



7 August 2020

Mr Simon Barcham
Listings Compliance (Perth)
Australian Stock Exchange

Dear Simon

Pensana Rare Earths Plc ("PM8") – Response to Queries

Pensana Rare Earths Plc (ASX:PM8) provides the following background information in response to ASX query Letter of 5 August 2020:

PM8's previous Mineral Resource estimate (MRE) was prepared by SRK Consulting and was included in PM8's Preliminary Feasibility Study announced on MAP on 15 November 2019. A 190 hole in-fill drilling program was announced on 19 November 2019, which was designed to support an upgrade of PM8's MRE. Results from that program have been announced on MAP on 13 January, 16 March 2020, 6 April 2020 and 13 July 2020. The Announcement included results from the final drill holes in the program. Given that the drilling in the subject of the announcement was predominantly in-fill and the predictable nature of PM8's resource, both PM8 and the market were expecting the results to simply confirm consistency with previous results, which they did. Similar drilling results earlier in the program have not had a material impact on PM8's share price as the following table demonstrates.

| Date of announcement | Drill holes | Share price T-2 | Share price T -1 | Share price T | Announcement Headline |
|----------------------|-------------------------------|-----------------|------------------|---------------|--|
| 13 January 2020 | First assay 16 drill holes | 18c | 17c | 17c | High grade NdPr drill results demonstrate potential to extend Longonjo mine life |
| 16 March 2020 | Further 41 drill holes | 19c | 16c | 14c | High-grade NDPR drill results expected to upgrade resource and extend mine life |
| 6 April 2020 | Further 18 drill holes | 11c | 11c | 12c | Further high-grade drill results expected to extend mine life |
| 13 July 2020 | Further 34 drill holes | 33c | 33c | 34c | Further high grade drill results at surface and very encouraging results from fresh rock below initial mine plan |

Pensana Rare Earths Plc
CN 12206525
100 Pall Mall, St. James, London SW1Y 5NQ
www.pensana.co.uk

Since listing on LSE in early July, the PM8 share price has steadily improved. PM8 considers that the driving factors in this movement relate to the general strength of the market and in particular the mining sector, the dramatic increase in commodity price for Neodymium, the increased liquidity since listing on LSE and the appointment of brokers in London.

In relation to the assays which were the subject of the Announcement, raw assay results on the drill sample batches transported from Angola during the past 6 months since the start of this drilling program (via sample preparation in Namibia) have been progressively released by Nagrom in Perth. The outstanding raw individual rare earth assay results for the final stage/ drill holes of the drilling program were emailed to PM8 after the close of business on 24 July 2020. At that time, the raw assay results (which related to a significant number of drillholes (86)) were in a format which required extensive conversion, interpretation and analysis prior to approval by the Board for release on MAP. The relevant chronology was as follows:

1. Raw assay data received by email from Brian Wimalasinghe of Nagrom on Friday, 24 July 2020 at 5:26PM AWST
2. Raw assay data loaded into database by database managers over weekend of 25 and 26 July 2020, and merged database format received by consulting geologist, Maggie Haden, on Sunday, 26 July 2020 at 2:23PM AWST
3. Final assay tables in format for review were received from Maggie Haden on Monday, 27 July 2020 at 7:40am AWST
4. Processing and assessment of results commenced on Monday, 27 July 2020
5. QAQC data checked and validated Tuesday, 28 July 2020
6. Calculation of intersections, writing of draft report, completion of JORC tables, cross-sections produced by draftsmen, plan-figures completed between Tuesday, 28 July 2020 and Friday, 31 July 2020
7. A draft report of the analysis was emailed to the Company Secretary by the COO on Friday, 31 July 2020 at 15.00PM AWST
8. A draft report of the analysis was emailed to the Chairman and CEO on Monday, 3 August 2020 at 15.26pm AWST
9. Announcement was prepared and circulated to Board for review and approval on Monday, 3 August 2020 at 18.34pm AWST
10. Announcement released on MAP pre-market on 4 August 2020

As mentioned above, SRK Consulting prepared the previous MRE that was included in PM8's Preliminary Feasibility Study announced on MAP on 15 November 2019. A 190 hole in-fill drilling program was announced on 19 November 2019, which was designed to support an upgrade in JORC Categories of PM8's MRE. As with most working relationships, Pensana and SRK were frequently in communication during the drilling program, providing updates to work stream schedules. On 3 July 2020 SRK was formally re-engaged to begin preparation of a revised MRE. The modelling approach and discussions commenced shortly afterwards. Key dates in relation to SRK's work include the following:

1. Mineral Resource meeting held on Monday, 27 July 2020 at 2pm AWST
2. Plan view interpretation of incomplete assay data sent Tuesday, 28 July 2020 at 12.06PM AWST
3. Final full drill database for modelling sent to SRK Monday, 3 August 2020 at 10.04pm AWST
4. Final wireframe geological model sent Tuesday, 4 August 2020 at 10.21 pm AWST

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Given that SRK prepared PM8's existing MRE and that the market was informed that PM8 was conducting an in-fill drilling program designed to support an update to its MRE, PM8 does not consider the re-engagement of SRK or the initiation of its work on the revised MRE to be price sensitive.

