



Fe Limited (ACN: 112 731 638)

Notice of Extraordinary General Meeting

TIME: 9:00am WST

DATE: Monday, 12 July 2021

PLACE: 32 Harrogate Street, West Leederville, Western Australia 6007

This notice of Extraordinary General Meeting should be read in its entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting. Please contact the Company Secretary on +61 8 6181 9793 or cath@bellatrixcorp.com.au if you wish to discuss any matter concerning the Meeting.

Fe Limited
ACN 112 731 638

Notice of Extraordinary General Meeting

Notice is hereby given that the Extraordinary General Meeting of the Shareholders of Fe Limited will be held at 32 Harrogate Street, West Leederville, Western Australia 6007 at 9am (WST) on 12 July 2021 (**Meeting**).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Statement and Proxy Form form part of this Notice of Meeting.

Shareholders can vote by attending the Meeting by returning a completed Proxy Form or attending the Meeting in person. Instructions on how to complete a Proxy Form are set out in the Explanatory Statement.

Proxy Forms must be received by no later than 9am (WST) on 10 July 2021.

Terms and abbreviations used in this Notice and Explanatory Statement are defined in Schedule 1 of the Explanatory Statement.

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 advisors 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 9:00am (WST) on 10 July 2021.

AGENDA

RESOLUTION 1 - RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES (7.1 PLACEMENT SHARES)

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 68,028,993 Shares pursuant to the Placement on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement is set out below.

RESOLUTION 2 - RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES (7.1A PLACEMENT SHARES)

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 55,352,662 Shares pursuant to the Placement on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement is set out below.

RESOLUTION 3 - RATIFICATION OF PRIOR ISSUE OF OPTIONS TO BELL POTTER

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 15,000,000 Options to Bell Potter, and otherwise on the terms set out in the Explanatory Statement.”

A voting exclusion statement is set out below.

RESOLUTION 4 - ADOPTION OF EMPLOYEE SECURITIES INCENTIVE PLAN

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.2 Exception 9(b), as an exception to Listing Rule 7.1, and for all other purposes, approval is given for the establishment of the “Fe Limited Employee Securities Incentive Plan” and the issue of Securities (and the issue of Shares on conversion of any convertible Securities) under that plan on the terms and conditions set out in SCHEDULE 3 of the Explanatory Memorandum.”

A voting exclusion statement is set out below.

RESOLUTION 5 - ISSUE OF SECURITIES TO A RELATED PARTY - TONY SAGE

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 7,500,000 Options to, the Director, Tony Sage or his nominee on the terms set out in the Explanatory Statement.”

A voting exclusion statement is set out below.

RESOLUTION 6 - ISSUE OF SECURITIES TO A RELATED PARTY - MARK HANCOCK

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 7,500,000 Options to, the Director, Mark Hancock or his nominee on the terms set out in the Explanatory Statement.”

A voting exclusion statement is set out below.

RESOLUTION 7 - APPROVAL TO ISSUE SHARES UNDER THE JWD TRANSACTION

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 4,807,692 Shares to Gold Valley Iron Ore Pty Ltd under the JWD Transaction, and otherwise on the terms set out in the Explanatory Statement.”

A voting exclusion statement is set out below.

RESOLUTION 8 - APPROVAL TO ISSUE SHARES UNDER THE 9% OPTION

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 43,859,649 Shares to Gold Valley Iron Ore Pty Ltd under the 9% Option, and otherwise on the terms set out in the Explanatory Statement.”

A voting exclusion statement is set out below.

VOTING PROHIBITION AND EXCLUSION STATEMENTS

ASX Listing Rules

Under Listing Rule 14.11, the Company will disregard any votes cast in favour of a resolution by or on behalf of:

- (a) the below named person or class of persons excluded from voting; or
- (b) an associate of that person or those persons:

Resolution	Persons excluded from voting
Resolution 1 - Ratification of prior issue of Placement Shares (7.1 Placement Shares)	Any person who participated in the issue or is a counterparty to the agreement being approved, and any Associate of those persons.
Resolution 2 - Ratification of prior issue of Placement Shares (7.1A Placement Shares)	Any person who participated in the issue or is a counterparty to the agreement being approved, and any Associate of those persons.
Resolution 3 - Ratification of prior issue of options to Bell Potter	Bell Potter and its associates
Resolution 4 - Adoption of Employee Securities Incentive Plan	By or on behalf of a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and their nominees, and any associates of those persons.
Resolution 5 - Issue of Securities to a Related Party - Tony Sage	Tony Sage and his associates.
Resolution 6 - Issue of Securities to a Related Party - Mark Hancock	Mark Hancock and his associates.
Resolution 7 - Approval to Issue Shares under the JWD Transaction	Gold Valley Iron Ore Pty Ltd and its associates.
Resolution 8 - Approval to Issue Shares under the 9% Option	Gold Valley Iron Ore Pty Ltd and its associates.

However, this does not apply to a vote cast in favour of a 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 as 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.

