

20 February 2024

Nancy Tang  
Listings Compliance (Sydney)  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

cc: [ListingsComplianceSydney@asx.com.au](mailto:ListingsComplianceSydney@asx.com.au)

Dear Nancy

## RESPONSE TO ASX QUERY LETTER

Manuka Resources Limited (ASX: MKR) (**Company**) refers to your query letter dated 13 February 2024 (**Query Letter**) and responds (adopting your numbering) as follows.

1. (TTR PFS<sup>1</sup>)

Yes, the Company considers the TTR PFS to be information that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

2. N/A

3. (Disclosure of TTR PFS)

Rather than releasing the entire TTR PFS as a 'standalone' document on MAP, the Company made the TTR PFS (and all supporting materials) available on its website and included a link to the same on page 5 of its 22 August 2022 Investor Presentation (titled - South Taranaki Bight Project)<sup>2</sup>.

References to and certain conclusions of the TTR PFS were also included in a number of the Company's announcements (including those released on MAP on 1 and 22 August 2022) in relation to the acquisition of TTR and the Project. The Company notes that the TTR PFS and supporting Mineral Resource Estimate (**MRE**) were completed before TTR was acquired by the Company<sup>3</sup>.

The Company is confident that its announcements (including the requisite shareholder meeting documents) given to ASX in relation to the acquisition of TTR and the Project complied with the Corporations Act (including the prohibition against the making of misleading or deceptive statements) and the Listing Rules (including Listing Rule 3.1 and the JORC Code (2012)).

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<sup>1</sup> Unless otherwise defined, capitalised words and terms used in this letter have the meanings given to them in the Query Letter.

<sup>2</sup> Please see <https://announcements.asx.com.au/asxpdf/20220822/pdf/45d3cc589p602w.pdf> for further information.

<sup>3</sup> An updated MRE for the Taranaki VTM Iron Sand Project (**Project**) was subsequently released on MAP on 1 March 2023. Please see [45m6k4l6d1pyqb.pdf \(asx.com.au\)](https://announcements.asx.com.au/asxpdf/20230301/pdf/45m6k4l6d1pyqb.pdf) for further information.

#### 4. (Project Costs Information)

Set out below are the factors which the Company believes gave it a reasonable basis upon which to include the Project Costs Information in its TTR-related disclosures.

- 4.1. The Company derived the Project Costs Information (which was a C1 estimate of operating costs per tonne of concentrate) from a combination of sources including (but primarily) the TTR PFS, benchmark commodity prices (e.g. fuel oil for power) and a financial model that was created in parallel with (and which accompanied) the TTR PFS.

As part of the commercial due diligence that the Company performed in connection with the acquisition of TTR and the Project, the Company assessed the reliability and reasonableness of the key assumptions underpinning the TTR PFS and the Project Costs Information. Notably, the Company's 'in house' estimate of the Project's operating expenses was substantially the same as that which was included in the TTR PFS.

- 4.2. The Company considered numerous matters (including those specifically referred to in clause 12 of the JORC Code (2012) as Modifying Factors) as part of its commercial due diligence in relation to the acquisition of TTR and as part of its assessment of the TTR PFS (and the Project Costs Information). This commercial due diligence was supported by the existence of a Mineral Resource Estimate for the Project which was prepared in accordance the JORC Code (2012) and signed-off on by a Competent Person.

- 4.3. The material assumptions underpinning the Project Costs Information are set out in paragraph 15.1 of the TTR PFS<sup>4</sup>. The Company believes these assumptions are reliable and reasonable including because they are supported by the TTR PFS and MRE inferred and indicated mineral resource estimates. Exploration targets were not utilised in deriving the Project Costs Information.

The Company reiterates and confirms that it made all inquiries that were reasonable in the circumstances and after doing so believes on reasonable grounds that the Project Costs Information (and related statements) are accurate, complete and not misleading or deceptive statements. Furthermore, the Company is confident that the Project Costs Information is still an appropriate estimate for the TTR PFS.

The Company considers the TTR PFS (with updates) meets the generally accepted scope and accuracy levels as recommended by AusIMM<sup>5</sup> and is a suitable study to advance to a Bankable Feasibility Study (BFS).

