

12 October 2018

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 query

We refer to your letter dated 4 October 2018 and respond to your questions as follows:

- 1. Please advise the date that the Original Nelly Vanadium Agreement was executed (the copy provided to ASX is undated).**

The Original Nelly Vanadium Agreement was executed on 2 July 2018.

- 2. ASX notes that Nelly Vanadium was only incorporated on 9 May 2018. Please explain how it came to have its interest in the mine with identifier 953-L-2003 in San Luis Province, Argentina.**

HDY is not aware of the circumstances leading to Nelly Vanadium acquiring its interest in the Nelly Vanadium Project, as this was not considered relevant to HDY in the context of the transaction.

As indicated in HDY's original response letter, Subiaco Capital Pty Ltd approached Terence Clee with respect to a potential acquisition of the Nelly Vanadium project in April 2018, prior to incorporation of Nelly Vanadium. HDY understands that the Nelly Vanadium shareholder group acquired a right to the Nelly Vanadium project in advance of Nelly Vanadium being incorporated, and that Nelly Vanadium was merely a special purpose vehicle that was incorporated to facilitate the transaction with HDY.

- 3. Please provide a copy of all tenement searches and geologist reports obtained by HDY or its advisers in the course of due diligence for the acquisition of Nelly Vanadium and Vanadium Mining (not for release to the market).**

The tenements searches and geologist reports are enclosed.

HDY notes that it conducted extensive due diligence on Nelly Vanadium and Vanadium Mining. In addition to Steinepreis Paganin, a senior partner of top tier law firm Freehills was appointed to specifically conduct due diligence on Vanadium Mining. For Nelly Vanadium, considering the asset is located in Argentina, HDY appointed SRK Consulting to attend the site and prepare a comprehensive due diligence report for HDY. SRK Consulting is an independent, international consulting company employing more than 1,400 professionals internationally in over 45 offices on 6 continents.

- 4. Please provide a copy of all HDY board minutes concerning the acquisition of Nelly Vanadium and Vanadium Mining (not for release to the market).**

See relevant documents enclosed.



- 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.

7. ASX notes that Mr Thomas Young signed the variation to the Original Vanadium Mining Agreement purportedly as a director of Aceglow Pty Ltd (ACN 056 418 136). However, company searches of the ASIC register indicate that he is not a director of that company but he is a director of Aceglow Holdings Pty Ltd (ACN 144 938 143). Please explain this discrepancy. Should the reference to Aceglow Pty Ltd in the variation to the Vanadium Mining Agreement be to Aceglow Holdings Pty Ltd?

As mentioned in the response to question 6.1 above, the reference in the variation to the Vanadium Mining Agreement to "Aceglow Pty Ltd" should be to "Aceglow Holdings Pty Ltd". This was a typographical error. This typographical error was detected in the course of the share registry processing the off-market transfers by Aceglow Holdings Pty Ltd of the consideration shares.

8. ASX notes HDY's response to questions 9 and 10 of the Query Letter that: "The HDY Board was aware that the controllers of the Additional Parties and the Principals of Everblu were known to each other socially and had prior business dealings. However, the nature and extent of these prior relationships was and is not known in any specific detail to the HDY Board." ASX infers from this response that the HDY Board knows who the controllers are of the Additional Parties. Please respond to each of the following:



8.1 To the knowledge of the HDY board, are both of the Additional Parties controlled by Mr Thomas Young (noting that he also signed the variation to Nelly Vanadium as a director of Energy Capital Partners Pty Ltd)?

As far as the HDY board is aware:

- the controller of Energy Capital Partners Pty Ltd is Mr Thomas Young; and
- the controllers of Aceglow Holdings Pty Ltd are Mr Thomas Young and Mrs Natasha Young.

8.2 If the answer to question 8.1 is “yes”, what are the social connections and prior business dealings between Mr Thomas Young and the Principals of Everblu that the HDY board was aware of?

HDY understands that Mr Young has over 20 years of experience as a stockbroker and corporate advisor specialising in private asset procurement and structuring with specific focus on the resources, industrial and technology sectors.

As is common in the small cap space in Australia, which is a niche part of the market, most of the brokers, corporate advisors and consultants operating in this space know of each other and have dealt with each other at some point over a number of years. The Company's view is that the relationship between Mr Young and the Principals of Everblu is no different to any other relationships in this market.