By order of the Board of Directors



Ms Catherine Grant-Edwards
Company Secretary
8 June 2021

Explanatory Statement

1 INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 32 Harrogate Street, West Leederville, Western Australia 6007 at 9am (WST) on 12 July 2021. The purpose of this Explanatory Statement is to provide information to Shareholders in deciding how to vote on the Resolutions set out in the Notice.

This Explanatory Statement should be read in conjunction with and forms part of the accompanying Notice, and includes the following:

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A Proxy Form is located at the end of this Explanatory Statement.

ASX takes no responsibility for the contents of the Notice or Explanatory Statement.

Please contact the Company Secretary on +61 8 6181 9793 or by email at cath@bellatrixcorp.com.au if you wish to discuss any matter concerning the Meeting.

2 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read the Notice and this Explanatory Statement carefully before deciding how to vote on the Resolutions.

2.1 Voting by Proxy

To vote by proxy, please complete and sign and return the Proxy Form (attached to the Notice) to the Company in accordance with the instructions on the Proxy Form.

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

- (a) each Shareholder has the right to appoint a proxy;

- (b) the proxy need not be a Shareholder of the Company; and
- (c) 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 half of the votes.

The Company encourages Shareholders completing a Proxy Form to direct the proxy how to vote on the Resolutions.

The Proxy Form must be received no later than 48 hours before the commencement of the Meeting, i.e. by no later than 9am (WST) on 10 July 2021. Any Proxy Form received after that time will not be valid for the Meeting.

Shareholders can appoint the Chair of the Meeting as their proxy. Shareholders can complete the proxy form to provide specific instructions on how a Shareholder's vote is to be cast on each item of business, and the Chair of the Meeting must follow your instructions.

The Chair intends to vote all undirected proxies in favour of each Resolution, including Resolutions 5 and 6 (which concern Directors' remuneration).

2.2 Voting in person

The Directors strongly encourage all Shareholders to lodge a directed proxy form prior to the Meeting.

2.3 Corporate representatives

Shareholders who are body corporates may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the Meeting.

2.4 Eligibility to vote

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 9:00am (WST) on 10 July 2021.

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.

3 BACKGROUND

3.1 Introduction

In February 2021 the Company raised \$5.5 million through a placement managed by Bell Potter (**Placement**). The Placement was made without Shareholder approval using the Company's existing placement capacity. To allow flexibility and restore its ability to raise capital, the Meeting is convened for Shareholders to ratify the issue.

The Company also seeks Shareholder approval for various issues proposed by the Company, including to Directors and under the JWD Transaction, and to adopt an employee incentive plan to reward and incentivise employees as the Company develops its projects.

3.2 Effect on the capital structure of the Company and dilution

The effect of the various issues on the capital structure of the Company is as follows (assuming no other Shares are issued):

Items	Shares		Fully Diluted	
	Number	%	Number	%
Shares currently on issue (excluding Shares for which ratification is sought under Resolutions 1 and 2)	573,717,954	76.93%	573,717,954	73.95%
Shares issued under the Placement (Resolutions 1 and 2))	123,381,655	16.54%	123,381,655	15.90%
Shares to be issued under the JWD Transaction and 9% Option (Resolutions 7 and 8)	48,667,341	6.53%	48,667,341	6.27%
Maximum number of Shares issued to Bell Potter upon exercise of Options (Resolution 3)	-	-	15,000,000	1.93%
Maximum number of Shares issued upon exercise of Director Options (Resolutions 5 and 6)	-	-	15,000,000	1.93%
Total	745,766,950	100.0%	775,766,950	100.0%

The Company currently has 62,335,415 Options on issue. The above table assumes that these Options are not exercised. Any exercise of this Options will reduce the dilutionary effect of the above issues.

3.3 Listing Rules

Broadly speaking and subject to a number of exceptions:

- (a) Listing Rule 7.1 limits the number of equity securities a company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid up ordinary securities it had on issue at the start of that period.
- (b) Listing Rule 10.11 prohibits the issue of securities to related parties and certain others, and their associates, by a listed Company without prior Shareholder approval.

Listing Rule 7.1A permits listed entities who meet the threshold eligibility criteria and have obtained the approval of their ordinary shareholders by special resolution at their general meeting, to issue an additional 10% of issued capital by way of placement over a 12 month period.

Listing Rule 7.4 allows shareholders to ratify an issue of, or agreement to issue, equity securities after it has been made or agreed to be made. If they do, the issue or agreement 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.

Securities issues and agreements that are approved by Shareholders under Listing Rules 7.4 and 10.1 are not included in calculating an entity's 15% capacity under Listing Rule 7.1.

4 RESOLUTIONS 1 AND 2 - RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES

4.1 Introduction

On 24 February 2021, the Company issued a total of 123,381,655 shares (**Placement Shares**) at \$0.045 per share to sophisticated and professional investors (**Placement**) raising \$5.5 million (before costs of raising). Of the 123,381,655 Placement Shares issued:

- (a) 68,028,993 were issued without Shareholder approval pursuant to the Company's remaining 15% placement capacity under Listing Rule 7.1; and
- (b) 55,352,662 were issued without Shareholder approval pursuant to the Company's remaining 10% placement capacity under Listing Rule 7.1A.

