



SCORPION MINERALS LIMITED

ACN 115 535 030

Notice of Annual General Meeting Proxy Form and Explanatory Statement

Date of Meeting

Tuesday, 29 November 2022

Time of Meeting

2:30pm (WST)

Place of Meeting

Unit 1/24 Mumford Place, Balcatta, WA 6021

*This Notice of Annual General Meeting should be read in its entirety.
If Shareholders are in doubt as to how they should vote, they should seek advice from their
accountant, solicitor or other professional adviser without delay.*

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of shareholders of Scorpion Minerals Limited (ACN 115 535 030) (**Company**) will be held at unit 1/24 Mumford Place, Balcatta, WA on Tuesday, 29 November 2022, at 2:30pm (WST) (**Meeting**).

AGENDA

BUSINESS

An Explanatory Statement containing information in relation to each of the following Resolutions accompanies this Notice. Terms used in this Notice are defined in Schedule 1 of this document.

ORDINARY BUSINESS

1. Financial Statements and Reports for the year ended 30 June 2022

To receive and consider the annual financial report of the Company and the reports of the Directors and the auditors of the Company for the financial year ended 30 June 2022.

Note: There is no requirement for Shareholders to approve these reports. A copy of the Company's 2022 Annual Report is available at www.scorpionminerals.com.au.

2. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report forming part of the Company’s 2022 Annual Report dealing with the remuneration of the Company’s Directors and senior executives be adopted.”

Voting Prohibition

In accordance with section 250R of the Corporations Act 2001 (Cth) (“**Corporations Act**”), the Company will disregard any votes cast on Resolution 1 by or on behalf of:

- (a) a member of the Key Management Personnel (“**KMP**”) whose remuneration is included in the Remuneration Report; or
- (b) a Closely Related Party of a member of the KMP.

However, a person (the **voter**) described above may vote on this Resolution as a proxy if the vote is not cast on behalf of a person described in paragraphs (a) or (b) above and either:

- (a) the person is acting as proxy for a person entitled to vote on the Resolution, in accordance with a direction in the proxy appointment specifying how the proxy is to vote on the Resolution; or
- (b) the person is Chairperson of the meeting and the appointment of the Chairperson as proxy:
 - (i) does not specify the way the proxy is to vote on the Resolution; and
 - (ii) expressly authorises the Chairperson to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP.

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

3. Resolution 2 – Re-election of Mr Mike Kitney as a Director

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

“That, for the purposes of clause 13.5 of the Constitution, ASX Listing Rule 14.4, and for all other purposes, Mr Mike Kitney, who was appointed as a Director by the Board on 7 June 2022, retires, and being eligible, is re-elected as a Director.”

4. Resolution 3 – Re-election of Ms Bronwyn Barnes as a Director

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

“That, for the purposes of clause 13.2 of the Constitution, ASX Listing Rules 14.4, and 14.5 and for all other purposes, Ms Bronwyn Barnes, who was last re-elected on 30 November 2020, retires, and being eligible, is re-elected as a Director.”

5. Resolution 4 – Appointment of Auditor at AGM to fill vacancy

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

“That, pursuant to section 327B of the Corporations Act and for all other purposes, Rothsay Audit & Assurance Pty Ltd having been nominated by a Shareholder and having consented in writing to act in the capacity of auditor, be appointed as auditor of the Company effective from the close of the Meeting.”

6. Resolution 5 – Ratification of Prior Issue of Acquisition Shares

To consider and, if thought fit, to pass with or without amendment, 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 4,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

- (a) a person who participated in the issue or is a counterparty to the agreement being approved; or
- (b) an associate of that person or those persons.

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

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

7. Resolution 6 – Ratification of Prior Issue of Placement Shares – Listing Rule 7.1

To consider and, if thought fit, to pass with or without amendment, 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 35,825,928 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of:

- (a) a person who participated in the issue or is a counterparty to the agreement being approved; or
- (b) an associate of that person or those persons.

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

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

8. Resolution 7 – Ratification of Prior Issue of Placement Shares – Listing Rule 7.1A

To consider and, if thought fit, to pass with or without amendment, 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 26,499,072 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of:

- (a) a person who participated in the issue or is a counterparty to the agreement being approved; or
- (b) an associate of that person or those persons.

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

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

9. Resolution 8 – Approval of 10% Placement Facility

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

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 on the terms and conditions set out in the Explanatory Statement.”

As at the date of dispatch of this Notice, the Company is not proposing to make an issue of equity securities under Listing Rule 7.1A.2. Consequently, no persons are excluded from voting under this Resolution, and as such, no voting exclusion statement is required for this Resolution.

10. **Resolution 9 – Approval to Issue Lead Manager Options**

To consider and, if thought fit, to pass with or without amendment, 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 6,000,000 Lead Manager Options to Merchant Capital Partners Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of Resolution 9 by or on behalf of:

- (a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely, Merchant Capital Partners Pty Ltd (or its nominee)); or
- (b) an associate of that person or those persons.

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

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

11. **Resolution 10 – Approval to Issue Shares and Options to Technical Advisor**

To consider and, if thought fit, to pass with or without amendment, 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 5,000,000 Advisor Shares and 100,000,000 Advisor Options to Obsidian Metals Group Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of Resolution 10 by or on behalf of:

- (a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely Obsidian Metals Group Pty Ltd (or its nominee)); or
- (b) an associate of that person or those persons.