HDY has a general understanding that Mr Young and Principals of Everblu have had business dealings in the past, but has no knowledge of any specific matters.

8.3 If the answer to question 8.1 is “no”, to the knowledge of the HDY board, who are the controllers of the Additional Parties?

Not applicable.

8.4 If the answer to question 8.1 is “no”, what are the social connections and prior business dealings between the controllers of the Additional Parties and the Principals of Everblu that the HDY board was aware of

Not applicable.

9. Given the facts disclosed in HDY's response to the Query Letter, is ASX's inference correct that approximately 52.55% of the Consideration Shares and the Consideration Options for the acquisition of Nelly Vanadium, and 61.37% of the Consideration Shares and the Consideration Options for the acquisition of Vanadium Mining, were issued to the Additional Parties and then immediately transferred off-market by the Additional Parties to the entities associated with Everblu identified in question 9 of the Query Letter? If it is not correct, then please explain the situation.

HDY confirms that ASX's inference is correct.

10. Given the facts disclosed in HDY's response to the Query Letter, is ASX's inference correct that the Additional Parties were in fact acting as nominees of the entities associated with Everblu identified in question 9 of the Query Letter rather than as nominees of the Vendors? If it is not correct, then please explain the situation.

HDY does not have any information to validate ASX's inference.

As far as HDY was aware, the Additional Parties were nominated by the respective Vendors of Vanadium Mining and Nelly Vanadium, and not by entities associated with Everblu.



11. Given that Everblu has an ongoing corporate advisory mandate with HDY, did Everblu ever disclose to HDY the matters referred to in questions 9 and 10 above and the potential conflicts that they might cause? If so, what did it disclose?

HDY was aware that Everblu had an interest in the transactions, although HDY had no specific details (refer also to the Company's response to question 12.5 below). Further, HDY understood that Everblu was aware that the HDY Board was assessing the situation and considering any potential conflicts from Everblu having an interest in the transactions. The HDY Board assessed the situation based on the information it had and formed the view that there were no potential conflicts or potential contraventions of the Corporations Act or ASX Listing Rules. The Board's view was supported by advice obtained by Mr Clee from a Sydney based Commercial Barrister.

In regards to the inferences ASX has made in question 10 above, HDY does not have any information to validate ASX's inference.

12. ASX notes the reference in HDY's response to questions 9 and 10 of the Query Letter to a meeting on 24 July 2018 between "a representative of the Additional Parties" and Mr Robin Armstrong (a director of HDY) at which HDY became aware of a commercial relationship between the Additional Parties and Everblu. Please respond to each of the following:

12.1 Who was the representative of the Additional Parties who met with Mr Robin Armstrong?

The representative of the Additional Parties was Mr Thomas Young.

12.2 How did that meeting come about?

Mr Armstrong was in Perth on a number of business matters not related to the Nelly Vanadium and Vanadium Mining acquisitions. As Mr Young is based in Perth, Mr Armstrong and Mr Young met to discuss the Company's Burraga Project and the state of the market generally.

12.3 Did anyone else other than Mr Robin Armstrong and the representative of the Additional Parties attend the meeting? If so, who?

The only persons who attended the meeting were Mr Armstrong and Mr Young.

12.4 What was discussed at the meeting?

As mentioned in the response to question 12.2 above, the main matters discussed at the meeting were the Company's Burraga Project and the state of the market generally.

12.5 What was the commercial relationship between the Additional Parties and Everblu revealed at the meeting?

The Nelly Vanadium and Vanadium Mining acquisitions were not the subject of the discussions at the meeting between Mr Armstrong and Mr Young. However, in the course of the conversation, Mr Young mentioned to Mr Armstrong that Mr Young was considering some involvement with the Nelly Vanadium and Vanadium Mining vendors and that Mr Young may seek some assistance from Everblu. However, no further details about the nature of the assistance Mr Young was considering was ever provided to, or discussed with, Mr Armstrong at that meeting or with the Company thereafter.



12.6 Did the representative of the Additional Parties convey any information to Mr Armstrong about the connection between the Additional Parties and the Vendors of Nelly Vanadium and Vanadium Mining? If so, what was that information?