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the 68,028,993 Placement Shares under the Company's Listing Rule 7.1 issuance capacity.

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the 55,352,662 Placement Shares under the Company's Listing Rule 7.1A issuance capacity.

By ratifying the issues the subject of Resolutions 1 and 2, the base figure (i.e. variable "A") in which the Company's 15% annual issuance capacities are calculated will be a higher number which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval.

If Resolutions 1 and 2 are passed, the issue of the Placement Shares will be excluded in calculating the Company's 15% limit for the purposes of Listing Rule 7.1 and 10% limit for the purposes of Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without shareholder approval over the 12 month period following the date of issue of the Placement Shares.

If Resolutions 1 and 2 are not passed, the issue of the Placement Shares will be included in calculating the Company's 15% limit for the purposes of Listing Rule 7.1 and 10% limit for the purposes of Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12 month period following the date of issue of the Placement Shares.

4.2 Technical Information required by Listing Rule 7.5

For the purposes of Listing Rule 7.5, the following information is provided for the ratification of the issue of the Placement Shares the subject of Resolution 1 and Resolution 2:

- (a) The Placement Shares were issued to investors selected by the Company in consultation with Bell Potter as lead manager and bookrunner to the Placement. None of the subscribers were related parties of the Company or otherwise persons to whom Listing Rule 10.11 applied;
- (b) A total of 123,381,655 fully paid ordinary shares in the capital of the Company ranking equally in all respects with the existing Shares on issue were issued;
- (c) The Placement Shares were issued on 24 February 2021;
- (d) The Placement Shares were issued at a price of \$0.045 per Share to raise \$5.5 million (before costs of raising);
- (e) the funds raised from the issue of the Placement Shares are intended to be used to fully fund development of the low capex, direct shipping Wiluna West JWD iron ore development project and drilling and approvals work at the Yarram Iron Ore Project;
- (f) other than as disclosed, there are no other material terms to the issue; and
- (g) a voting exclusion statement is included in the Notice.

4.3 Directors' recommendation

The Directors unanimously recommends that Shareholders vote in favour of Resolution 1 and Resolution 2 as it allow the Company the ability to issue securities without Shareholder approval and provide flexibility for its capital requirements..

5 RESOLUTION 3 - RATIFICATION OF PRIOR ISSUE OF OPTIONS TO BELL POTTER

5.1 Introduction

On 24 February 2021, the Company issued 15,000,000 unlisted Options to Bell Potter (**Bell Potter Options**) pursuant to a corporate advisory mandate (**Mandate**). Pursuant to the Mandate, it was agreed that Bell Potter would act as the sole lead manager and bookrunner in relation to the Placement. As compensation for services provided, Bell Potter received 5% of the amount placed and 15,000,000 Options, on the following terms:

- (a) 5,000,000 Options which vest on and are exercisable at any time from 12 October 2020 up to and including the third anniversary of that date, after which they expire. Each Option is exercisable at \$0.035 and gives Bell Potter the right to be issued one Share;
- (b) 5,000,000 Options which vest on and are exercisable at any time from 12 April 2021 up to and including the third anniversary of that date, after which they expire. Each Option is exercisable at \$0.045 and gives Bell Potter the right to be issued one Share; and
- (c) 5,000,000 Options which vest on and are exercisable at any time from 12 October 2021 up to and including the third anniversary of that date, after which they expire. Each Option is exercisable at \$0.060 and gives Bell Potter the right to be issued one Share.

Bell Potter's mandate provided that the Company would pay a monthly fee of \$10,000 (with 50% rebated against the management fee subsequently paid) over the term (approximately 3 months), and otherwise contained terms ordinarily found in an agreement of this nature, including warranties and indemnities.

As summarised in section 3.3 above, 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 Bell Potter Options 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 for the 12 month period following the date of issue of the Bell Potter Options.

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, Resolution 3 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Bell Potter Options.

If Resolution 3 is passed, the Bell Potter Options 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 Bell Potter Options.

If Resolution 3 is not passed, the Bell Potter Options will 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 Bell Potter Options.

5.2 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 3:

- (a) the Options were issued to Bell Potter, an adviser of the Company with respect to the Placement. Bell Potter was not a related party to the Company or otherwise a person to whom Listing Rule 10.11 applied;
- (b) Of the 15,000,000 Bell Potter Options issued:
 - (i) 5,000,000 Options have an exercise price of \$0.035 and expire on 12 October 2023, and are otherwise on the terms set out in SCHEDULE 2;
 - (ii) 5,000,000 Options have an exercise price of \$0.045 and expire on 12 April 2024, and are otherwise on the terms set out in SCHEDULE 2;
 - (iii) 5,000,000 Options have an exercise price of \$0.06 and expire on 12 October 2024, and are otherwise on the terms set out in SCHEDULE 2;
- (c) the Options were issued on 24 February 2021;
- (d) the Options were issued in consideration for services provided by Bell Potter with respect to the Placement, and no funds were raised from the issue. Funds raised from exercising the Bell Potter Options will be used for general working capital;
- (e) the Options were issued under the Mandate, the key terms of which are summarised in Section 4.1 above. Other than as disclosed, there are no other material terms to the issue; and
- (f) a voting exclusion statement is included in the Notice.