Pensana Rare Earths Plc (ASX:PM8) provides the following answers in response to ASX query Letter of 5 August 2020:

1. Does PM8 consider the information in the Announcement, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or its value of its securities

Yes

2. If the answer to question 1 is "no" please advise the basis for that view.

See above.

3. Please confirm the following:

3.1 When did PM8 receive the Assay Results? Please provide details, including the date, time and how the Assay Results were provided to PM8.

See chronology above.

3.2 When did SRK Consulting commence work on updating the Mineral Resource estimate as described in the Announcement? Please describe details, including when SRK Consulting were instructed to commence this work.

See chronology above.

4. If PM8 first became aware of the information in the Announcement, or any part thereof, before 4 August 2020, being the date that the Announcement was released on MAP, did PM8 make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe PM8 was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps PM8 took to ensure that the information was released promptly and without delay.

See chronology above. PM8 was not in a position to make the Announcement before the relevant data was processed and analysed, and those tasks were completed in an expeditious manner given the enormous quantity and complexity of the data. Before such time it would not have been possible for the market to interpret the relevant information. The Announcement was made promptly and without delay as soon as its content was finalised. Until that time, the information remained incomplete and confidential, and PM8 had no obligation to release it.

5. Please confirm that PM8 is complying with the Listing Rules and, in particular, Listing Rule 3.1.

PM8 confirms that it is complying with the Listing Rules and, in particular, Listing Rule 3.1. and there is no information that should be given to ASX under that rule that has not already been released to the market.

6. Please confirm that PM8's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PM8 with delegated authority from the board to respond to ASX on disclosure matters.

PM8's responses to the questions above have been authorised and approved by an officer with delegated authority from the Board of Directors.



.....
Tim George
CEO

5 August 2020

Reference: 21889

Mr Scott Mison
Company Secretary
Pensana Rare Earths Plc

By email

Dear Mr Mison

Pensana Rare Earths Plc ('PM8'): Aware Query

ASX refers to the following:

- A. PM8's announcement entitled "Final drill results include further high-grade intersections in fresh rock below pit design" lodged on the ASX Market Announcements Platform ('MAP') and released at 8:19AM AEST on 4 August 2020 (the 'Announcement'), disclosing, amongst other things:
- (i) the final assay results from the last 86 holes of the 8,000 metre drill programme completed at the Longonjo NdPr Project in Angola ('Assay Results');
 - (ii) that the latest results confirm the continuity of the weathered zone mineralisation from surface and also outline a wide area of mineralisation in fresh rock immediately below the current pit design; and
 - (iii) work has commenced on an updated Mineral Resource estimate to be reported in September 2020.
- B. PM8's quarterly activities report for the period ended 30 June 2020 ('Quarterly Activities Report') lodged on MAP and released at 8:17AM AEST on 31 July 2020.
- C. The increase in price of PM8's securities from an opening price of \$0.37 on 30 July 2020 to a closing price of \$0.435 on 3 August 2020.
- D. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- E. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
- "an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."*
- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied:
- "3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*
- 3.1A.1 One or more of the following applies:*
- *It would be a breach of a law to disclose the information;*
 - *The information concerns an incomplete proposal or negotiation;*

- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

- G. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Request for information

Having regard to the above, ASX asks PM8 to respond separately to each of the following questions and requests for information:

1. Does PM8 consider the information in the Announcement, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.
3. Please confirm the following:
 - 3.1 When did PM8 receive the Assay Results? Please provide details, including the date, time and how the Assay Results were provided to PM8.
 - 3.2 When did SRK Consulting commence work on updating the Mineral Resource estimate as described in the Announcement? Please provide details, including when SRK Consulting were instructed to commence this work.
4. If PM8 first became aware of the information in the Announcement, or any part thereof, before 4 August 2020, being the date that the Announcement was released on MAP, did PM8 make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe PM8 was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps PM8 took to ensure that the information was released promptly and without delay.
5. Please confirm that PM8 is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that PM8's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PM8 with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3:00 PM AWST Friday, 7 August 2020**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall

within the exceptions mentioned in Listing Rule 3.1A, PM8's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require PM8 to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your 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.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in PM8's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in PM8's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to PM8's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that PM8's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Simon Barcham
Listings Compliance (Perth)