Please see the response to question 12.5 above. No details or further information were conveyed to Mr Armstrong.

12.7 Did the representative of the Additional Parties convey any information to Mr Armstrong about the connection between the Additional Parties and the associates of EverBlu referred to in question 9 of the Query Letter? If so, what was that information?

No.

13. Noting the quantum of the shares issued by HDY to the Additional Parties, has HDY considered whether it has facilitated a breach of s606 of the Corporations Act by the Additional Parties in relation to its shares?

The Board of HDY is now aware that there was a breach of section 606 of the Corporations Act as a result of the issue of shares to the Additional Parties at settlement under the varied Nelly Vanadium Agreement and varied Vanadium Mining Agreement, when the shares issued to the Additional Parties under both Agreements are aggregated.

Having now been made aware of this issue, the Board has agreed to engage a corporate governance expert to review the Company's corporate governance processes and policies and to assist the Board in developing more robust procedures to be adopted by the Company, so as to avoid a situation like this occurring again in the future.

14. ASX notes HDY's response to question 12 of the Query Letter. Please provide a copy of the presentations made by Jason Osborne of Subiaco Capital Pty Ltd to Mr Terence Clee during the month of April 2018 (not for release to the market).

HDY received numerous presentations from Jason Osborne during the negotiations. See enclosed presentations received in April 2018 as specifically requested.

15. ASX infers from HDY's response to question 13 of the Query Letter that HDY had no financial adviser for the acquisition of Nelly Vanadium or Vanadium Mining, and that Mr Terence Clee personally negotiated the acquisitions on behalf of HDY. Is this inference correct? If not, please explain the situation.

Mr Clee led the acquisitions on behalf of HDY. During the negotiations, Mr Clee was regularly consulting the HDY Board.

16. With reference to HDY's response to question 16 of the Query Letter, why haven't the shares and options contemplated to be issued to EverBlu under the EverBlu Mandate been issued?

As indicated in HDY's prospectus dated 18 July 2017, the issue of these shares and options were subject to shareholder approval. To date, no shareholder approval has been obtained and therefore, these shares and options have not been issued.

17. ASX notes that the information provided by HDY to ASX in response to question 17 of the Query Letter indicated that the following parties associated with EverBlu received the following HDY securities in the Tranche 1 and Tranche 2 Placements:

- Suburban Holding Pty Ltd – 33,750,000 fully paid ordinary shares and 33,750,000 options
- Horatio Street Pty Ltd – 15,000,000 fully paid ordinary shares and 15,000,000 options
- Anglo Menda Pty Ltd – 45,000,200 fully paid ordinary shares and 45,000,200 options



and that these parties were also the recipients of the HDY shares transferred off-market by the Additional Parties in connection with the Nelly Vanadium and Vanadium Mining acquisitions. Given the social connections and prior business dealings between the Additional Parties and EverBlu, and Mr Clee's personal knowledge of the Listing Rule 10.11 issues raised by ASX in connection with EverBlu and Manalto Limited (of which he is also a director), did HDY give any consideration to the application of Listing Rule 10.11 in connection with:

- the issue of the Tranche 1 and Tranche 2 Placements of shares to the aforementioned associates of EverBlu; and*
- agreeing to the variation of the Original Nelly Vanadium Agreement and Original Vanadium Mining Agreement and issuing Consideration Shares and Consideration Options to the Additional Parties apparently as nominees for the aforementioned associates of EverBlu.*

The Company wishes to clarify that ASX's statement above that Suburban Holding Pty Ltd was a recipient of the HDY shares transferred off-market by the Additional Parties is incorrect. The relevant recipients of the off-market transfer were Anglo Menda Pty Ltd, Horatio Street Pty Ltd and Pacific Continental Holdings Pty Ltd.

Both the Company and its directors (including Mr Clee) are aware of Listing Rule 10.11. The Company and the Board consider that Listing Rule 10.11 has no application to either the issue of the Placement securities to the placees referred to above, or to the issue of the Consideration Shares and Consideration Options to the Additional Parties.