5.3 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3. These will allow the Company to preserve the Company's 15% capacity under Listing Rule 7.1.

6 RESOLUTION 4 - ADOPTION OF EMPLOYEE SECURITIES INCENTIVE PLAN

6.1 General

The Company considers that it is desirable to establish a securities incentive plan pursuant to which the Company can issue Securities to eligible Directors, employees and consultants in order to attract, motivate and retain such persons and to provide them with an incentive to deliver growth and value to all Shareholders.

Accordingly, Resolution 4 seeks Shareholder approval for the adoption of the employee securities incentive plan titled "Fe Limited Employee Securities Incentive Plan" (**Plan**) in accordance with Listing Rule 7.2 Exception 9(b).

Under the Plan, the Board may offer to eligible persons the opportunity to subscribe for such number of Securities in the Company as the Board may decide and on the terms set out in the Plan, the terms of which are set out in SCHEDULE 3. No more than that number of equity securities that, when converted to Shares, equal no more than 111,865,042 Shares can be issued.

A copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting and will be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

A summary of Listing Rule 7.1 is provided in Section 3.3. Listing Rule 7.2, Exception 9(b) provides an exception to Listing Rule 7.1 by which equity securities issued under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of equity securities under the scheme as an exception to Listing Rule 7.1.

If Resolution 4 is passed, the Company will be able to issue Securities under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

No Securities have been issued under the proposed Plan as it is a new employee incentive plan and has not previously been approved by Shareholders.

Prior Shareholder approval will be required under Listing Rule 10.14 before any Director or related party of the Company can participate in the Plan.

Pursuant to the Listing Rules, Shareholders must re-approve the Plan and all unissued Securities issuable pursuant thereto every 3 years.

Resolution 4 is an ordinary resolution.

The Company intends to issue 4,000,000 Options to existing employees, who are not persons to whom Listing Rule 10.11 applies, shortly after the Meeting.

6.2 Directors' recommendation

The Directors are eligible participants under the Plan (although the issue of any securities to them under the Plan is subject to shareholder approval), and for that reason do not make any recommendation on Resolution 4. Undirected proxies will be voted in favour of the Resolution.

7 RESOLUTIONS 5 TO 6 - ISSUE OF SECURITIES TO RELATED PARTIES

7.1 General

On 26 April 2021, the Company announced that it would seek approval for the issue of Options to key personnel, including Executive Directors Mr Tony Sage and Mr Mark Hancock, and that the Options would have an exercise price of 6 cents and will only vest on meeting of key operational milestones. The proposed Options are to remunerate and incentivise the Executive Directors.

Resolutions 5 and 6 seek Shareholder approval under Chapter 2E of the Corporations Act and Listing Rule 10.11 for the issue.

The Company has agreed, subject to Shareholder approval, to issue 15,000,000 Options to the Directors (**Incentive Options**), as follows:

Directors	Number of Incentive Options
Tony Sage	7,500,000
Mark Hancock	7,500,000
Total	15,000,000

The Incentive Options have an exercise price of \$0.06 each and expire at 5:00 pm (WST) on 30 June 2023 and are otherwise subject to the terms set out in SCHEDULE 4, including the following vesting conditions:

Number of Options (%)	Exercise Price	Expiration Date	Vesting conditions ^{1,2}
40%	\$0.06 each	30 June 2023	The Options shall vest and become exercisable upon successful earn-in to JWD by meeting Stage 1 earn-in milestone by exporting 300,000 tonnes by 31 January 2022.
26.67%	\$0.06 each	30 June 2023	The Options shall vest and become exercisable upon

			export of 1MT from JWD by 31 December 2022.
0.33%	\$0.06 each	30 June 2023	The Options shall vest and become exercisable upon export of 0.25MT from Yarram by 31 December 2022.

¹ Should the director cease to be a director of the Company: (i) any Options that have not vested as at the Cessation Date shall immediately lapse on the date of cessation to act as a director of the Company (**Cessation Date**); (ii) any Options that have vested but not exercised will not be affected.

² In the event of a change of control of the Company (being where a person acquires a relevant interest in 50% or more of the Company's issued Shares), the Options will vest immediately.

The primary purpose of the grant of the Incentive Options to the Directors is to provide an attractive remuneration package for the Executive Directors to motivate and reward the performance of the Executive Directors, in particular:

- (a) the grant of Incentive Options to the Executive Directors will align the interests of the Executive Directors with those of Shareholders;
- (b) the grant of the Incentive Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Executive Directors; and
- (c) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Incentive Options upon the terms proposed.

The effect of the issues under Resolutions 5 to 6 (assuming Shareholders passing such Resolutions) on the capital structure of the Company is set out in section 3.2.

7.2 Regulatory requirements

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the company unless either:

- (a) the giving of the financial benefit falls within one of the exceptions to the provision; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

Related party is widely defined under the Corporations Act, and includes directors of a company. Financial benefit is defined broadly and includes the issue of Options. The Corporations Act requires that any consideration that is given is disregarded,

even if the consideration is adequate. Resolutions 5 and 6 seek Shareholder approval for the purposes of Chapter 2E.