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

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

12. **Resolution 11 – Approval to Issue Shares to Director (Ms Bronwyn Barnes)**

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

“That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 2,000,000 Shares to Ms Bronwyn Barnes (or her nominee), a Director, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of Resolution 11 by or on behalf of:

- (a) Bronwyn Barnes (or her nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an associate of that person or those persons.

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

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
 - (b) the Chair 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.
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Voting Prohibition:

In accordance with section 224 of the Corporations Act, a vote on these Resolutions must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 11 Excluded Party**). However, this prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 11 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on these Resolutions if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

Provided the Chair is not a Resolution 11 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

13. Resolution 12 – Approval 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 13(b) and for all other purposes, Shareholders approve the establishment of an employee securities plan, to be called the “SCN Employee Securities Incentive Plan” (Plan), and the issue of Securities under the Plan, in accordance with the terms of the Plan described in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) a person who is eligible to participate in the employee incentive scheme or
- (b) any Associate of that person or those persons.

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

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (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.

Voting Prohibition Statement

A person appointed as a proxy must not vote on the basis of that appointment, on this Resolution if:

- (a) the Proxy if either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution,

However, the above prohibition does not apply if:

- (a) the proxy is the Chair;
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

14. Resolution 13 – Approval to Issue Options to Director (Ms Bronwyn Barnes)

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

“That, subject to the passing of Resolution 12, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of 8,000,000 Options to Bronwyn Barnes (or her nominee), a Director, under the SCN Employee Securities Incentive Plan, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of Resolution 12 by or on behalf of:

- (a) a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Employee Share Option Plan; or
- (b) an associate of that person or those persons.

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

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

Voting Prohibition:

In accordance with section 224 of the Corporations Act, a vote on these Resolutions must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 13 Excluded Party**). However, this prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 13 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on these Resolutions if:

- (a) the proxy is either:
- (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

Provided the Chair is not a Resolution 13 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

15. Resolution 14 – Approval to Issue Options to Director (Mr Mike Kitney)

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

“That, subject to the passing of Resolution 12, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of 2,000,000 Options to Mike Kitney (or his nominee), a Director, under the SCN Employee Securities Incentive Plan on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of Resolution 14 by or on behalf of:

- (a) a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Employee Share Option Plan; or
- (b) an associate of that person or those persons.

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

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

Voting Prohibition:

In accordance with section 224 of the Corporations Act, a vote on these Resolutions must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 14 Excluded Party**). However, this prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 14 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on these Resolutions if:

- (a) the proxy is either:
- (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

Provided the Chair is not a Resolution 14 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

BY ORDER OF THE BOARD



KATE STONEY

Director and Company Secretary

Dated 28 October 2022

ENTITLEMENT TO ATTEND AND VOTE

You will be entitled to attend and vote at the Annual General Meeting if you are registered as a Shareholder of the Company as at 2:30pm (WST) on Sunday, 27 November 2022. This is because, in accordance with the Corporations Regulations 2001 (Cth), the Board of Directors has determined that the Shares on issue at that time will be taken, for the purposes of the General Meeting, to be held by the persons who held them at that time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

HOW TO VOTE

Voting in person

Shareholders who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting if possible, so that their holding may be checked against the Company's register of members and attendances recorded.

Corporate Representatives

A body corporate, which is a Shareholder or which has been appointed as a proxy, may appoint an individual to act as its corporate representative at the Meeting in accordance with section 250D of the Corporations Act. The appropriate appointment document must be produced prior to admission. A form of the certificate can be obtained from the Company's registered office.

Voting by Proxy

A Shareholder who is entitled to attend and cast a vote at the Meeting may appoint a proxy. A proxy need not be a Shareholder and may be an individual or body corporate. If a body corporate is appointed as a proxy it must appoint a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the Meeting (see above).

A Shareholder who is entitled to cast two or more votes may appoint two proxies to attend the Meeting and vote on their behalf and may specify the proportion or a number of votes each proxy is appointed to exercise. If a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes (disregarding fractions). If you wish to appoint a second proxy, you may copy the enclosed proxy form or obtain a form from the Company's registered office.

To be effective for the scheduled Meeting a proxy appointment (and any power of attorney or other authority under which it is signed or otherwise authenticated, or a certified copy of that authority) must be received at an address or fax number below no later than 2:30pm (WST) on Sunday, 27 November 2022. Any proxy appointment received after that time will not be valid for the scheduled Meeting.

Online www.advancedshare.com.au/investor-login

Postal Address: Advanced Share Registry Limited

110 Stirling Hwy

Nedlands WA 6009

Or

PO Box, 1156, Nedlands WA 6909

Facsimile: +61 8 6370 4203

Email: admin@advancedshare.com.au

For further information concerning the appointment of proxies and the ways in which proxy appointments may be submitted, please refer to the enclosed proxy form.

Voting by attorney

A Shareholder may appoint an attorney to attend and vote on their behalf. For an appointment to be effective for the meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company

at one of the addresses listed above for the receipt of proxy appointments at least 48 hours prior to the commencement of the Meeting.

Chairperson as proxy

If you appoint a proxy, the Company encourages you to consider directing them how to vote by marking the appropriate box on each of the proposed Resolutions.

If a Shareholder entitled to vote on a Resolution appoints the Chairperson of the Meeting as their proxy (or the Chairperson becomes their proxy by default) and the Shareholder does not direct the Chairperson how to vote on the Resolution:-

- the Chairperson intends to vote in favour of the Resolution, as proxy for that Shareholder on a poll; and
- for Resolutions 1, 11, 12, 13 and 14, the Shareholder will have given the Chairperson express authority to vote as the Shareholder's proxy on the relevant resolution even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company and even though the Chairperson is a member of the KMP, unless the Shareholder expressly indicates to the contrary in the proxy appointment.