The Board's view is that the facts ASX considered in relation to its application of Listing Rule 10.11 to Manalto Limited were fundamentally different to the facts relating to HDY. In regards to Manalto, ASX chose to exercise its discretion under Listing Rule 10.11 to treat EverBlu as a related party. HDY notes that ASX has not used such discretion in relation to HDY and further does not consider that it would be appropriate to do so.

18. Please confirm that HDY is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

HDY confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

19. Please confirm that HDY'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 HDY with delegated authority from the board to respond to ASX on disclosure matters.

HDY's response to the questions have been authorised and approved by an officer of HDY with delegated authority from the board to respond to ASX on disclosure matters.

For and on behalf of the Board



Sarah Smith

Company Secretary





4 October 2018

Ms Sarah Smith
Company Secretary
Hardey Resources Limited
Level 1, 1 Altona Street
WEST PERTH WA 6005

By email: ss@miradorcorporate.com

Dear Ms Smith

Hardey Resources Limited (“HDY”): Queries on the Issues of Securities

ASX Limited (“ASX”) refers to its query letter dated 14 September 2018 (“Query Letter”) and HDY’s response lodged on the ASX Market Announcements Platform (“MAP”) and released at 2:36 pm AEST on 26 September 2018 and, in particular, to HDY’s response to questions 5, 6, 10, 12, 13, 16 and 17 of the Query Letter set out below:

Question 5

ASX understands from previous enquiries that the Original Nelly Vanadium Agreement was subsequently varied by an Acknowledgement and Variation of Binding Heads of Agreement dated 20 August 2018, among other things, to add additional parties (“Additional Parties”). Please explain the reasons for, and effect of the variation.

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.

HDY did not object to the variation as it did not impact the purchase price or HDY’s rights under the agreement.

Question 6

ASX understands from previous enquiries that the Original Vanadium Mining Agreement was also subsequently varied by an Acknowledgement and Variation of Binding Heads of Agreement dated 20 August 2018, among other things, to add Additional Parties. Please explain the reasons for, and effect of the variation.

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.

HDY did not object to the variation as it did not impact the purchase price or HDY’s rights under the agreement.

Question 9

Based on information provided by HDY’s share registry, ASX understands that the Additional Parties transferred the Consideration Shares they received off market immediately upon receipt of those

Consideration Shares to Horatio Street Pty Ltd (an entity which ASX understands to be controlled by Darrin Blumenthal, the managing director of Everblu), Anglo Menda Pty Ltd (an entity which ASX understands is controlled by Adam Blumenthal, the chairman of Everblu), and Pacific Continental Holdings Pty Ltd (which appears to be an entity associated with Jordan Shamir, an employee of EverBlu).

Question 10

Was HDY or any member of the Board of HDY aware of a relationship between the Additional Parties and the associates of EverBlu referred to in paragraph 9? If so when and what did they know?

Prior to entering into the Acquisition Agreements, the HDY Board was aware that the controllers of the Additional Parties and the Principals of Everblu were known to each other socially and had prior business dealings. However, the nature and extent of these prior relationships was and is not known in any specific detail to the HDY Board.

In addition, in relation to the Acquisition Agreements themselves, HDY was aware of a commercial relationship between the Additional Parties and the Principals on 24 July 2018 when a meeting took place between a representative of the Additional Parties and Mr Robin Armstrong (a director of HDY).

At this time, it was disclosed to Mr Armstrong that both the Additional Parties and parties related to Everblu were likely to be participating in both transactions. However, HDY was not aware of the specific commercial terms between the Additional Parties and the parties that ASX describes as associates of Everblu, nor did it enquire because, as noted in the response to questions 5 and 6, the transaction terms did not change when the variations were signed to include the Additional Parties.

Question 12

What was the origin of the Nelly Vanadium and Vanadium Mining acquisitions? How were these deals first presented to HDY and who presented them?

Jason Osborne of Subiaco Capital Pty Ltd presented numerous deals to Terence Clee, a director of HDY, during the month of April 2018. The Nelly Vanadium deal was of interest to Mr Clee and, on 23 April 2018, Mr Osborne sent an email to Mr Clee attaching a presentation on the Nelly Vanadium transaction.

On and from 23 April 2018, Mr Osborne and Mr Clee were also discussing the Vanadium Mining transaction. However, HDY continued to consider numerous other transactions during the first half of 2018.

