consideration Shares	Original Consideration Options	Final Consideration Shares	Final Consideration Options
Red Marlin Pty Ltd	168,523,756	168,523,756	79,964,522	79,964,522
Strat Plan Pty Ltd	170,192,307	170,192,307	80,756,250	80,756,250
BBD Custodians Pty Ltd	168,523,756	168,523,756	79,964,522	79,964,522
Condor Prospecting Pty Ltd	166,855,203	166,855,203	79,172,794	79,172,794
JD Squared Investments Pty Ltd	31,702,489	31,702,489	15,042,831	15,042,831
Vassago Pty Ltd	31,702,489	31,702,489	15,042,831	15,042,831
Energy Capital Partners Pty Ltd	-	-	387,556,250	387,556,250

5.3 Please provide written evidence of that nomination (not for release to the market).

The only written evidence available to the Company is the nomination specified in the variation to the Original Nelly Vanadium Agreement provided to ASX previously. HDY became aware of the nomination through verbal communication with the Vendors.

5.4 Does the Company have any knowledge of the consideration provided by the Additional Party to the Vendors for the nomination? If so, what does it know?

The Company has no knowledge.

6. ASX notes in HDY's response to question 6 of the Query Letter HDY stated that "The variation to the Original Vanadium Mining Agreement was made at the request of the vendors to reallocate the consideration securities to be issued by HDY to certain nominees of the vendors".

6.1 Please advise why the plural "nominees" is used in this response when there was only one Additional Party (Aceglow Pty Ltd) added in the variation to the Original Vanadium Mining Agreement.

The use of the plural form was unintentional. The Company confirms that there was only one nominee identified by the Vendors to receive part of the Vendors' consideration securities agreed to be paid by the Company for the acquisition of Vanadium Mining. In addition, the Company notes that although the variation to the Original Vanadium Mining Agreement stated that Aceglow Pty Ltd was the Vendors' nominee, this was a typographical error and the correct nominee is Aceglow Holdings Pty Ltd.

6.2 Please advise which of the Vendors of Vanadium Mining nominated Aceglow Pty Ltd to receive the consideration otherwise due to it under that agreement.

All Vendors of Vanadium Mining, other than Lance Christopher Hubbard, nominated Aceglow Holdings Pty Ltd as recipient of some of the consideration due under that agreement, as set out below:

Vendor	Original Consideration Shares	Original Consideration Options	Final Consideration Shares	Final Consideration Options
Red Marlin Pty Ltd	96,250,000	96,250,000	37,181,375	37,181,375
Strat Plan Pty Ltd	192,500,000	192,500,000	74,362,750	74,362,750
BBD Custodians Pty Ltd	96,250,000	96,250,000	37,181,375	37,181,375
Condor Prospecting Pty Ltd	82,500,000	82,500,000	14,993,000	14,993,000
JD Squared Investments Pty Ltd	27,500,000	27,500,000	10,623,250	10,623,250
Vassago Pty Ltd	27,500,000	27,500,000	10,623,250	10,623,250
Aceglow Holdings Pty Ltd	-	-	337,535,000	337,535,000

6.3 Please provide written evidence of that nomination (not for release to the market).

The only written evidence available to the Company is the nomination specified in the variation to the Original Vanadium Mining Agreement provided to ASX previously. HDY became aware of the nomination through verbal communication with the Vendors.

6.4 Does the Company have any knowledge of the consideration provided by the Additional Party to the Vendors for the nomination? If so, what does it know?

The Company has no knowledge.

In your telephone conversation with Kevin Lewis on 5 February 2019, in response to a direct question from him, you stated that you had given the instructions to HDY's lawyers, Steinepreis Paganin, to prepare the variations to the Original Nelly Vanadium Agreement and the Original Vanadium Mining Agreement.

Further ASX queries

ASX requires the following further information from HDY:

1. Did you give the instructions on behalf of HDY to Steinepreis Paganin to prepare the variations to the Original Nelly Vanadium Agreement and the Original Vanadium Mining Agreement?
2. If the answer to question 1 is "yes":
 - a. In what format (eg letter, email or verbally) did you give those instructions to Steinepreis Paganin?
 - b. If the instructions were provided by letter or email to Steinepreis Paganin, please provide a copy (this is not for release to the market).
 - c. If the instructions were provided verbally to Steinepreis Paganin, please explain why HDY would choose this method to communicate such important and detailed information to its lawyers.

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- d. Who from the Vendors, its advisers or Adam Blumenthal provided you with the information about the changes needed to the Original Nelly Vanadium Agreement and the Original Vanadium Mining Agreement for you to be able to give those instructions to Steinepreis Paganin?
 - e. In what format (by letter, email or verbally) did they provide that information?
 - f. If the information was provided by letter or email, please provide a copy (this is not for release to the market).
 - g. If the information was provided verbally, please explain why HDY would choose to accept this method of communication to receive such important and detailed information from the Vendors, its advisers or Adam Blumenthal.
3. If the answer to question 1 is “no”, please advise:
- a. Why did you make the statement to the contrary to ASX’s Chief Compliance Officer mentioned above?
 - b. If you did not provide the instructions, who on behalf of HDY instructed Steinepreis Paganin to prepare the variations to the Original Nelly Vanadium Agreement and the Original Vanadium Mining Agreement (that person is referred to below as the “Instructor”)?
 - c. If the instructions were provided by letter or email by the Instructor to Steinepreis Paganin, please provide a copy (this is not for release to the market).
 - d. If the instructions were provided verbally by the Instructor to Steinepreis Paganin, please explain why HDY would choose this method to communicate such important and detailed information to its lawyers.
 - e. Who from the Vendors, its advisers or Adam Blumenthal provided the Instructor with the information about the changes needed to the Original Nelly Vanadium Agreement and the Original Vanadium Mining Agreement for the Instructor to be able to give those instructions to Steinepreis Paganin?
 - f. In what format (by letter, email or verbally) did they provide that information to the Instructor?
 - g. If the information was provided by letter or email, please provide a copy (this is not for release to the market).
 - h. If the information was provided verbally, please explain why HDY would choose to accept this method of communication to receive such important and detailed information from the Vendors, its advisers or Adam Blumenthal.

In providing the information above, ASX would remind you that an officer or employee of a listed entity who gives, or authorises or permits the giving of, materially false or misleading information to ASX:

- knowingly, breaches section 1309(1) of the Corporations Act, which is a criminal offence punishable by a fine of up to 200 penalty units and/or imprisonment for up to 5 years; or
- without taking reasonable steps to ensure that the information was not false or misleading, breaches section 1309(2) of the Corporations Act, which is a criminal offence punishable by a fine of up to 100 penalty units and/or imprisonment for up to 2 years.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7 to verify HDY's prior compliance with listing rule 18.7 in relation to HDY's response in its letter dated 10 October 2018 to questions 5 and 6 of ASX's 4 October 2018 query letter.

HDY's response in relation to the above queries is required as soon as reasonably possible and, in any event, by not later than **9.00 a.m. WST on Monday 11 February 2019**.

ASX reserves the right to release this letter and HDY's response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, HDY's response should be in a form suitable for release to the market.

HDY's response should be sent by e-mail to listingscomplianceperth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This will allow me to review HDY's response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Should you have any queries in relation to the above, please let me know.

Kind regards

[Sent electronically, without signature]

Wade Baggott
Principal Adviser, Listings Compliance (Perth)

Copy to: Ms Sarah Smith
HDY Company Secretary
ss@miradorcorporate.com