If you do not want to put the Chairperson of the Meeting in the position to cast your votes in favour of Resolutions 1, 11, 12, 13 and 14 you should complete the appropriate boxes on the proxy form, directing your proxy to vote against, or to abstain from voting, on the resolutions.

Other members of KMP as proxy

If a Shareholder appoints a Director (other than the Chairperson of the meeting) or another member of the KMP (or a Closely Related Party of any such person) as their proxy and does not direct the proxy how to vote on Resolutions 1, 11, 12, 13 and 14 by marking the 'For', 'Against' or 'Abstain' box opposite the relevant Resolution on the proxy appointment, the proxy will not be able to exercise the Shareholder's proxy and vote on their behalf on the relevant Resolution.

EXPLANATORY STATEMENT

This Explanatory Statement is for the information of Shareholders in connection with the Resolutions to be considered at the Annual General Meeting to be held on Tuesday, 29 November 2022 at 2:30pm (WST). If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisors before voting.

Ordinary Business

Annual Financial Report

The 2022 Annual Report (including the financial statement, Directors' report and auditor's report for the financial year ended 30 June 2022) is available for review by members at www.scorpionminerals.com.au and will be tabled at the Meeting. There is no formal resolution to accept the financial statements and reports, but provision will be made for members to question the Directors and the Company's auditor should they wish to do so.

1. Resolution 1 – Adoption of Remuneration Report

The Board submits its Remuneration Report for the year ended 30 June 2022 to Shareholders for consideration and adoption by way of a non-binding resolution.

The Remuneration Report is included in the 2022 Annual Report. The Remuneration Report:

- (a) explains the Company's remuneration principles relating to the nature and amount of the remuneration of directors, senior managers and other group executives of the Company;
- (b) discusses the relationship between the remuneration principles and the Company's performance; and
- (c) sets out remuneration details for each Director and for each relevant executive of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

As required by section 250R(2) of the Corporations Act, a non-binding resolution to adopt the Remuneration Report is to be put to Shareholders at the Meeting. The vote on this Resolution 1 is advisory only and does not bind the Directors or the Company. However, the Corporations Act provides that if Resolution 1 receives a "no" vote of 25% or more of votes cast at the Annual General Meeting, the Company's subsequent Remuneration Report must explain the Board's proposed action in response or, if the Board does not propose any action, the Board's reasons for not making any changes. The Board will take into account the outcome of the vote when considering the remuneration policy, even if it receives less than a 25% "no" vote. The Corporations Act provides for a 'two strikes rule' in relation to voting on the Remuneration Report. This rule would apply if, at two consecutive annual general meetings, the resolution for the adoption of the Remuneration Report were to receive a 'no' vote of 25% or more of the votes cast on the resolution. In that case, a further resolution (a 'spill resolution') would be required to be put to Shareholders at the second of those annual general meetings. If passed, the spill resolution would require an extraordinary general meeting of the Company (a 'spill meeting') to be held within 90 days of the second annual general meeting, for the purpose of considering the election of Directors. At the spill meeting, the directors (other than the Managing Director) who were in office at the date of approval by the Board of the most recent Directors' report would cease to hold office, unless re-elected at the meeting. For any spill resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it.

The Company did not receive a strike at its 2021 annual general meeting (less than 25% of the votes cast were against the adoption of the 2021 remuneration report). Accordingly, a Spill Resolution will not be required at this Annual General Meeting.

The Board remains confident that the Company's remuneration policy and the level and structure of its executive remuneration are suitable for the Company and its shareholders and hence it has not amended its overall remuneration policy.

Please read the information under the heading 'Chairperson as proxy' which deals with the Chairperson's voting of undirected proxies on this Resolution.

2. Resolution 2 – Re-election of Mr Mike Kitney as a Director

ASX Listing Rule 14.4 and clause 13.5 of the Constitution provides that a director of the Company appointed to fill a casual vacancy, or as an addition to the Board, must not hold office (without re-election) past the next

annual general meeting of the Company. Clause 13.5 of the Constitution states that any such Director shall not be considered in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Mike Kitney (**Mr Kitney**) will retire at the Meeting in accordance with ASX Listing Rule 14.4 and clause 13.5 of the Constitution and, being eligible, seeks to be re-elected pursuant to Resolution 2. Resolution 2 seeks approval for the re-election of Mr Kitney to the Board of Directors.

Mr Kitney was appointed as a Director on 7 June 2022 to fill a casual vacancy.

The following information is provided in accordance with Recommendation 1.2 of the ASX Corporate Governance Principles and Recommendations:

(a) Biographical Details:

Mr Kitney is an internationally experienced extractive metallurgist with more than 40 years of experience in resource evaluation and project development roles in Australia and internationally. He holds a Master of Science (Mineral Economics) degree from the WA School of Mines and is a member of the Australian Institute of Company Directors.

(b) Material Directorships & Appointments

Mr Kitney is current an Executive Director of Mn Energy Limited, an unlisted public company, and a Non-Executive Director of Breaker Resources NL (ASX:BRB) and Monument Mining Ltd (TSX:MMY).

(c) Term of Office

Mr Kitney was appointed a Director on 7 June 2022 and this is his first time standing for election by Shareholders.

(d) Independence

The Board considers Mr Kitney to be an independent director.

