

STRATEGIC ADVANTAGES FROM RE-OPENING NELLY VANADIUM MINE**HIGHLIGHTS**

- One of the key reasons for acquiring Nelly Vanadium Mine (NVM), other than the significant potential upside SRK Consulting highlighted¹, is Argentina's favourable regulations enabling a legacy mining right to be expedited for reactivation compared to other mining countries
- Condor Prospecting², a specialist geological and mining consultancy, have empirically concluded it takes 3-5 years to transform a greenfield project to a viable mining operation in Argentina (5-7 years in most developed jurisdictions), but potentially less than 12-months to expedite reactivating a legacy mining right
- To demonstrate HDY's strategic imperative to re-open NVM, the Board has already sent a formal letter to the Director of San Luis' Mining Department (SLMD) that details the change of ownership and forward plans
- In addition, senior HDY representatives will be travelling to San Luis (from Australia) in early September to expedite the process to re-open NVM on several fronts:
 - Meet the SLMD Director and key officials to establish a working rapport;
 - Set up a liaison office to assume managing ongoing activities directly with the SLMD, which includes exploration approval and accompanying Environmental Impact Assessment (EIA) the vendor already submitted; and
 - Fast-track the process to reactivate the mining right
- Once exploration approval is granted, the geology team can commence verifying the extent of mineralisation within NVM and bulk sample legacy stockpiles:
 - Quantifying the stockpiles' mineral potential is the priority before prospective off-take partners undertake independent metallurgical testing
- Once the mining right reactivation is approved, then the stockpiles can potentially be monetised to facilitate generating early stage cashflow, while the technical team works on feasibility plans for optimal open pit mining operations, with forward planning to accommodate future underground mining operations
- The Board believes NVM delivers HDY a significant comparative advantage in enabling it to potentially jump-start vanadium pentoxide production faster relative to peers with predominantly greenfield assets

Hardey Resources Executive Chairman, Terence Clee commented: "The Board's immediate core objective is to capitalise on Argentina's comparatively favourable mining laws to expedite re-opening Nelly Vanadium Mine. Our initial goal, pending the mining right being granted, is approval of the exploration permit. This will enable the geology team to commence work verifying the extent of vanadium mineralisation and potentially monetising the historic stockpiles."

Hardey Resources Limited's (ASX: HDY) ("HDY" or "the Company") Board is pleased to outline to shareholders plans to move swiftly to secure the necessary regulatory approvals to bring NVM back into production as soon as possible.

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SIGNIFICANT REGULATORY COMPARATIVE ADVANTAGE

Re-opening NVM creates value

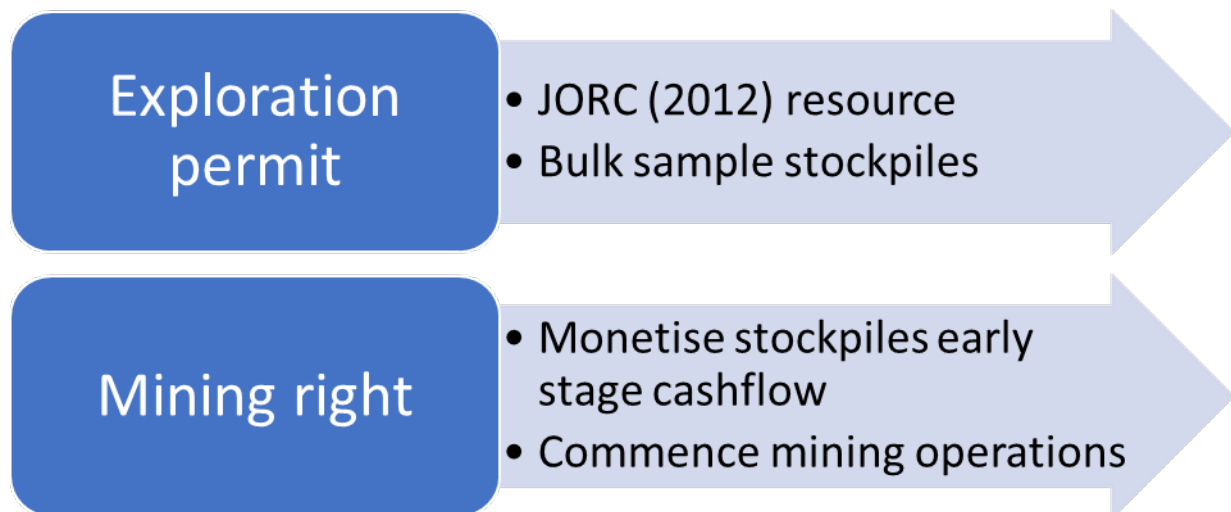
In the Board's view, based on preliminary geological evidence to date¹, re-opening NVM and scaling up vanadium pentoxide (V₂O₅) production will expedite creating value for shareholders at a materially faster rate, in turn supplementing the future development of HDY's Australian greenfield assets. Moreover, compared with the typical 3-5 years to transform a greenfield project into a viable mining operation in Argentina (5-7 in most developed countries), the relative timeframe to reactivate NVM's mining right is potentially under 12-months².