On 8 July 2018, Mr Osborne sent Mr Clee a presentation on the Vanadium Mining transaction and discussions then ensued between the parties with respect to HDY also entering into the Vanadium Mining Agreement.

Question 13

Did Everblu advise HDY in relation to the acquisition of Nelly Vanadium or Vanadium Mining? If so, what fees were paid or are owing by HDY to Everblu in relation to those acquisitions (please include cash and non-cash consideration).

Everblu did not advise HDY in relation to the acquisitions because the HDY Board considered that it was able to assess the merits of the acquisitions without input from Everblu. As noted in the response to question 12, the negotiations on the transactions were primarily held between Mr Osborne of Subiaco Capital Pty Ltd and Mr Clee (a director of HDY).

In light of the above, Everblu was not paid any fees in relation to the acquisitions and no fees are owing to Everblu in relation to the acquisitions.

Question 16

To whom were the 2,000,000 shares and the 2,000,000 options referred to in the EverBlu Mandate actually issued?

These shares and options have not been issued.

Question 17

Please provide a list of subscribers (showing names, addresses and holdings) to the Tranche 1 and Tranche 2 Placements (this is not for release to the market).

Attached.

Defined terms in this letter have the same meaning as in the Query Letter.

Further ASX queries

1. Please advise the date that the Original Nelly Vanadium Agreement was executed (the copy provided to ASX is undated).
2. ASX notes that Nelly Vanadium was only incorporated on 9 May 2018. Please explain how it came to have its interest in the mine with identifier 953-L-2003 in San Luis Province, Argentina.
3. Please provide a copy of all tenement searches and geologist reports obtained by HDY or its advisers in the course of due diligence for the acquisition of Nelly Vanadium and Vanadium Mining (not for release to the market).
4. Please provide a copy of all HDY board minutes concerning the acquisition of Nelly Vanadium and Vanadium Mining (not for release to the market).
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.
 - 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.
 - 5.3 Please provide written evidence of that nomination (not for release to the market).
 - 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?
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.

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- 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.
- 6.3 Please provide written evidence of that nomination (not for release to the market).
- 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?
7. ASX notes that Mr Thomas Young signed the variation to the Original Vanadium Mining Agreement purportedly as a director of Aceglow Pty Ltd (ACN 056 418 136). However, company searches of the ASIC register indicate that he is not a director of that company but he is a director of Aceglow Holdings Pty Ltd (ACN 144 938 143). Please explain this discrepancy. Should the reference to Aceglow Pty Ltd in the variation to the Vanadium Mining Agreement be to Aceglow Holdings Pty Ltd?
8. ASX notes HDY's response to questions 9 and 10 of the Query Letter that: *"The HDY Board was aware that the controllers of the Additional Parties and the Principals of Everblu were known to each other socially and had prior business dealings. However, the nature and extent of these prior relationships was and is not known in any specific detail to the HDY Board."* ASX infers from this response that the HDY Board knows who the controllers are of the Additional Parties. Please respond to each of the following:
- 8.1 To the knowledge of the HDY board, are both of the Additional Parties controlled by Mr Thomas Young (noting that he also signed the variation to Nelly Vanadium as a director of Energy Capital Partners Pty Ltd)?
- 8.2 If the answer to question 8.1 is "yes", what are the social connections and prior business dealings between Mr Thomas Young and the Principals of Everblu that the HDY board was aware of?
- 8.3 If the answer to question 8.1 is "no", to the knowledge of the HDY board, who are the controllers of the Additional Parties?
- 8.4 If the answer to question 8.1 is "no", what are the social connections and prior business dealings between the controllers of the Additional Parties and the Principals of Everblu that the HDY board was aware of?
9. Given the facts disclosed in HDY's response to the Query Letter, is ASX's inference correct that approximately 52.55% of the Consideration Shares and the Consideration Options for the acquisition of Nelly Vanadium, and 61.37% of the Consideration Shares and the Consideration Options for the acquisition of Vanadium Mining, were issued to the Additional Parties and then immediately transferred off-market by the Additional Parties to the entities associated with Everblu identified in question 9 of the Query Letter? If it is not correct, then please explain the situation.
10. Given the facts disclosed in HDY's response to the Query Letter, is ASX's inference correct that the Additional Parties were in fact acting as nominees of the entities associated with Everblu identified in question 9 of the Query Letter rather than as nominees of the Vendors? If it is not correct, then please explain the situation.
11. Given that Everblu has an ongoing corporate advisory mandate with HDY, did Everblu ever disclose to HDY the matters referred to in questions 9 and 10 above and the potential conflicts that they might cause? If so, what did it disclose?
12. ASX notes the reference in HDY's response to questions 9 and 10 of the Query Letter to a meeting on 24 July 2018 between "a representative of the Additional Parties" and Mr Robin Armstrong (a director of HDY) at which HDY became aware of a commercial relationship between the Additional Parties and Everblu. Please respond to each of the following:

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- 12.1 Who was the representative of the Additional Parties who met with Mr Robin Armstrong?
- 12.2 How did that meeting come about?
- 12.3 Did anyone else other than Mr Robin Armstrong and the representative of the Additional Parties attend the meeting? If so, who?
- 12.4 What was discussed at the meeting?
- 12.5 What was the commercial relationship between the Additional Parties and Everblu revealed at the meeting?
- 12.6 Did the representative of the Additional Parties convey any information to Mr Armstrong about the connection between the Additional Parties and the Vendors of Nelly Vanadium and Vanadium Mining? If so, what was that information?
- 12.7 Did the representative of the Additional Parties convey any information to Mr Armstrong about the connection between the Additional Parties and the associates of EverBlu referred to in question 9 of the Query Letter? If so, what was that information?
13. Noting the quantum of the shares issued by HDY to the Additional Parties, has HDY considered whether it has facilitated a breach of s606 of the Corporations Act by the Additional Parties in relation to its shares?
14. ASX notes HDY's response to question 12 of the Query Letter. Please provide a copy of the presentations made by Jason Osborne of Subiaco Capital Pty Ltd to Mr Terence Clee during the month of April 2018 (not for release to the market).
15. ASX infers from HDY's response to question 13 of the Query Letter that HDY had no financial adviser for the acquisition of Nelly Vanadium or Vanadium Mining, and that Mr Terence Clee personally negotiated the acquisitions on behalf of HDY. Is this inference correct? If not, please explain the situation.
16. With reference to HDY's response to question 16 of the Query Letter, why haven't the shares and options contemplated to be issued to Everblu under the EverBlu Mandate been issued?
17. ASX notes that the information provided by HDY to ASX in response to question 17 of the Query Letter indicated that the following parties associated with EverBlu received the following HDY securities in the Tranche 1 and Tranche 2 Placements:
- Suburban Holding Pty Ltd – 33,750,000 fully paid ordinary shares and 33,750,000 options
 - Horatio Street Pty Ltd – 15,000,000 fully paid ordinary shares and 15,000,000 options
 - Anglo Menda Pty Ltd – 45,000,200 fully paid ordinary shares and 45,000,200 options

and that these parties were also the recipients of the HDY shares transferred off-market by the Additional Parties in connection with the Nelly Vanadium and Vanadium Mining acquisitions.

Given the social connections and prior business dealings between the Additional Parties and EverBlu, and Mr Clee's personal knowledge of the Listing Rule 10.11 issues raised by ASX in connection with EverBlu and Manalto Limited (of which he is also a director), did HDY give any consideration to the application of Listing Rule 10.11 in connection with:

- the issue of the Tranche 1 and Tranche 2 Placements of shares to the aforementioned associates of EverBlu; and

-
- agreeing to the variation of the Original Nelly Vanadium Agreement and Original Vanadium Mining Agreement and issuing Consideration Shares and Consideration Options to the Additional Parties apparently as nominees for the aforementioned associates of EverBlu.

18. Please confirm that HDY is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

19. Please confirm that HDY'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 HDY with delegated authority from the board to respond to ASX on disclosure matters.

Once ASX has received and analysed the information above, it is likely to make further enquiries of HDY.

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. Your response in relation to the above queries are required as soon as reasonably possible and, in any event, by not later than 9.00 a.m. WST on Friday 12 October 2018.

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

Your response should be sent by e-mail to tradinghaltspert@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This will 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.

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)