(e) Background Checks

The Company has conducted appropriate background and other checks in respect of Mr Kitney's appointment, and such checks have not returned any information of concern.

(f) Directors' recommendation

The Board, with Mr Kitney abstaining with respect to Resolution 2, recommends that Shareholders vote in favour of Resolution 2. The Chairperson intends to vote undirected proxies in favour of Resolution 2. The Directors consider Mr Kitney's skills and experience are valuable to, and complement, the Board's existing skills and experience.

3. Resolution 3 – Re-election of Ms Bronwyn Barnes as a Director

ASX Listing Rule 14.4 provides that a director of an entity (other than a Managing Director) must not hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever is the longer.

Clause 13.2 of the Constitution provides that at every annual general meeting of the Company one-third of the Directors (other than alternate Directors and the Managing Director), or, if their number is not a multiple of 3, then such number as is appropriate to ensure that no Director (other than an alternate Director or Managing Director) holds office for more than 3 years, shall retire from office.

The Company currently has 3 Directors (none of whom are a Managing Director) and accordingly 1 must retire. Ms Bronwyn Barnes (**Ms Barnes**), who was last re-elected on 30 November 2020, retires by rotation and seeks re-election from Shareholders pursuant to Resolution 3.

The following information is provided in accordance with Recommendation 1.2 of the ASX Corporate Governance Principles and Recommendations:

(a) Biographical Details:

Ms Barnes is an experienced mining executive and director. She has held directorship, leadership and operational roles with companies ranging from BHP Billiton to emerging juniors in Australia and internationally. She is a member of the South Australia's Minerals and Energy Advisory Council (MEAC).

(b) Material Directorships & Appointments

Ms Barnes is currently Executive Chair of Indiana Resources Ltd (ASX:IDA) and Independent Non-Executive Chairman of FINDER Energy Ltd (ASX:FDR), as well as a Non-Executive Director of Synergy (Electricity Generation and Retail Corporation).

(c) Term of Office

Ms Barnes was first appointed as a Director on 31 October 2018 and was last re-elected by Shareholders on 30 November 2020.

(d) Independence

The Board considers Ms Barnes to be an independent director.

(e) Directors' recommendation

The Board, (with Ms Barnes abstaining with respect to Resolution 3), recommend that Shareholders vote in favour of Resolution 3. The Chairperson intends to vote undirected proxies in favour of Resolution 3. The Directors consider Ms Barnes' skills and experience, in particular his significant experience as a geologist with over 30 years of mineral industry experience in exploration, development and production roles in a range of commodities, are valuable to the Board's existing skills and experience.

4. Resolution 4 – Appointment of Auditor at AGM to fill vacancy

4.1 General

As announced by the Company on 25 August 2022, Rothsay Audit & Assurance Pty Ltd ("**Rothsay Audit & Assurance**") was appointed auditor of the Company following the resignation of Rothsay Auditing and ASIC's assent to the resignation in accordance with s329(5) of the Corporations Act. The change of auditor arose as a result of Rothsay Auditing restructuring its audit practice to provide for audits to be conducted by Rothsay Audit & Assurance, an authorised audit company.

As a result of the timing of the change, Rothsay Auditing filled a casual vacancy in accordance with s327C(1) of the Act. Under s327C(2) of the Act, an auditor who has been appointed under s327C(1) of the Act only holds office until the Company's next annual general meeting. The Company is required to appoint an auditor to fill any vacancy at the next annual general meeting pursuant to s327B(1)(b) of the Act.

Pursuant to s328B of the Act, the Company received a valid notice of nomination of auditor that nominated Rothsay Audit & Assurance to be appointed as the auditor of the Company. A copy of the nomination is included at Schedule 2 of this Notice of Meeting in accordance with s328B(3) of the Act. Rothsay Audit & Assurance has provided the Company with its written consent to act, subject to shareholders' approval being granted, as the Company's auditor in accordance with s328A(1) of the Act.

In accordance with s327B(1)(b) of the Act, an ordinary resolution is required at this Annual General Meeting to appoint Rothsay Audit & Assurance as the Company's auditor and shareholders' approval is sought for that appointment.

4.2 Board Recommendation

The Board recommends Shareholders vote in favour of Resolution 4. The Chairperson intends to vote undirected proxies in favour of Resolution 4.

5. Resolution 5 – Ratification of Prior Issue of Acquisition Shares

5.1 General

As announced by the Company on 6 December 2021, Scorpion has entered into an agreement with eMetals Limited (ASX:EMT) (**eMetals**) to acquire a 100% interest in tenements E 20/896, E 20/963 and E 20/964 and a 90% interest in E 20/885 (**Poona Project**) (**Poona Acquisition Agreement**).

As partial consideration for the acquisition of the Poona Project, on 14 February 2022 Scorpion issued 4,000,000 fully paid ordinary shares to eMetals using the Company's placement capacity under ASX Listing Rule 7.1 (**Acquisition Shares**).