HDY's objective is firstly to secure exploration approval, as this will allow:

- 1) Necessary work to start so geological data can be compiled to model, estimate, and report a JORC (2012) code compliant V₂O₅ mineral resource; and
- 2) Bulk sampling historic stockpiles, with the potential for specimens to be sent to prospective off-take partners.

The second objective is to secure the mining right, so the stockpiles can be monetised, and mining operations allowed to commence (Figure 1).

FIGURE 1: NEXT STEPS POST-EXPLORATION PERMIT & MINING RIGHT APPROVAL



Source: San Luis Mining Department Guidelines / Condor Prospecting geology team

Ramping up

To reflect the Board's intent to re-open NVM as quickly as practical, the Board has sent a letter advising the SLMD's Director about the change of ownership and forward plans. Further, senior HDY representatives are travelling to San Luis in early September and already have a confirmed meeting with SLMD's Director to establish a working rapport.

HDY will be establishing a liaison office in the San Luis Province to directly manage ongoing contact with the SLMD to progress the exploration approval and mining right. To date, the exploration approval application and accompanying EIA have already been lodged with the relevant authorities. The Board anticipates having greater clarity on the approval timeline after the senior representatives meet with the Director in early September.

There are a considerable number of documents that SLMD requires before the process to reactivate the mining right can commence, which includes:

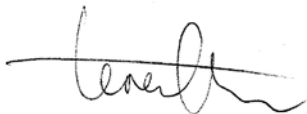
- Details behind the corporate owner and evidence it is registered as a mining producer;
- Verification that it is the beneficial owner of NVM;
- Confirmation there are no national or provincial tax issues;
- Comprehensive EIA (i.e. that builds on the one submitted at the exploration permit phase);
- Location, coordinates of the mine, maps, roads, and other workings;
- Detailed explanation and supporting information for reactivating the NVM project which includes:
 - Plans for new infrastructure; processing facilities; administration/ accommodation buildings; workings and mine development; and tailings storage facility;
- Investment plan and Gantt chart that outlines timeframe for developing the mine infrastructure and then commencing operations.

Clearly, the liaison office will work directly with HDY's in-country geology team, SLMD and the team at head-office in Sydney. In this way, the Board intends to expedite compiling the necessary documentation thoroughly, so it can be submitted to the regulator as soon as practical.

Next steps

Update from meeting with SLMD director, progress on the exploration approval and mining right application preparation.

For and on behalf of the Board



Terence Clee
Executive Chairman

References:

- 1) HDY ASX Release 28 August 2018
- 2) Condor Prospecting - a specialist geological and mining consultancy based in Mendoza City, Argentina which HDY uses as its in-country geologist