

LETTER TO SHAREHOLDERS REGARDING GENERAL MEETING

Dear Shareholder

Fenix Resources Limited (ASX:FEX) (**Fenix** or **Company**) will be holding a General Meeting at 2:00pm (WST) on Tuesday, 30 August 2022 (**Meeting**) at Grant Thornton, Level 43, Central Park, 152 -158 St Georges Terrace, Perth WA 6000.

In accordance with the *Treasury Laws Amendment (2021 Measures No. 1) Act 2021*, the Company will not be sending hard copies of the Notice of Meeting to Shareholders unless they have made a valid election to receive documents in hard copy. Instead, the Notice of Meeting can be viewed and downloaded from the website link:

<https://fenixresources.com.au/asx-announcements/>

Voting at the Meeting will occur by a poll. A copy of your personalised proxy form is enclosed for your convenience. Please complete and return the attached proxy form to the Company's share registry, Automic Group by:

Online:

Use your computer or smartphone to appoint a proxy at:
<https://investor.automic.com.au/#/loginsah>

Mail:

Automic
GPO Box 5193
Sydney NSW 2001

Person:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

Email:

meetings@automicgroup.com.au

Facsimile:

+61 2 8583 3040

Your proxy voting instruction must be received by 2:00pm (WST) on Sunday, 28 August 2022, being not less than 48 hours before the commencement of the Meeting. Any proxy voting instructions received after that time will not be valid for the Meeting.

The Notice of Meeting is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant or other professional adviser. If you have any difficulties obtaining a copy of the Notice of Meeting please contact the Company's share registry, Automic Group on, 1300 288 664 (within Australia) or +61 2 9698 5414 (overseas).

To comply with Federal and State government restrictions on social gatherings, the Company may need to admit a limited number of persons to the Meeting. There is a risk that shareholders intending to attend the physical Meeting may not be admitted, depending on the number of Shareholders who wish to physically attend the Meeting. Therefore, the Company strongly encourages all Shareholders to submit their directed proxy votes in advance of the Meeting.

The Company will continue to closely monitor guidance from the Federal and State Government for any impact on the proposed arrangements for the Meeting. If any changes are required, the Company will advise Shareholders by way of announcement on ASX and the details will also be made available on our website at <https://fenixresources.com.au/>

The Company will advise Shareholders as soon as practicable, if any of the above circumstances change.

Authorised by the Board of Fenix Resources Limited.

For further information, contact:

Rob Brierley

Managing Director

Fenix Resources Limited

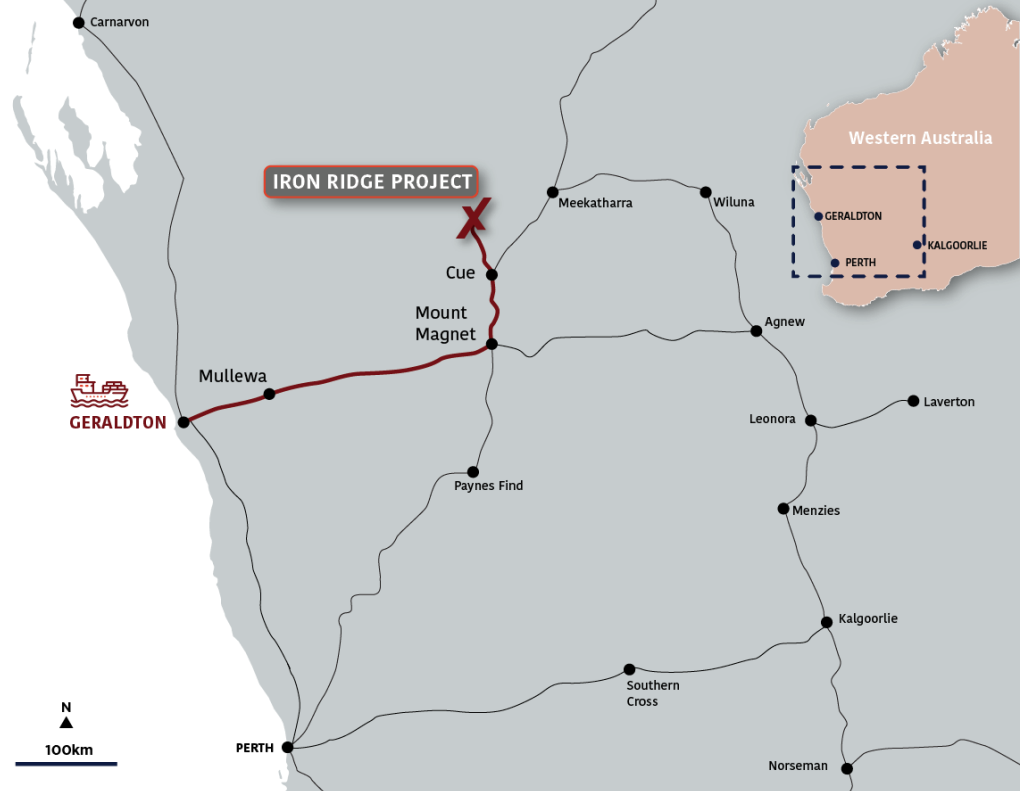
rob@fenixresources.com.au

Dannika Warburton

Investor & Media Relations

Investability

dannika@investability.com.au



Fenix Resources (ASX: FEX) is a high grade, high margin iron ore producer located in the mid-west mining region of Western Australia.

The Company's 100% owned, flagship Iron Ridge Iron Ore Project is a premium Direct Shipping Ore (DSO) deposit that hosts some of the highest grade iron ore in Western Australia. Production commenced in December 2020 following a rapid three-month development period, and first sales were generated in February 2021.

High-grade Iron Ore is transported by road from Iron Ridge using the 100% owned Fenix-Newhaul haulage business to Geraldton where it is shipped using the Company's port facility. Approximately 1.8 million tonnes of premium iron ore products have been exported to date, generating solid cash flow.

High grade iron ore attracts a premium price on the seaborne market, as a purer product results in lower emissions. Chinese steelworks are demanding low impurity ore to meet increasingly strict government regulations.

Fenix has transformed to become a fully integrated mining, logistics haulage business with the acquisition of 100% of Fenix Newhaul. This strategic move substantially reduces C1 FOB cash costs and provides flexibility to scale haulage operations to match production volumes. Furthermore, logistics capabilities in haulage and port operations enhances Fenix's ability to unlock expansion opportunities in the Mid-West.

The Company is led by a proven team with deep mining experience and benefits from strategic alliances and agreements, including binding agreements with the Mid West Ports Authority for the use of its Geraldton Port facilities, a 50% off-take arrangement with Sinosteel International Holding Company Limited and an exclusive marketing agreement with Atlas Iron Pty Ltd for the remaining 50% of product sales.

Fenix is focused on promoting opportunities for local businesses and the community; to date, the project has generated some 200 local jobs. Fenix is proud to employ a 40% indigenous workforce and to be in partnership with Schwarze Brothers Pty Ltd and other leading service providers.

FENIX RESOURCES LIMITED

ACN 125 323 622

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 2:00pm (WST)

DATE: Tuesday, 30 August 2022

PLACE: Grant Thornton
Central Park, Level 43
152 -158 St Georges Terrace
PERTH WA 6000

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 2:00pm (WST) on Sunday, 28 August 2022.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9322 1587.

IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at Grant Thornton, Central Park, Level 43, 152-158 St Georges Terrace, Perth on Tuesday, 30 August 2022 at 2:00pm (WST).

Your vote is important

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

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.

Proxy vote if appointment specifies way to vote: Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances: Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF ISSUE OF SHARES TO NEWHAUL

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

"That, for the purpose of Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of 30 million Shares at a deemed issue price of \$0.30 per Share issued in accordance with ASX Listing Rule 7.1 on 21 July 2022 to Newhaul on the terms and conditions set out in the Explanatory Statement."

Voting exclusion

The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of Newhaul, or any Associates of Newhaul.

However the above voting exclusion does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. RESOLUTION 2 – RATIFICATION OF ISSUE OF SHARES TO SCORPION

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

"That, for the purpose of Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of 4 million Shares at a deemed issue price of \$0.24 per Share issued in accordance with ASX Listing Rule 7.1 on 10 March 2022 to Scorpion on the terms and conditions set out in the Explanatory Statement."

Voting exclusion

The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of Scorpion, or any Associates of Scorpion.