5.2 Summary of the Poona Acquisition Agreement

The key terms of the Poona Acquisition Agreement are:

- (a) (**Acquisition**): eMetals and RWG Minerals Pty Ltd (a wholly owned subsidiary of eMetals) agree to sell, and the Company agrees to directly acquire, the Poona Project;
- (b) (**Consideration**): subject to satisfaction of the Conditions Precedent (as set out in (c) below), in consideration for the Poona Project, the Company agrees to:
 - (i) pay eMetals a \$12,500 cash fee on execution of the Poona Acquisition Agreement (**Cash Consideration**);
 - (ii) issue 4,000,000 fully paid ordinary shares in the capital of the Company (**Consideration Shares**) (being the subject of this Resolution 5);
 - (iii) grant eMetals a 0.5% net smelter return royalty in respect of minerals mined from the Poona Project, should commercial mining be undertaken;
 - (iv) accept the assignment of the obligation to pay the two performance payments contained in the agreement between eMetals and a third party;
- (c) (**Conditions Precedent**): settlement of the Poona Acquisition Agreement, is subject to the satisfaction of the following:
 - (i) the parties completing legal and technical due diligence;
 - (ii) the parties entering into the relevant deeds of assignment in respect of the royalty agreements, agreements heritage agreements, and ancillary agreements applicable to the Poona Project and acquisition of the Poona Project;
 - (iii) the parties obtaining all necessary regulatory, shareholder and third party approvals and consents.;
- (d) (**Exclusivity**): during the transaction period, eMetals agrees to cease any existing discussions and/or negotiations, not enter into any discussions and/or negotiations with any third parties in respect of the Poona Project.

The Acquisition Shares are subject to a holding lock pending the receipt of completed deeds of assignment from eMetals.

The Poona Acquisition Agreement otherwise contains terms that are considered standard for agreements of this nature.

5.3 Listing Rules 7.1 and 7.4.

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

The issue of the Acquisition Shares did not fit within any of the exceptions and, as the Company did not seek pre-approval from Shareholders, it used up part of its 15% limit under 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 issue of the Acquisition Shares.

Listing Rule 7.4 allows the shareholders of a listed company to ratify a prior issue of securities made pursuant to Listing Rule 7.1 (provided that the prior issue did not breach Listing Rule 7.1), and if ratified those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1 and so do not reduce the Company's placement capacity under Listing Rule 7.1.

The Company wishes to retain flexibility to issue additional equity securities in the future without having to obtain prior Shareholder approval under Listing Rule 7.1. To this end, Resolution 5 seeks Shareholder ratification (under Listing Rule 7.4) of the issue of the Acquisition Shares.

5.4 Technical information required by Listing Rule 14.1A

If Resolution 5 is passed, the issue of the Acquisition Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue of the Acquisition Shares. In addition, the Company's placement capacity under Listing Rule 7.1 will increase by virtue of the 4,000,000 Shares being included in the calculation of the base number of shares on which the 15% capacity is derived (being "A" in the relevant formula).

If Resolution 5 is not passed, the issue of the Acquisition Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue of the Acquisition Shares.

5.5 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 5:

- (a) the Shares were issued to eMetals;
- (b) 4,000,000 Acquisition Shares were issued;
- (c) the Acquisition Shares are all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares, but are subject to a holding lock pending the receipt of completed deeds of assignments from eMetals;
- (d) the Acquisition Shares were issued on 14 February 2022;
- (e) the Acquisition Shares were issued for a nil issue price as partial consideration for the acquisition of the Poona Project from eMetals;
- (f) the purpose of the issue of Acquisition Shares was to fulfil the Company's contractual obligations relating to the acquisition of the Poona Project from eMetals, pursuant to the Poona Acquisition Agreement;
- (g) the Shares were issued under the Poona Acquisition Agreement with eMetals for the acquisition of the Poona Project (the material terms of which are summarised at Section 5.2 of this Explanatory Statement); and
- (h) a voting exclusion statement is included in the Notice of Meeting preceding this Explanatory Statement.

5.6 Board Recommendation

The Board recommends Shareholders vote in favour of Resolution 5. The Chairperson intends to vote undirected proxies in favour of Resolution 5.

6. Resolutions 6 and 7 – Ratification of Prior Issue of Placement Shares – Listing Rules 7.1 and 7.1A

6.1 General

On 21 April 2022, the Company issued a total of 62,325,000 Shares to sophisticated and professional investors at an issue price of \$0.051 per Share (**Placement Shares**) to raise a total of \$3,178,575 (before costs) (**Placement**).

Merchant Capital Partners Pty Ltd (**Merchant**) was engaged as sole lead manager and bookrunner in respect of the Placement and received a management and placement fee of 6% of the total amount raised

under the Placement. In addition, Merchant is entitled to receive 6,000,000 Options exercisable at \$0.12 per Option on or before the date that is 24 months from the date of issue (the subject of Shareholder approval under Resolution 9).

The Placement utilised the Company's placement capacity under ASX Listing Rule 7.1 and 7.1A as follows:

- (a) 35,825,928 Placement Shares were issued under ASX Listing Rule 7.1; and
- (b) 26,499,072 Placement Shares were issued under ASX Listing Rule 7.1A.

6.2 Listing Rules 7.1 and 7.1A

A summary of Listing Rule 7.1 is set out in Section 5.3 of this Explanatory Statement.

Listing Rule 7.1A provides that an eligible entity can seek approval from its members (by way of special resolution passed at its annual general meeting) to increase its 15% placement capacity (under Listing Rule 7.1) by an extra 10% i.e. to 25%. The Company obtained approval to increase its placement capacity by an extra 10% (to 25%) at its prior annual general meeting held on 24 November 2021.

6.3 Listing Rule 7.4

A Summary of Listing Rule 7.4 is set out in Section 5.3 of this Explanatory Statement.

The Company wishes to retain flexibility to issue additional equity securities in the future without having to obtain prior Shareholder approval under Listing Rule 7.1. To this end, Resolutions 6 and 7 seek Shareholder ratification (under Listing Rule 7.4) of the issue of the Placement Shares under the Placement.