As summarised in Section 3.3 above, Listing Rule 10.11 requires prior shareholder approval for the issue of Equity Securities to related parties (which includes directors, certain relatives and their controlled entities), except for certain issues set out under Listing Rule 10.12.

The proposed issue of securities to the Company's Directors or their nominees does not fall within any of the exceptions under Listing Rule 10.12 and requires Shareholder approval under Listing Rule 10.11. Resolutions 5 to 6 seek Shareholder approval under Listing Rule 10.11 for the issue of securities to the Directors (or their nominees). If Resolutions 5 to 6 are passed, the Company will be able to proceed with the issues and the Directors will be issued with the Incentive Options as set out above. If Resolutions 5 to 6 are not passed, the Company will not be able to proceed with the issues and may have to negotiate with the Directors on alternative arrangement to compensate the Directors.

If approval is given under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1. Shareholder approval of the issue of the Shares to the above related parties means that these issues will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

7.3 Information required by Chapter 2E of the Corporations Act

For the purposes of section 219 of the Corporations Act and ASIC Regulatory Guide 76, the following information is provided to Shareholders to enable them to assess the merits of Resolutions 5 to 6:

- (a) The related parties to whom Resolutions 5 to 6 would permit the benefit to be given are Tony Sage and Mark Hancock, who are each Directors.
- (b) The nature of the financial benefit:
 - (i) 7,500,000 Incentive Options to Tony Sage; and
 - (ii) 7,500,000 Incentive Options to Mark Hancock.
- (c) The Incentive Options have an exercise price of \$0.06 each and expire at 5:00pm (WST) on 30 June 2023, and are otherwise on terms set out in SCHEDULE 4.
- (d) Reasons for giving the benefit:

The reason for giving the benefit is set out in section 7.1.
- (e) The existing relevant interest of the related parties in securities of the Company are set out below:

Related Party	Shares	Options
Tony Sage	21,673,010	7,500,000

Mark Hancock	2,500,000	7,500,000
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(f) Total remuneration package

Related Party	Estimate	Actual
	Current Financial Year (30 June 2021)	Previous Financial year (30 June 2020)
	(\$)	(\$)
Tony Sage	167,500	120,000
Mark Hancock	105,000	40,000

(g) Dilution

The Company's issued share capital will not change as a result of the issue of the Incentive Options to the related parties. The dilutive effect of the proposed issues under Resolutions 5 to 6 on the capital structure of the Company is set out in section 3.2.

(h) Valuation of the financial benefit to be given

The Incentive Options have been valued using the Black & Scholes option pricing model. Measurement inputs include the Share Price on the measurement date, the exercise price, the term of the Incentive Option, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Incentive Option. The valuation of the Incentive Options is set out below:

Assumptions	
Valuation date	17 May 2021
Market price of Shares	\$0.052 per Share
Exercise price	\$0.06 each
Expiry date	30 June 2023
Risk free interest rate	0.07%
Expected volatility	100%
Indicative value per Option (undiscounted)	\$0.026
Total Value of Options (undiscounted)	\$390,000

Discount	Nil
Indicative value per Option	\$0.026
Total Value of Options to be issued to Mr Sage	\$195,000
Total Value of Options to be issued to Mr Hancock	\$195,000

(i) Other Information

The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision on whether it is in the best interests of the Company to pass Resolutions 5 to 6.

7.4 Resolutions 5 to 6 - Information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, the following information is provided about the issue of the Incentive Options under Resolutions 5 to 6:

- (a) The persons participating in the issues are the following, each of whom is a related party:
 - (i) Resolution 5 - Tony Sage (or his nominee), a Director.
 - (ii) Resolution 6 - Mark Hancock (or his nominee), a Director.
- (b) Each of the persons is a Director and is therefore a related party and subject to Listing Rule 10.11.1.
- (c) The maximum number of securities to be issued is 15,000,000 Incentive Options. Refer to section 7.1 for details.
- (d) The securities to be issued are Incentive Options with an exercise price of \$0.06 each and an expiration date at 5:00 pm (WST) on 30 June 2023. The Incentive Options are subject to vesting conditions and are otherwise subject to the terms as set out in SCHEDULE 4.
- (e) The securities will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue will occur on the same date.
- (f) The securities will be issued for nil cash consideration to provide an attractive remuneration package for the Executive Directors to motivate and reward the performance of the Executive Directors.
- (g) The securities are issued to motivate and reward the performance of the Directors, and no funds will be raised from the issue. Funds raised from the exercise of the Incentive Options will be used towards the working capital of the Company.
- (h) The Directors' current total remuneration packages is set out in section 7.3(f).

- (i) Other than those set out in this section and SCHEDULE 4, there are no other material terms in relation to the issue.
- (j) A voting exclusion statement is included in the Notice.

7.5 Directors recommendation

Mr Tony Sage and Mr Mark Hancock refrain from making a recommendation in relation to Resolutions 5 to 6 as they have a personal interest in the Resolutions. Mr Nicholas Sage recommends that Shareholders vote in favour of Resolutions 5 and 6.