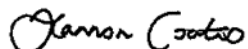
However the above voting exclusion does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

- (c) a holder acting solely in a nominee, trustee custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Dated: 29 July 2022

By order of the Board



**Shannon Coates
Company Secretary**

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. RESOLUTION 1 – RATIFICATION OF ISSUE OF SHARES TO NEWHAUL

1.1 General

On 21 June 2022, the Company announced it had signed a share sale agreement and services agreement (together, the **Agreements**) with Newhaul Pty Ltd (**Newhaul**) to acquire Newhaul's 50% interest in Fenix-Newhaul Pty Ltd (**Fenix-Newhaul**), resulting in the consolidation of 100% ownership of the haulage business into the Company (**Transaction**).

The terms of the Agreements give effect to the transfer of Newhaul's 50% interest in Fenix-Newhaul to the Company. Following completion of the Transaction, the Company will wholly own Fenix-Newhaul.

A summary of the material terms of the Agreements is set out in Schedule 1.

In summary, the Transaction consideration comprises:

- Upfront payment of A\$16.5 million in cash and equity, including:
 - A\$7.5 million in cash consideration to be paid to Newhaul on completion (**Cash Consideration**); and
 - 30,000,000 Shares to be issued to Newhaul on completion and valued at A\$9m based on the last closing price for Shares of A\$0.30 (**Consideration Shares**), (together, the upfront consideration); and
- Up to 60 million Shares to be issued to Newhaul upon the achievement of significant milestones linked directly to value creation for the Company as follows:
 - 20,000,000 Shares upon the Company hauling 3,000,000 dmt; and
 - 20,000,000 Shares upon the Company hauling 6,000,000 dmt; and
 - 20,000,000 Shares upon the Company hauling 10,000,000 dmt (subject to shareholder approval), (together, the **Milestone Consideration**).

The Cash Consideration was paid, and the Consideration Shares were issued, to Newhaul on 21 July 2022.

1.2 Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

The issue of the Consideration Shares to Newhaul does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively used up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 the 12 month period following the date of issue of the Consideration Shares.

1.3 Listing Rule 7.4

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Consideration Shares.

Resolution 1 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Consideration Shares to Newhaul.

1.4 Technical information required by ASX Listing Rule 14.1A

If Resolution 1 is passed, the Consideration Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Consideration Shares.

If Resolution 1 is not passed, the Consideration Shares will continue to be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Consideration Shares.

1.5 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 1:

- (a) the Consideration Shares were issued on 21 July 2022 to Newhaul, who is not a related party of the Company;
- (b) 30,000,000 fully paid ordinary Shares were issued to Newhaul on the same terms and conditions as existing Shares;
- (c) the Shares were issued for nil cash consideration;
- (d) the Shares were issued in part consideration for the acquisition of 50% of Fenix-Newhaul;
- (e) a summary of the material terms of the Agreements is set out in Schedule 1; and
- (f) a voting exclusion statement has been included for the purpose of Resolution 1.

1.6 Board Recommendation

The Board recommends Shareholders vote in favour of Resolution 1.

2. RESOLUTION 2 – RATIFICATION OF ISSUE OF SHARES TO SCORPION

2.1 General

On 8 February 2021, the Company announced it had executed a farm-in and joint venture terms sheet with Scorpion Minerals Limited (**Scorpion**) (ASX: SCN) over tenements E20/953 and E20/948 (together **Tenements**) (**Farm-In Agreement**).

Pursuant to the Farm-In Agreement, the Company was granted the right to earn 70% of the iron ore rights on the Tenements by sole-funding exploration and resource definition drilling to identify up to 10 million tonnes of iron ore.

Alternatively, the Company was granted the right to earn 70% of a discrete portion of the Tenements by self-funding a feasibility study on an identified Mineral Resource of at least 1 million tonnes of iron ore.

On 9 February 2022, the Company announced it had executed a Deed of Amendment agreement with Scorpion in relation to the Farm-In Agreement over the Tenements (**Deed of Amendment**).

The Deed of Amendment entered between the Company and Scorpion accelerated and expanded the previous Farm-In Agreement such that the Company was granted a 100% interest in the iron ore rights on the Tenements in exchange for the issue of 4 million Shares to Scorpion (**Upfront Consideration**).

Additionally, the Company agreed to issue to Scorpion the following deferred consideration:

- 5 million Shares upon the delineation and public announcement by the Company to the ASX of an inferred resource of at least 10Mt of iron ore, or an indicated and/or measured resource of at least 1Mt; and
- 5 million Shares within 15 business days of the first commercial production and sale of iron ore by the Company from the Tenements.

A summary of the material terms of the Deed of Amendment is set out in Schedule 2.

The Upfront Consideration was issued to Scorpion on 10 March 2022.