6.4 Technical information required by Listing Rule 14.1A

If Resolutions 6 and 7 are passed, the Placement will be excluded in calculating the Company's 15% limit in Listing Rule 7.1 and 10% additional limit in Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the Placement. In addition, the Company's placement capacity under Listing Rule 7.1 will increase by virtue of the 62,325,000 Shares being included in the calculation of the base number of shares on which the 15% capacity is derived (being "A" in the relevant formula).

If Resolutions 6 and 7 are not passed, the Placement will be included in calculating the Company's 15% limit in Listing Rule 7.1 and 10% additional limit in Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the Placement.

6.5 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 6:

- (a) the Placement Shares were issued to professional and sophisticated investors who were identified by the Company and Merchant as lead manager to the Placement (**Placement Participants**), none of whom are related parties, members of the Key Management Personnel, a substantial holder or an advisor to the Company (or an associate of any of these persons) and they are being issued more than 1% of the Company's current issued capital. The Placement Participants were identified through a book build process, which involved the Lead Manager seeking expressions of interest to participate in the Placement;
 - (b) a total of 62,325,000 Placement Shares were issued as follows:
 - (i) 35,825,928 Placement Shares were issued under ASX Listing Rule 7.1; and
 - (ii) 26,499,072 Placement Shares were issued under ASX Listing Rule 7.1A;
 - (c) the Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
 - (d) the Placement Shares were issued on 21 April 2022;
 - (e) the issue price was \$0.051 per Placement Share. The Company has not and will not receive any other consideration for the issue of the Placement Shares under the Placement;
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- (f) the purpose of the Placement was to raise \$3,178,575 (before costs). The funds raised were used, or will be used, by the Company to pay the fees associated with the Placement, support planned drilling and geophysics programmes across the Company's Pharos Project, and for additional working capital;
- (g) the Placement Shares were not issued pursuant to an agreement;
- (h) a voting exclusion statement is included in Resolutions 6 and 7 of this Notice of Meeting preceding this Explanatory Statement.

6.6 Board Recommendation

The Board recommends Shareholders vote in favour of Resolutions 6 and 7. The Chairperson intends to vote undirected proxies in favour of Resolutions 6 and 7.

7. Resolution 8 – Approval of 10% Placement Facility

Listing Rule 7.1A enables an eligible entity to seek shareholder approval at its annual general meeting to issue Equity Securities up to 10% of its issued share capital over a 12-month period after the annual general meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution (**Additional 10% Placement Capacity**). The Additional 10% Placement Capacity is in addition to the entity's 15% placement capacity under Listing Rule 7.1 and thereby effectively increases the 15% limit by an extra 10%, to 25%.

A summary of Listing Rule 7.1 is set out in section 5.3 of this Explanatory Statement.

An entity will be eligible to seek approval under Listing Rule 7.1A if: (a) the entity has a market capitalisation of \$300 million or less; and (b) the entity is not included in the S&P/ASX 300 Index, as at the time of the Annual General Meeting. The Company is an eligible entity for the purposes of Listing Rule 7.1A as at the date of this Notice and is expected to be an eligible entity as at the time of the Annual General Meeting.

The Company is putting Resolution 8 to Shareholders to seek approval to issue additional Equity Securities under the Additional 10% Placement Capacity.

The effect of Resolution 8 will be to permit the Company to issue Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined below) without subsequent Shareholder approval and without using the Company's 15% placement capacity under Listing Rule 7.1. That is, if Resolution 8 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further shareholder approval.

If Resolution 8 is not passed, the Company will not be able to access the Additional 10% Placement Capacity and will remain subject to the 15% limit on issuing Equity Securities without shareholder approval set out in Listing Rule 7.1.

Equity Securities issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of this Notice, the Company has 333,706,192 Shares on issue. Accordingly, if Shareholders approve Resolution 8 the Company will have the capacity to issue :

- (a) 50,055,928 Equity Securities under Listing Rule 7.1; and
- (b) 33,370,619 Equity Securities under Listing Rule 7.1A.

Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the Additional 10% Placement Capacity is a moving calculation and will be based on the formula set out in Listing Rule 7.1A.2 at the time of issue of the Equity Securities. The table below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

Resolution 8 is a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) in order to be passed.

7.2 Specific information required by Listing Rule 7.3A

For the purposes of Listing Rule 7.3A, the following information is provided:

(a) Issue Period

Approval of the Additional 10% Placement Capacity will be valid from the date of the Annual General Meeting and will expire on the earlier of:

- (i) the date that is 12 months after the date of the Annual General Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking)

(Additional Placement Period)

The Company will only issue Equity Securities under the Additional 10% Placement Capacity during the Additional Placement Period.

(b) Minimum issue price

Equity Securities issued under the Additional 10% Placement Capacity will be issued for cash consideration at an issue price of not less than 75% of the volume weighted average market price (as defined in the Listing Rules) for securities in the same class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 ASX trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(c) Purpose of Issues

Funds raised by an issue of Equity Securities under the Additional 10% Placement Capacity may be used for further exploration of the Company's current assets, potential acquisition of new assets or investments (including the expenses associated with such acquisition), exploration expenditure on new assets or investments and/or general working capital purposes. The Company will not issue Equity Securities under the Additional 10% Placement Capacity for non-cash consideration.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.3 in relation to the issue of any Equity Securities under the Additional 10% Placement Capacity.