8 RESOLUTIONS 7 AND 8 - APPROVAL TO ISSUE SHARES UNDER THE JWD TRANSACTION

8.1 Introduction

As announced on 17 September 2020, the Company has entered into a binding agreement to acquire a 51% interest in the mining rights agreement Gold Valley Iron Ore Pty Ltd (**GV**) executed with GWR Group Limited over the Wiluna West JWD deposit (**JWD Project**) (**JWD Transaction**). The Company and GV operate the JWD Project under a joint venture (**JV**) with the Company having a 51% interest in the JV. The JWD Transaction completed on 29 September 2020.

The consideration for the JWD Transaction is as follows:

- (a) \$500,000 cash to reimburse GV for past costs to be paid on completion of the transaction (previously paid);
- (b) 12,500,000 Shares on completion of the transaction (previously issued);
- (c) \$250,000 in cash or Shares (**JWD Transaction Initial Shares**) at the Company's election on a decision to mine;
- (d) the Company to fund a \$125,000 payment due to GWR on 30 September 2020 (previously paid);
- (e) the Company to fund prepayment of a third-party production royalty of up to \$450,000 in two installments, one on completion of the transaction and one on decision to mine (both previously paid); and
- (f) the Company to provide a \$3 million working capital facility to the JV on decision to mine, repayable against sale proceeds.

Further payments due to GWR will be paid by the JV, as detailed in the Company's previous announcements.

The Company has elected to issue the JWD Transactions Initial Shares in satisfaction of the \$250,000 payment (paragraph (c) above), subject to receipt of shareholder approval. The proposed number of JWD Transaction Initial Shares has been determined based on the 10-day VWAP share price of \$0.052 calculated on 28 April 2021.

On 25 May 2021 the Company announced that GV had granted the Company a 3 month option to acquire a further 9% interest in the JWD Project for \$2.5 million (**9% Option**). If the 9% Option is exercised the Company can elect to pay the purchase consideration in Shares at an issue price of \$0.057 per Share (being the VWAP of Shares over the 10 days prior to 24 May 2021), or 43,859,649 Shares (**JWD Transaction 9% Option Shares**). As at the date of this Explanatory Memorandum, the Company is yet to decide whether to exercise the 9% Option or, if exercised, whether the purchase consideration will be satisfied through the issue of Shares or cash.

A summary of the Listing Rule 7.1 is set out in section 3.3.

Resolution 7 seeks Shareholder approval for the issue of the JWD Transaction Initial Shares for the purpose of ASX Listing Rule 7.1. If Resolution 7 is passed, the issue can proceed and the Company will satisfy its obligation to GV under the JWD Transaction through the issue of Shares. If Resolution 7 is not passed, the issue cannot proceed and the Company will pay GV \$250,000 in cash.

Resolution 8 seeks Shareholder approval for the issue of the JWD Transaction 9% Option Shares for the purpose of ASX Listing Rule 7.1. If Resolution 8 is passed, the Company can at its discretion elect to exercise the 9% Option through issuing Shares. If Resolution 8 is not passed, the issue cannot proceed and the Company will, if it elects to exercise the 9% Option, pay GV \$2,500,000 in cash.

8.2 Resolution 7 - Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, the following information is provided about the proposed issue of JWD Transaction Initial Shares:

- (a) The securities will be issued to Gold Valley Iron Ore Pty Ltd, who is not a related party to the Company or otherwise a person to whom Listing Rule 10.11 applies.
- (b) The total maximum number of securities that may be issued will be 4,807,692 Shares.
- (c) The proposed JWD Transaction Initial Shares will be fully paid ordinary shares in the capital of the Company that rank equally with existing Shares on issue.
- (d) The securities 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 Listing Rules) and it is intended that issue will occur on the same date.
- (e) The JWD Transaction Initial Shares will be issued for nil cash consideration but as part consideration for the JWD Transaction.
- (f) No funds will be raised from the issue as the issue will be made as part consideration for the JWD Transaction.

- (g) Other than those set out in this section 10, there are no other material terms in relation to the proposed issue.
- (h) A voting exclusion statement is included in the Notice.

8.3 Resolution 8 - Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, the following information is provided about the proposed issue of JWD Transaction 9% Option Shares:

- (a) The securities will be issued to Gold Valley Iron Ore Pty Ltd, who is not a related party to the Company or otherwise a person to whom Listing Rule 10.11 applies.
- (b) The total maximum number of securities that may be issued will be 43,859,649 Shares.
- (c) The proposed JWD Transaction 9% Option Shares will be fully paid ordinary shares in the capital of the Company that rank equally with existing Shares on issue.
- (d) The securities 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 Listing Rules) and it is intended that issue will occur on the same date.
- (e) The JWD Transaction 9% Option Shares will be issued for nil cash consideration but as consideration for exercising the 9% Option.
- (f) No funds will be raised from the issue as the issue will be made as consideration for exercising the 9% Option.
- (g) Other than those set out in this section, there are no other material terms in relation to the proposed issue.
- (h) A voting exclusion statement is included in the Notice.

