
HARDEY RESOURCES LIMITED

ACN 115 593 005

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10:00am (WST)
DATE: 24 August 2018
PLACE: Quest West Perth
54 Kings Park Road
West Perth WA 6005

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

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 Shareholders at 7:00pm (WST) on 22 August 2018.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL OF NELLY VANADIUM ACQUISITION CONSIDERATION

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to:

(a) 737,500,000 Consideration Shares; and

(b) 737,500,000 Consideration Options,

in consideration for the Nelly Vanadium Acquisition on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

2. RESOLUTION 2 – APPROVAL OF VANADIUM MINING ACQUISITION CONSIDERATION

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to:

(a) 550,000,000 Consideration Shares; and

(b) 550,000,000 Consideration Options,

in consideration for the Vanadium Mining Acquisition on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

Dated: 23 July 2018

By order of the Board



Sarah Smith
Company Secretary

Voting in person

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

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6559 1792.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND

1.1 Nelly Vanadium Acquisition

On 3 July 2018, the Company announced that it had entered into a binding heads of agreement with the shareholders of Nelly Vanadium (**NV Vendors**), pursuant to which it would have an exclusive 40-day option (**Option Period**) to acquire 100% of the issued capital in Nelly Vanadium (**NV Acquisition Agreement**).

Upon the exercise of the option, the Company will issue to the NV Vendors the Consideration Shares and Consideration Options set out below. The Company will also pay a 3% net smelter return royalty to the founding shareholders of Nelly Vanadium.

Completion of the Nelly Vanadium Acquisition is conditional upon the Company obtaining Shareholder approval for the issue of the following Consideration Shares and Consideration Options to the NV Vendors upon exercise of the option:

- (a) 737,500,000 Consideration Shares; and
- (b) 737,500,000 Consideration Options.

The Company seeks approval for the issue of the Consideration Shares and Consideration Options for the Nelly Vanadium Acquisition pursuant to Resolution 1.

1.2 Vanadium Mining Acquisition

On 19 July 2018, the Company announced that it had entered into a binding heads of agreement with the shareholders of Vanadium Mining (**VM Vendors**), pursuant to which it would have an exclusive 40-day option (**Option Period**) to acquire 100% of the issued capital in Vanadium Mining (**VM Acquisition Agreement**).

Upon the exercise of the option, the Company will issue to the VM Vendors the Consideration Shares and Consideration Options set out below. The Company will also pay a 3% net smelter return royalty to the VM Vendors.

Completion of the Vanadium Mining Acquisition is conditional upon the Company obtaining Shareholder approval for the issue of the following Consideration Shares and Consideration Options to the VM Vendors upon exercise of the option:

- (a) 550,000,000 Consideration Shares; and
- (b) 550,000,000 Consideration Options.

The Company seeks approval for the issue of the Consideration Shares and Consideration Options for the Vanadium Mining Acquisition pursuant to Resolution 2.

1.3 Placement Funds

On 16 March 2018, the Company announced that it had received applications for 342,500,200 fully paid ordinary Shares in the Company at an issue price of \$0.004 per Share to raise approximately \$1.37 million (before costs) through a placement to sophisticated and professional investors (**Placement**).

As set out in the Notice of Meeting dated 27 March 2018, funds raised under the Placement had been, and were intended to be, used to further the Company's exploration efforts for the Company's existing projects, with a particular focus on the Burruga Project, including the recommencement of the Burruga drilling programme devised in 2017. In addition, the Placement funds were intended to be used for maintenance and potential exploration at the Company's gold and base metal projects located in the Pilbara region of Western Australia, being the Bellary, Hamersley, Cheela and Elsie North Projects, covering 512km² of Fortescue Group Rocks, as well as the Grace Project located in the Paterson Province in Western Australia, together with general working capital and project generation.

The Company became aware of the potential acquisition opportunities the subject of this Notice following its general meeting on 30 April 2018. As a result, the Board has determined that it is in the best interests of Shareholders to reallocate a portion of the funds raised toward initial exploration activities at the Nelly Vanadium and Vanadium Mining projects (subject to the Company completing those acquisitions).

The Company's current cash position is approximately \$1,609,344 (including funds raised under the Placement). Assuming completion of both the Nelly Vanadium Acquisition and the VM Acquisition, it is proposed that the Company's existing cash will be applied in the next 12 months as follows:

Item	Amount
Cash Deposit for the VM Acquisition	\$75,000
Estimated costs of the VM Acquisition and Nelly Vanadium Acquisition	\$20,000
Exploration at the Company's existing Projects	\$428,213
Exploration of the Nelly Vanadium projects	\$200,000
Exploration of the Vanadium Mining projects	\$200,000
Working capital and corporate administration	\$686,131
TOTAL	\$1,609,344

2. RESOLUTION 1 – APPROVAL OF NELLY VANADIUM ACQUISITION CONSIDERATION

2.1 General

Resolution 1 seeks Shareholder approval for the issue of up to:

- (a) 737,500,000 Consideration Shares; and
- (b) 737,500,000 Consideration Options,

as consideration for the Nelly Vanadium Acquisition.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Further, ASX Listing Rule 7.3.2 provides that for Shareholders to approve an issue of equity securities, this Notice must include the date by which the Company will issue the Securities, such date being no later than 3 months after the date of the Meeting.

The effect of Resolution 1 will be to allow the Company to issue the Consideration Shares and the Consideration Options the subject of Resolution 1 without using the Company's 15% annual placement capacity.