2.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 1.2 above.

The issue of the Upfront Consideration to Scorpion does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively used up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 the 12 month period following the date of issue of the Upfront Consideration.

2.3 Listing Rule 7.4

A summary of Listing Rule 7.4 is set out in Section 1.3 above.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Upfront Consideration.

Resolution 2 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Upfront Consideration to Scorpion.

2.4 Technical information required by ASX Listing Rule 14.1A

If Resolution 2 is passed, the Upfront Consideration will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity

securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Upfront Consideration.

If Resolution 2 is not passed, the Upfront Consideration will continue to be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Upfront Consideration.

2.5 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 2:

- (a) the Upfront Consideration was issued on 10 March 2022 to Scorpion, who is not a related party of the Company;
- (b) the Upfront Consideration, being 4,000,000 fully paid ordinary Shares, was issued on the same terms and conditions as existing Shares;
- (c) the Upfront Consideration was issued for nil cash consideration;
- (d) the Upfront Consideration was issued in part as consideration for the acquisition of a 100% interest in the iron ore rights on the Tenements;
- (e) a summary of the material terms of the Deed of Amendment is set out in Schedule 2; and
- (f) a voting exclusion statement has been included for the purpose of Resolution 2.

2.6 Board Recommendation

The Board recommends Shareholders vote in favour of Resolution 2.

GLOSSARY

\$ means Australian dollars.

Agreements has the meaning given in Section 1.1.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in the Listing Rules.

ASX means ASX Limited (ACN 008 624 691).

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, or a day that ASX declares is not a business day.

Cash Consideration has the meaning given in Section 1.1

Chair means the chair of the Meeting.

Change of Control Event has the meaning given in Schedule 1.

Company means Fenix Resources Limited (ACN 125 323 622).

Consideration Shares has the meaning given in Section 1.1.

Constitution means the Company's constitution.

Control Event has the meaning given in Schedule 2.

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

Deed of Amendment has the meaning given in Section 2.1.

Deferred Consideration Shares has the meaning given in Schedule 2.

Directors means the current directors of the Company.

dmt means dry metric tonnes.

Explanatory Statement means the explanatory statement accompanying the Notice.

Farm-in Agreement has the meaning given in Section 2.1.

Fenix-Newhaul means Fenix-Newhaul Pty Ltd (ACN 632 931 563);

General Meeting or **Meeting** means the meeting convened by the Notice, and any other **Article** means an article of the Constitution.

Listing Rules means the Listing Rules of ASX.

Meeting means the annual general meeting convened by the Notice.

Milestones has the meaning given in Schedule 1.

Milestone Consideration has the meaning given in Section 1.1.

Newhaul means Newhaul Pty Ltd (ACN 602 724 256).

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

Profit Sharing Rights has the meaning given in Schedule 1.

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.

Scorpion means Scorpion Minerals Limited (ACN 115 535 030);

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

Tenements has the meaning given in Section 2.1.

Transaction has the meaning given in Section 1.1.

Upfront Consideration has the meaning given in Section 2.1.

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

SCHEDULE 1 – NEWHAUL PTY LTD TRANSACTION COMMERCIAL TERMS

Commercial

The Company and Newhaul have executed a share sale agreement and services agreement, pursuant to which the Company will acquire the remaining 50% interest in the haulage joint venture, Fenix-Newhaul, to move to 100% ownership. The terms of the Agreements give effect to the transfer of Newhaul's 50% interest in Fenix-Newhaul to the Company. Following completion of the Transaction, the Company will wholly own Fenix-Newhaul.

The Transaction consideration comprises total cash and equity payments comprising:

- the Cash Consideration and the Consideration Shares;
- the Milestone Consideration; and
- limited profit sharing rights on specific new haulage opportunities in the Mid-West should these opportunities eventuate to benefit the Company and generate future profits attributable to the Company (as described below) (**Profit Sharing Rights**).

The Consideration Shares and the 40,000,000 Milestones 1 and 2 Shares will be issued under the Company's placement capacity under Listing Rule 7.1. The issue of the 20,000,000 Milestone 3 Shares is subject to Shareholder approval.