8.4 Directors' recommendation

The Directors unanimously recommends that Shareholders vote in favour of Resolutions 7 and 8, as it will satisfy the Company's obligation to pay GV \$250,000 under the JWD Transaction and give the Company flexibility in issuing Shares if the 9% Option is exercised.

SCHEDULE 1 GLOSSARY

9% Option has the meaning given in section 8.1.

\$ or A\$ means Australian dollars.

ASX Listing Rules means the Listing Rules of ASX.

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

Bell Potter means Bell Potter Securities Limited (ACN 006 390 772).

Bell Potter Options has the meaning given in section 5.1.

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 Fe Limited (ACN 112 731 638).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Equity Security has the meaning given in the Listing Rule.

Explanatory Statement means the explanatory statement accompanying the Notice.

GV means Gold Valley Iron Ore Pty Ltd.

Incentive Options has the meaning given in section 7.1.

JWD Project has the meaning given in section 8.1.

JWD Transaction has the meaning given in section 8.1.

JWD Transaction 9% Option Shares has the meaning given in section 8.1.

JWD Transaction Initial Shares has the meaning given in section 8.1.

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

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

Option means an option to be issued a Share.

Placement has the meaning given in section 4.1.

Placement Shares has the meaning given in section 4.1.

Plan means the incentive securities plan as summarised in SCHEDULE 3.

Proxy Form means the proxy form accompanying the Notice.

Relevant Period has the meaning given in the Listing Rule.

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.

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

Shareholder means a registered holder of a Share.

VWAP has the meaning given in the Listing Rule.

WST means Western Australian Standard Time.

SCHEDULE 2 OPTION TERMS AND CONDITIONS (BELL POTTER)

1. Entitlement

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

2. Exercise Price and Period

(a) 5,000,000 Options which vest on and are exercisable at any time from 12 October 2020 up to and including the third anniversary of that date, after which they expire, and have an exercise price of \$0.035;

(b) 5,000,000 Options which vest on and are exercisable at any time from 12 April 2021 up to and including the third anniversary of that date, after which they expire, and have an exercise price of \$0.045; and

(c) 5,000,000 Options which vest on and are exercisable at any time from 12 October 2021 up to and including the third anniversary of that date, after which they expire and have an exercise price of \$0.060.

3. Notice of Exercise

The Options may be exercised during the relevant exercise period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the relevant exercise price for each Option (**Exercise Price**) being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

4. 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**).

5. Timing of issue of Shares on exercise

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

(1) 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; and

(2) 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.

6. Shares issued on exercise

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

7. Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

8. 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.

9. 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.

10. Transferability

The Options are not transferable without consent of the Board.

SCHEDULE 3 SUMMARY OF EMPLOYEE SECURITIES INCENTIVE PLAN

A summary of the terms of the Fe Limited Employee Securities Incentive Plan is set out below.

1. Eligible Participant

Eligible Participant means a person who is a full-time or part-time employee, officer, or contractor of the Company, or an Associated Body Corporate (as defined in ASIC Class Order 14/1000), or such other person who has been determined by the Board to be eligible to participate in the Plan from time to time.

The Company will seek Shareholder approval for Director and related party participation in accordance with Listing Rule 10.14.

2. Purpose

The purpose of the Plan is to:

- (a) assist in the reward, retention and motivation of Eligible Participants;
- (b) link the reward of Eligible Participants to Shareholder value creation; and
- (c) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

3. Plan administration

The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

4. Eligibility, invitation and application

The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.

On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.

If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

5. Grant of Securities

The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.

6. Terms of Convertible Securities

Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan.

Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them unless otherwise determined by the Board. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

7. Vesting of Convertible Securities

Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

8. Exercise of Convertible Securities and cashless exercise

To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time following vesting of the Convertible Security (if subject to vesting conditions) and prior to the expiry date as set out in the invitation or vesting notice.

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

9. Delivery of Shares on exercise of Convertible Securities

As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.

10. Forfeiture of Convertible Securities

Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly; committed an act which has brought the Company, the Group or any entity within the Group into disrepute, or wilfully breached his or her duties to the Group or where a Participant is convicted of an offence in connection with the affairs of the Group; or has a judgment entered against him or her in any civil proceedings in respect of the contravention by the Participant of his or her duties at law, in equity or under statute, in his or her capacity as an employee, consultant or officer of the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (a) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (b) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation or vesting notice.

11. Change of control

If a change of control event (being where a person acquires a relevant interest in 50% or more of the Company's issued Shares) occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event provided that, in respect of Convertible Securities, the maximum number of Convertible Securities (that have not yet been exercised) that the Board may determine will vest and be exercisable into Shares under this Rule is that number of Convertible Securities that is equal to 10% of the Shares on issue immediately following vesting under this Rule, which as far as practicable will be allocated between holders on a pro-rata basis on the basis of their holdings of Convertible Securities on the date of determination of vesting.

12. Rights attaching to Plan Shares

All Shares issued or transferred under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (Plan Shares) will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.