(d) Risk of economic and voting dilution

The precise number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the following formula:

(A x D) – E

- A** is the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement:
- i. plus the number of fully paid shares issued in the previous 12 months under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
 - ii. plus the number of fully paid shares issued in the previous 12 months on the conversion of convertible securities within Listing Rule 7.2 exception 9 where the convertible securities were issued or agreed to be issued before the commencement of the 12 month period, or the issue or agreement to issue the convertible securities was approved or taken by the Listing Rules to have been approved under Listing Rule 7.1 or 7.4;
-

- iii. plus the number of fully paid ordinary shares issued in the previous 12 months under an agreement to issue securities within Listing Rule 7.2 exception 16 where the agreement was entered into before the commencement of the 12 month period or the agreement or issue was approved or taken by the Listing Rules to have been approved under Listing Rule 7.1 or 7.4;
- iv. plus the number of fully paid shares issued in the previous 12 months with approval of holders of Shares under Listing Rule 7.1 and 7.4;
- v. plus the number of partly paid shares that became fully paid in the previous 12 months;
- vi. less the number of fully paid shares cancelled in the previous 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue where the issue or agreement has not been subsequently approved by shareholders under Listing Rule 7.4.

If Resolution 8 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, existing Shareholders' economic and voting interests in the Company will be diluted as shown in the table below. There is also a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date of the Equity Securities,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders of the issue of the maximum number of Equity Securities under the Additional 10% Placement Capacity using different variables for the number of ordinary securities for variable "A" (as defined in Listing Rule 7.1A) and the market price of Shares. It is noted that variable "A" is based on the number of ordinary securities the Company has on issue at the time of the proposed issue of Equity Securities. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting.

The table also shows:

- (i) examples of where variable "A" is calculated as at the date of this Notice, and where variable "A" has increased by 50% and by 100%;
 - (ii) examples of where the issue price of ordinary securities is the current market price as at close of trade on 14 October 2022 (market price) that being \$0.070, where the issue price is halved, and where it is doubled; and
 - (iii) the dilutionary effect if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.
-

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.0350 50% decrease in Issue Price	\$0.070 Issue Price at market price	\$0.14 100% increase in Issue Price
Current Variable A 333,706,192 Shares	Shares issued (10% voting dilution)	333,370,619 Shares	333,370,619 Shares	333,370,619 Shares
	Funds raised	\$1,167,972	\$2,335,943	\$4,671,887
50% increase in current Variable A 500,559,288 Shares	Shares issued (10% voting dilution)	50,055,929 Shares	50,055,929 Shares	50,055,929 Shares
	Funds raised	\$1,751,958	\$3,503,915	\$7,007,830
100% increase in current Variable A 667,412,384 Shares	Shares issued (10% voting dilution)	66,741,238 Shares	66,741,238 Shares	66,741,238 Shares
	Funds raised	\$2,335,943	\$4,671,887	\$9,343,773

The above table has been prepared on the following assumptions:

- (i) Variable A is 333,706,192, being the number of Shares on issue at the date of this Notice.
 - (ii) The Company issues the maximum number of Equity Securities available under the Additional 10% Placement Capacity.
 - (iii) The Company has not issued any other Equity Securities using its placement capacity under Listing Rule 7.1A in the 12 months preceding the Annual General Meeting.
 - (iv) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
 - (v) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
 - (vi) The table shows only the dilutive effect of the issuance of Equity Securities under Listing Rule 7.1A and not under the 15% placement capacity under Listing Rule 7.1.
- (e) Allocation Policy

The Company's allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity will be determined having regard to market conditions at the time of the proposed issue of Equity Securities, including consideration of the following matters:

- (i) the purpose of the issue;
- (ii) the ability of the Company to raise funds at the time of the proposed issue of Equity Securities and whether the raising of any funds under such placement could be carried out by means of an entitlements offer, or a placement and an entitlements offer or other offer where existing Shareholders may participate;
- (iii) the dilutionary effect of the proposed issue of the Equity Securities on existing Shareholders at the time of proposed issue of Equity Securities;
- (iv) the effect of the issue of the Equity Securities on the control of the Company;

- (v) the circumstances of the Company, including, but not limited to, the financial situation and solvency of the Company; and
- (vi) advice from its professional advisers, including corporate, financial and broking advisers (if applicable).

The recipients in any offer which may be made under the Additional 10% Placement Capacity have not been determined as at the date of this Notice but will not include Related Parties (or their associates) of the Company. The recipients of Equity Securities could consist of current Shareholders or new investors (or both).

The Company has not approached, and has not yet determined to approach, any particular existing security holders or an identifiable class of existing security holders to participate in an offer under the Additional 10% Placement Capacity.

- (f) Previous approval under Listing Rule 7.1A

The Company previously obtained Shareholder approval under Listing Rule 7.1A at its annual general meeting held on 24 November 2021. In the 12 months preceding the date of the 2021 Annual General Meeting, the Company issued a total of 26,499,072 Equity Securities representing 10.23% of the total number of Equity Securities on issue at 24 November 2021. Details of the Equity Securities issued under Listing Rule 7.1A in the preceding 12 month period are set out in Schedule 3;

- (g) Compliance with Listing Rules 7.1A.4

When the Company issues Equity Securities pursuant to the 10% Placement Facility, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.3 for release to the market.

- (h) Voting exclusion

At the date of the Notice, the Company has not approached any existing Shareholder or security holder to participate in the issue of Equity Securities under the Additional 10% Placement Capacity. As a result, no Shareholder's votes will be excluded from voting on Resolution 8, and therefore, no voting exclusion statement is included in the Notice for Resolution 8.