Board Appointment Right

From completion of the Transaction, Newhaul will be entitled to appoint a nominee director to the Board while it holds at least a 10% Shareholder Interest in the Company. If Newhaul's Shareholder Interest falls below 10% but is above 5%, the Newhaul nominee director to the Board must resign at the next annual general meeting of the Company and will be eligible to stand for re-election at such annual general meeting. If Newhaul's Shareholder Interest falls below 5%, the Newhaul nominee director must resign immediately from the Board (unless the Board otherwise agrees). A "Shareholder Interest" includes all Shares held by Newhaul (or any of its related parties), and includes the number of Shares that Newhaul would hold assuming all the Milestone Consideration is issued.

Exclusivity

Newhaul and Craig Mitchell, the founder of Newhaul, have entered a non-compete arrangement with the Company in respect of haulage in the Mid-West region of Western Australia or areas that haul to the Port of Geraldton for a five year period.

Transitional Arrangements

Pursuant to a services agreement, the Company will retain the services of Newhaul's accomplished corporate team and benefit from the efficiencies of Newhaul's systems and market leading processes for at least twelve months by way of a management services agreement.

Milestone Consideration (up to 60,000,000 Shares)

Objective: The Milestone Consideration is designed to ensure that Newhaul remains committed to providing the highest quality logistics and haulage services throughout the Mid-West.

Milestones: 20,000,000 Shares will be issued to Newhaul upon the Company (through Fenix-Newhaul or other Company group members) hauling each of the following mineral quantities before 31 May 2029 (collectively, "**Milestones**");

- Milestone 1: an aggregate of 3,000,000 dmt;

- Milestone 2: an aggregate of 6,000,000 dmt; and
- Milestone 3: an aggregate of 10,000,000 dmt.

Conditions:

- At the Company's election after 31 May 2027, the Milestone Consideration payable to Newhaul may be substituted for a cash payment equal to the value of the relevant number of Shares¹.
- Shares issued as consideration for Milestone 3 will be subject to Shareholder approval.
- The Milestone Consideration is subject to compliance with the non-compete arrangements prior to the satisfaction of each of the Milestones.
- If there is a change of control event in respect of the Company or Fenix-Newhaul or a disposal of all or material part of the assets of Fenix-Newhaul ("**Change of Control Event**"), the Milestone Consideration must be satisfied through the provision of consideration equivalent to that received in respect of the Change of Control Event (whether cash or scrip consideration, and where it is not possible to issue scrip consideration, the market value of the scrip consideration). In addition, if the change of control event involves the disposal by the Company of all or a material portion of its Iron Ridge Project, the Milestones are automatically deemed to have been satisfied.

Conditions Precedent

Completion of the Company's acquisition of the remaining 50% interest in Fenix-Newhaul from Newhaul is conditional on the Company obtaining all necessary regulatory approvals to the Transaction, the financiers of Fenix-Newhaul consenting to the Transaction and the release of all guarantees provided by Newhaul for the benefit of Fenix-Newhaul.

The share sale agreement for the transaction contains other customary obligations for a transaction of this nature including obligations on the parties prior to completion and representation and warranties which are considered standard for an agreement of this nature.

Profit Sharing Rights

Profit Sharing Rights are provided to recognise the significant efforts Newhaul has put into advancing haulage opportunities in the Mid-West. These rights incentivise Newhaul to continue pursuing these opportunities. These opportunities will provide significant value to Shareholders if achieved.

Profit Sharing Rights will entitle Newhaul to a profit share payment per tonne of hauled minerals from specific, and highly prospective, mining projects in the Mid-West should the Company, either via Fenix-Newhaul or any Company group member, be the haulage provider to these projects.

¹ Based on 10-day VWAP immediately prior to achieving the Milestone.

SCHEDULE 2 –DEED OF AMENDMENT TERMS

Material terms of the Deed of Amendment are as follows:

Farm-In

- (a) Subject to the issue of the Upfront Consideration, Scorpion agrees to grant, and the Company is deemed to have earned, a 100% interest in the iron ore rights, free from encumbrances, in respect of the Tenements for the life of the Tenements.
- (b) From the date of the issue of the Upfront Consideration for the duration of the life of the Tenements:
- (i) Scorpion agrees to grant to the Company, in respect of the Tenements, a licence to enter (by its employees, agents or contractors), and a sole and exclusive right to explore for iron ore thereon and, where deposits are discovered which, in the Company's opinion, are economically viable to mine or to process, to mine or process them by such means as the Company may choose;
 - (ii) Scorpion agrees that it will not exercise the iron ore rights in respect of the Tenements, and any iron ore recovered by Scorpion in the exercise of its rights as the OMR Holder (as that term is defined in the Deed of Amendment) will be the property of the Company and must be stockpiled and returned to the Company upon request by the Company;
 - (iii) the parties agree and acknowledge that Scorpion maintains ownership of the Tenements and the exclusive right and entitlement to:
 - A. explore for, process and mine the Other Minerals (as that term is defined in the Deed of Amendment) on the Tenements; and
 - B. sell, assign, transfer, swap, part with possession of, novate, deal with or in any manner dispose of or alienate any legal or equitable interest in the Other Mineral Rights (as that term is defined in the Deed of Amendment),as Scorpion may require in its absolute discretion;
 - (iv) the Company may retain all iron ore, but otherwise will not exercise the Other Mineral Rights (as that term is defined in the Deed of Amendment) in respect of the Tenements, and all Other Minerals (as that term is defined in the Deed of Amendment) and ores recovered by the Company in the exercise of its rights under the Deed of Amendment and as the IOR Holder (as that term is defined in the Deed of Amendment) will be the property of Scorpion and must be immediately notified by the Company to Scorpion in writing, stockpiled and returned to Scorpion upon request by Scorpion; and
 - (v) property in any iron ore recovered pursuant to any exploitation of the iron ore rights immediately transfer to the Company upon removal from a Tenement.
- (c) For the avoidance of doubt, the iron ore rights will continue for the life of the Tenements and if the Company has established an iron ore resource on the Tenements then the iron ore rights will continue on the area of that iron ore resource beyond the life of the relevant Tenement for the term of any subsequent tenement granted in respect of the iron ore resource.

Consideration

The Company agrees to issue the Upfront Consideration to Scorpion to earn a 100% interest in the iron ore rights pursuant to the Deed of Amendment. As soon as practicable after the issue of the Upfront Consideration, the Company will use its reasonable endeavours to apply for official quotation of the Upfront Consideration on ASX and deliver to Scorpion holding statements for the Upfront Consideration. On issue of the Upfront Consideration, Scorpion agrees to be a member of the Company and be bound by the Company's constitution.

Deferred Consideration

(a) Subject to Shareholder approval, the Company agrees to issue to Scorpion:

- (i) 5,000,000 Shares within 15 business days of the delineation and public announcement by the Company to ASX of an independently assessed JORC Code 2012:
 - i. inferred resource of at least 10 million tonnes; or
 - ii. indicated and/or measured resource of at least 1 million tonnes; and
- (ii) 5,000,000 Shares within 15 business days of the first commercial production and sale of iron ore by the Company from the Tenements.

(together, the **Deferred Consideration Shares**)

(b) In the event that the Company holds the required Shareholder meetings and Shareholders do not approve the issue of the Deferred Consideration Shares, Scorpion will have the ability to elect (by written notice to the Company), and the Company must immediately comply with Scorpion's election to either:

- (i) reissue a further notice of meeting and hold another Shareholder meeting for the purpose of obtaining approval for the issue of the Deferred Consideration Shares; or
- (ii) pay Scorpion a cash payment equal to the value of the Deferred Consideration Shares based on the price of Shares on the twenty (20) trading day VWAP (being days on which Shares traded) prior to the date the relevant milestone is satisfied, in lieu of the issue of the relevant Deferred Consideration Shares (**Payment in Lieu**).

(c) In the event that the Company is subject to a change of control, as defined below, Scorpion will be immediately entitled to receive at the Company's election:

- (i) all the Deferred Consideration Shares and the Company must do all things necessary to immediately issue the Deferred Consideration Shares to Scorpion (and/or its nominee); or
- (ii) a cash payment equal to the value of the Deferred Consideration Shares based on the issue price or the implied value per share from the Control Event.

(d) A change of control event (**Control Event**) occurs where:

- (i) an offer is made for Shares pursuant to a takeover bid under Chapter 6 of the Corporations Act and such takeover bid is, or is declared, unconditional or the person making the takeover bid has a relevant interest in 50% or more of Shares;
- (ii) the Court approves under Part 5.1 of the Corporations Act a scheme of arrangement for the purposes of or in connection with a corporate restructure (including change of domicile, or any reconstruction, consolidation, sub-division, reduction or return or the issued capital of the Company); or
- (iii) any person acquires a relevant interest in 50.1% or more of the Shares by any other means.

Proxy Voting Form

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **2.00pm (WST) on Sunday, 28 August 2022**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders 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 Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.