13. Disposal restrictions on Plan Shares

If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

- (a) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
- (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

14. Adjustment of Convertible Securities

If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an issue of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

15. Participation in new issues

There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

16. Compliance with applicable law

No Security may be offered, granted, vested or exercised if to do so would contravene any applicable law. In particular, the Company must have reasonable grounds to believe, when making an invitation, that the total number of Plan Shares that may be issued upon exercise of Convertible Securities offer when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous three year period under:

- (i) an employee incentive scheme of the Company covered by ASIC Class Order 14/1000; or
- (ii) an ASIC exempt arrangement of a similar kind to an employee incentive scheme,

but disregarding any offer made or securities issued in the capital of the Company by way of or as a result of:

- (iii) an offer to a person situated at the time of receipt of the offer outside Australia;
- (iv) an offer that did not need disclosure to investors because of section 708 of the Corporations Act (exempts the requirement for a disclosure document for the issue of securities in certain circumstances to investors who are deemed to have sufficient investment knowledge to make informed decisions, including professional investors, sophisticated investors and senior managers of the Company); or
- (v) an offer made under a disclosure document,

would exceed 5% (or such other maximum permitted under any applicable law) of the total number of Shares on issue at the date of the invitation.

17. Maximum number of Securities

The Company will not make an invitation under the Plan if the number of Plan Shares that may be issued, or acquired upon exercise of Convertible Securities offered under an invitation, when aggregated with the number of Shares issued or that may be issued as a result of all invitations under the Plan, will exceed 15% of the total number of issued Shares at the date of the invitation and in any event no more than number of equity securities that when converted to Shares equal no more than 111,865,042 Shares.

18. Amendment of Plan

Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of

complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

19. Plan duration

The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

20. Income Tax Assessment Act

The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to the conditions in that Act).

SCHEDULE 4 OPTION TERMS AND CONDITIONS (INCENTIVE OPTIONS) - EXERCISABLE AT \$0.060 EXPIRING 30 JUNE 2023)

1. Entitlement

Each Option, subject to vesting condition (where applicable), entitles the holder to subscribe for one Share upon exercise of the Options as follows:

Number of Options (%)	Exercise Price	Expiration Date	Vesting conditions^{1, 2}
40%	\$0.06 each	30 June 2023	The Options shall vest and become exercisable upon successful earn-in to JWD by meeting Stage 1 earn-in milestone by exporting 300,000 tonnes by 31 January 2022.
26.67%	\$0.06 each	30 June 2023	The Options shall vest and become exercisable upon export of 1MT from JWD by 31 December 2022.
0.33%	\$0.06 each	30 June 2023	The Options shall vest and become exercisable upon export of 0.25MT from Yarram by 31 December 2022.

¹ Should the director cease to be a director of the Company: (i) any Options that have not vested as at the Cessation Date shall immediately lapse on the date of cessation to act as a director of the Company (**Cessation Date**); (ii) any Options that have vested but not exercised will not be affected.

² In the event of a change of control of the Company (being where a person acquires a relevant interest in 50% or more of the Company's issued Shares), the Options will vest immediately.

2. Exercise Price

The amount payable upon exercise of each Option is set out in paragraph 1 above.

3. Expiry Date

Each Option will expire on a date as set out in paragraph 1 above (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

4. Exercise Period

The Options are exercisable at any time on and from the satisfaction of the relevant vesting conditions set out in paragraph 1 above or prior to the Expiry Date (**Exercise Period**).

5. 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.

6. 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**).

7. Timing of issue of Shares on exercise

The Company will in accordance with the timetable specified in the Listing Rules:

- (a) 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; and
- (b) 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.

8. Shares issued on exercise

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

9. Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

10. 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.

11. 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.

12. Transferability

The Options are not transferable without consent of the Board.

13. Unquoted


The Company will not apply for quotation of the Options.



ACN 112 731 638

LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
Fe Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

 **ALL ENQUIRIES TO**
Telephone: + 61 1300 554 474

LODGE MENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **9:00am (WST), Saturday, 10 July 2021**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

 **ONLINE**
www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this Proxy Form).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

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

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in 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 A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE EXTRAORDINARY GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

NAME SURNAME
ADDRESS LINE 1
ADDRESS LINE 2
ADDRESS LINE 3
ADDRESS LINE 4
ADDRESS LINE 5
ADDRESS LINE 6



X99999999999

PROXY FORM

I/We being a member(s) of I/We being a member(s) of Fe Limited and entitled to attend and vote hereby appoint: and entitled to attend and vote

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

STEP 1

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **9:00am (WST), on Monday, 12 July 2021 at 32 Harrogate Street, West Leederville, Western Australia 6007** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolutions 5 and 6: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 5 and 6, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*
1 Ratification of Prior Issue of Placement Shares (7.1 Placement Shares)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Ratification of Prior Issue of Placement Shares (7.1a Placement Shares)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of Prior Issue of Options to Bell Potter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Adoption of Employee Securities Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Issue of Securities to a Related Party - Tony Sage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Issue of Securities to a Related Party - Mark Hancock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval to Issue Shares under the JWD Transaction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Approval to Issue Shares under the 9% Option	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 2



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

STEP 3

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

FEL PRX2101D