2.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Consideration Shares and Consideration Options:

- (a) the maximum number of Securities to be issued under Resolution 1 is:
 - (i) 737,500,000 Consideration Shares; and
 - (ii) 737,500,000 Consideration Options.
- (b) the Consideration Shares and Consideration Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the Consideration Shares and Consideration Options the subject of Resolution 1 will be issued for nil cash consideration in satisfaction of the Nelly Vanadium Acquisition;
- (d) the Consideration Shares and Consideration Options the subject of Resolution 1 will be issued to the counterparties to the NV Acquisition Agreement who are not related parties of the Company;
- (e) the Consideration Shares issued will be fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares;
- (f) the Consideration Options will be issued on the terms and conditions set out in Schedule 1;
- (g) no funds will be raised from the Consideration Shares or Consideration Options the subject of Resolution 1 as they are being issued in consideration for the Nelly Vanadium Acquisition; and
- (h) if the Consideration Options are exercised, a total of 737,500,000 Shares would be issued. This would increase the number of Shares currently on issue from 1,361,815,830 to 2,836,815,830 (assuming that no other Options are exercised and no other Shares are issued other than the corresponding Consideration Shares to be issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of approximately 52%.

3. RESOLUTION 2 – APPROVAL OF VANADIUM MINING ACQUISITION CONSIDERATION

3.1 General

Resolution 2 seeks Shareholder approval for the issue of up to:

- (a) 550,000,000 Consideration Shares; and

- (b) 550,000,000 Consideration Options,

as consideration for the Vanadium Mining Acquisition.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Further, ASX Listing Rule 7.3.2 provides that for Shareholders to approve an issue of equity securities, this Notice must include the date by which the Company will issue the Securities, such date being no later than 3 months after the date of the Meeting.

The effect of Resolution 2 will be to allow the Company to issue the Consideration Shares and the Consideration Options the subject of Resolution 2 without using the Company's 15% annual placement capacity.

3.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Consideration Shares and Consideration Options:

- (a) the maximum number of Securities to be issued under Resolution 2 is:
 - (i) 550,000,000 Consideration Shares; and
 - (ii) 550,000,000 Consideration Options.
- (b) the Consideration Shares and Consideration Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the Consideration Shares and Consideration Options the subject of Resolution 2 will be issued for nil cash consideration in satisfaction of the Vanadium Mining Acquisition;
- (d) the Consideration Shares and Consideration Options the subject of Resolution 2 will be issued to the counterparties to the VM Acquisition Agreement who are not related parties of the Company;
- (e) the Consideration Shares issued will be fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares;
- (f) the Consideration Options will be issued on the terms and conditions set out in Schedule 1;
- (g) no funds will be raised from the Consideration Shares or Consideration Options the subject of Resolution 2 as they are being issued in consideration for the Vanadium Mining Acquisition; and
- (h) if the Consideration Options are exercised, a total of 550,000,000 Shares would be issued. This would increase the number of Shares currently on issue from 1,361,815,830 to 2,461,815,830 (assuming that no other Options are exercised and no other Shares are issued other than the corresponding Consideration Shares to be issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of approximately 45%.

3.3 Dilution

The Company currently has 1,361,815,830 Shares on issue.

The below table show the dilutionary effect on Shareholders if both Resolution 1 and Resolution 2 are passed:

	Total Shares Issued	Dilution %
Dilution following issue of Consideration Shares	1,287,500,000	48.60%
Dilution following issue of Consideration Shares and Consideration Options (fully diluted)	2,575,000,000	65.41%

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

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

Consideration Shares means fully paid ordinary shares in the capital of the Company to be issued in consideration for the Nelly Vanadium Acquisition and Vanadium Mining Acquisition.

Consideration Options means an Option to acquire a Share with the terms and conditions set out in Schedule 1, which are to be granted in consideration for the Nelly Vanadium Acquisition and Vanadium Mining Acquisition.

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

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

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

Nelly Vanadium Acquisition means the acquisition of 100% of the issued capital of Nelly Vanadium in accordance with the NV Acquisition Agreement.

NV Acquisition Agreement has the meaning set out in Section 1.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Placement has the meaning given to it in Section 1.3.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Security and **Securities** means a security, or securities, in the capital of the Company.

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

Shareholder means a registered holder of a Share.

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

Vanadium Mining Acquisition means the acquisition of 100% of the issued capital of Vanadium Mining in accordance with the VM Acquisition Agreement.

VM Acquisition Agreement has the meaning set out in Section 1.2.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF CONSIDERATION OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.02 (**Exercise Price**).

(c) **Expiry Date**

Each Option expires 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.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **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.

(f) **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**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) 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;
- (ii) 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
- (iii) 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 (g)(ii) 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.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **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.

(j) **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.

(k) **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.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.



ABN 45 115 593 005

Lodge your vote:

Online:
www.investorvote.com.au

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

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



Proxy Form

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Vote online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

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

For your vote to be effective it must be received by 10:00am (WST) Wednesday, 22 August 2018

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. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

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. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

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. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

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

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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 1/1 Altona Street, West Perth, Western Australia on Friday, 24 August 2018 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
Resolution 1 Approval of Nelly Vanadium Acquisition Consideration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Approval of Vanadium Mining Acquisition Consideration	<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.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / /

HDY

999999A

Computershare +