#### 5. (Iron Ore Pricing Information)

Set out below are the factors which the Company believes gave it a reasonable basis upon which to include the Iron Ore Pricing Information in its TTR-related disclosures.

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<sup>4</sup> Please see <https://www.manukaresources.com.au/site/file/91/view/PFSnoappendicies.pdf> for further information.

<sup>5</sup> AusIMM Monograph 27 – Cost Estimation Handbook – various updates.

As part of its commercial due diligence, the Company considered and performed its own 'in house' review of the Iron Ore Pricing Information (and the studies that were performed or commissioned by TTR to arrive at/derive the Iron Ore Pricing Information) set out in section 12 of the TTR PFS.

In order to assess the reliability and reasonableness of the Iron Ore Pricing Information, the Company, amongst other things:

- had discussions with a South Africa-based physical trading company which sells a similar graded VTM into the Chinese spot market and regularly provides 'realisable' price guidance<sup>6</sup>; and
- has ongoing confirmation from the same South Africa-based physical trading company that hematite and magnetite materials of the same grade continue to trade at a similar price.

The prevailing discount between the Platts 62% and 58% pricing is consistent at 10-11% noting that the same discount has been consistently reported for the MB price benchmarks between 62% and 58% material.

Please note however that while it is possible that certain penalties<sup>7</sup> may be levied on the final product ultimately produced and sold by the Company, the Company also expects that it is possible that these penalties will be waived (i.e. rather than enforced) given the Company's expectations in relation to future global demand for vanadium bearing concentrates.

Accordingly, the Company was (and still is) of the belief that the bases on which the Iron Ore Pricing Information was calculated were reasonable and that the Iron Ore Pricing Information itself was (and still is) a reasonable estimate<sup>8</sup>. This belief is subject to the Company's completion of a bankable feasibility study (BFS) in relation to the Project (which the Company anticipates will be finalised before the end of 2025).

## 6. (Listing Rule Compliance)

The Company confirms that it is complying with the Listing Rules and, in particular, with Listing Rule 3.1.

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<sup>6</sup> These discussions were held for the purposes of assessing the reliability and reasonableness of the Iron Ore Pricing Information and to obtain a meaningful perspective on market dynamics and conditions and were not held for the purposes of negotiating any offtake or pricing arrangements. The Company confirms that it has not entered into any pricing arrangements or commitments with any party.

<sup>7</sup> Based on the Company's observations, these penalties (i.e. in the unlikely event that they are in fact levied) are not expected to be material (i.e. they are not expected to exceed 5% in total).

<sup>8</sup> For completeness, the Company confirms that it made all inquiries that were reasonable in the circumstances and after doing so believes on reasonable grounds that the Iron Ore Pricing Information was not a misleading or deceptive statement.

7. (Authorisation)

The Company's responses to the Query Letter have been authorised and approved by the Board of Directors of Manuka Resources Ltd.

Yours sincerely,



Toni Gilholme  
Company Secretary



13 February 2024

Reference: 88319

Ms Toni Gilholme  
Financial Controller  
Manuka Resources Ltd  
201 Kent Street  
Sydney NSW 2000

By email: [tgilholme@manukaresources.com.au](mailto:tgilholme@manukaresources.com.au)

Dear Ms Gilholme

### **Manuka Resources Ltd ('MKR'): Query Letter**

ASX refers to the following:

- A. MKR's announcement titled "Announcement – Execution of Term Sheet for purchase of TTR" released on the ASX Market Announcements Platform ('MAP') on 1 August 2022, which stated, amongst other things, that:
- *"TTR completed the prefeasibility study (PFS) for the commercial recovery of the vanadium titanomagnetite resource in table 2 in 2013. Manuka expects to finalise the BFS within the next 12 months."*  
(the 'TTR PFS'); and
  - *"Manuka envisages the STB Project being a low cost producer with C1 costs approximately US\$21 - \$US24 per tonne of concentrate."*  
(the 'Project Costs Information').
- B. The following MKR announcements:
- the announcement titled "Investor Presentation - South Taranaki Bight Project" released on MAP on 22 August 2022;
  - the announcement titled "2023 AGM presentation to Shareholders" released on MAP on 16 November 2023; and
  - the announcement titled "Investor Presentation" released on MAP on 2 February 2024,
- each of which stated:
- the Project Costs Information, including a statement in respect of the South Taranaki Bight Project, that MKR anticipates *"lowest quartile costs for Fe producers US\$20-23/t FOB (PFS 2013 adj. inflation) EXCLUDING credits from vanadium or titanium"*; and
  - the metal in concentrate value per tonne, calculated by reference to, amongst other things, the value of 57% iron ore concentrate, which in each case, was expressed as a discount ranging from 11-15% to the value of 62% iron ore concentrate (the 'Iron Ore Pricing Information').
- C. 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 and Listing Rule 3.1A which sets out exceptions from the requirement to make immediate disclosure under Listing Rule 3.1.

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D. Section 4.15 of Guidance Note 8 which (in relation to announcements lodged on MAP) states as follows:

*“An announcement under Listing Rule 3.1 must be accurate, complete and not misleading.*

...

*To not be misleading, opinion expressed in an announcement should be honestly held and balance and should be clearly identified as a statement of opinion rather than a statement of fact. Any forward looking statements in an announcement must also have a reasonable basis in fact or else by law they will be deemed to be misleading. Entities should note ASIC’s guidance that any material assumptions or qualifications that underpin forward looking statements in an announcement under Listing Rule 3.1 should be stated in an announcement. ASX also encourages the inclusion of material assumptions and qualifications as it provide context and will help the market to understand the basis for the forward looking statements.”*

E. Listing Rule 5.17 which states:

*“5.17 Subject to Rules 5.18 and 5.19, a public report by an entity containing forecast financial information derived from a production target relating to:*

*(a) the mineral resources and ore reserves holdings of the entity (an entity level production target); or*

*(b) a material mining project of the entity (or two or more mining projects which together are material to the entity),*

*must include all of the following information and be given to ASX for release to the market.*

*5.17.1 All material assumptions on which the forecast financial information is based. If the economic assumptions are commercially sensitive to the mining entity, an explanation of the methodology used to determine the assumptions rather than the actual figure can be report.*

*5.17.2 The production target from which the forecast financial information is derived (including all the information contained in Rule 5.16).*

*3.1A.3 If a significant proportion of the production target is based on an exploration target, the implications for the forecast financial information of not including the exploration target in the production target.*

F. Clause 39 of the JORC Code, which states, in relation to a Preliminary Feasibility Study:

*“It [a Preliminary Feasibility Study] includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors which are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting.”*

G. ASX’s guidelines on the disclosure requirements for production target and financial forecasts, which is detailed in section 8.6 of Guidance Note 31 *Reporting on Mining Entities*. In particular, the Guidance Note states that:

*“ASX also notes that as a production target or forecast financial information derived from a production target involves a representation about future matters, it must be based on reasonable grounds – meaning that the assumptions underpinning it must also be objectively reasonable – or else the representation could be deemed to be misleading and the entity could face serious legal consequences as a result.”*

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## Request for information

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

1. Does MKR consider the TTR PFS 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. If the answer to question 1 is “yes”, did MKR make any announcement which disclosed the TTR PFS? If so, please provide details. If not, please explain why the TTR PFS was not released to the market.
4. Please explain the factors, which MKR believes, give it a reasonable basis for publishing the Project Costs Information, commenting specifically on:
  - 4.1 the extent to which the Project Costs Information is derived from the TTR PFS, and the enquiries MKR made as to the reliability and reasonableness of the information in the TTR PFS;
  - 4.2 the extent to which MKR has considered the Modifying Factors (as defined in clause 12 of the JORC Code); and
  - 4.3 the material assumptions underpinning the Project Costs Information.
5. Please explain the factors, which MKR believes, give it a reasonable basis for publishing the Iron Ore Pricing Information.
6. Please confirm that MKR is complying with the Listing Rules and, in particular, Listing Rule 3.1.
7. Please confirm that MKR’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 MKR 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 **9:30 AM AEDT Friday, 16 February 2024**. 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, MKR’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 MKR to request a trading halt immediately.

Your response should be sent to me by e-mail at [ListingsComplianceSydney@asx.com.au](mailto:ListingsComplianceSydney@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 MKR’s securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;

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- 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 MKR's securities under Listing Rule 17.3.

### **Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to MKR'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 MKR'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**

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Yours sincerely

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ASX Compliance