7.3 Board Recommendation

The Board recommends Shareholders vote in favour of Resolution 8. The Chairperson intends to vote undirected proxies in favour of Resolution 8.

8. Resolution 9 – Approval to issue Lead Manager Options

8.1 General

The Company is seeking approval under Listing Rule 7.1 to issue 6,000,000 Options to Merchant Capital Partners Pty Ltd (**Merchant** or **Lead Manager**) (or its nominee) exercisable at \$0.12 per Option and expiring on the date that is 24 months from the date of issue (**Lead Manager Options**).

8.2 Summary of Lead Manager Mandate

As set out in Section 6.1 of this Explanatory Statement, the Company entered into a mandate with Merchant Capital Partners Pty Ltd on 17 February 2022 (**Lead Manager Mandate**).

The material terms of the Lead Manager Mandate are as follows:

- (a) (**Services**): Merchant will provide corporate advisory services to the Company and the Company agrees to grant Merchant right of first refusal to act as lead manager to any equity capital raising for the Company for the Term;
 - (b) (**Term**): for a period of 12 months from the date of this agreement;
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- (c) **(Fees):** the Company agrees to pay:
 - (i) a monthly retainer fee of \$50,000 plus GST for the Term;
 - (ii) a capital raising and placement fee of 6% plus GST of the total amount raised under any complete capital raising;
 - (iii) a success fee of unlisted options at quantum of 10% of the number of new shares issued through a capital raise, with a strike price of \$0.12 and an expiry date of 24 months from the date of issue;
- (d) **(Termination):** either party may terminate the agreement in writing, by giving the other party not less than 3 months' written notice.

The Lead Manager Mandate otherwise contains terms considered standard for an agreement of this nature.

8.3 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 5.3 of this Explanatory Statement.

The proposed issue of the Lead Manager Options does not fall within any of the exceptions in Listing Rule 7.2 and exceeds the 15% placement limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

8.4 Technical information required by Listing Rule 14.1A

If Resolution 9 is passed, the Company will be able to proceed with the issue of the Lead Manager Options which will allow the Company to fulfil its obligations to the Lead Manager. In addition, the issue of Lead Manager Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 9 is not passed, the Company will not be able to proceed with the issue of the Lead Manager Options.

8.5 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 9:

- (a) the Lead Manager Options will be issued to Merchant Capital Partners Pty Ltd (or its nominee) (who is not a related party of the Company);
 - (b) the maximum number of Lead Manager Options to be issued is 6,000,000;
 - (c) the Lead Manager Options will be issued with an exercise price of \$0.12 per Lead Manager Option, an expiry date that is 24 months from the date of issue, and otherwise on the terms and conditions set out in Schedule 4;
 - (d) the Lead Manager Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that all Lead Manager Options will be issued on the same date;
 - (e) the Lead Manager Options have been independently valued in accordance with AASB2: Share Based Payments, and have the values as set out in Schedule 10;
 - (f) the Lead Manager Options will be issued for nil cash consideration in part consideration for the lead manager and bookrunner services provided by Merchant in connection with the Placement;
 - (g) the purpose for issuing the Lead Manager Options is to fulfil the Company's contractual obligations with Merchant in respect of the Placement;
 - (h) the Lead Manager Options are being issued under the Lead Manager Mandate (the material terms of which are summarised at Section 8.2 of this Explanatory Statement); and
 - (i) a voting exclusion statement is included for this Resolution in the Notice of Meeting preceding this Explanatory Statement.
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8.6 Board Recommendation

The Board recommends Shareholders vote in favour of Resolution 9. The Chairperson intends to vote undirected proxies in favour of Resolution 9.

9. Resolution 10 – Approval to Issue Shares and Options to Technical Advisor

9.1 General

The Company is seeking approval under Listing Rule 7.1 to issue 5,000,000 Shares (**Advisor Shares**) and 100,000,000 Options (**Advisor Options**) (on the terms and conditions set out in Schedule 5) (together, **Advisor Securities**) to Obsidian Metals Group Pty Ltd (**Obsidian**) (or its nominee) under the terms of a technical consultancy agreement between the Company and Obsidian (**Consultancy Agreement**).

9.2 Summary of Consultancy Agreement

The material terms of the Consultancy Agreement are as follows:

- (a) (**Services**): Obsidian has agreed to provide technical services to the Company with Michael Fotios acting as lead consultant.
- (b) (**Term**): the Consultancy Agreement is for a duration of three (3) years from the commencement date.
- (c) (**Consideration**): the Company has agreed to pay Obsidian a monthly retainer of a minimum of \$10,000 plus GST, and any additional hours spent on providing the Services, will be charged in accordance with the rates as set out in the Consultancy Agreement. The Company has also agreed to issue Obsidian (or its nominee) with the following success-based incentive securities (subject to shareholder approval) for the Services provided:
 - (i) 5,000,000 Advisor Shares upon the Company acquiring the Poona Project, being a project that was introduced to the Company by Obsidian. As announced on 7 February 2022, the acquisition of the Poona Project has completed and accordingly Obsidian has satisfied the milestone to receive these Advisor Shares;
 - (ii) 10,000,000 Advisor Options exercisable at \$0.12 per Option on or before the date that is 4 years from the date of issue of the Advisor Options, with a vesting condition that the Company acquires a new project introduced by Obsidian in addition to the Company's existing projects at the date of this Notice;
 - (iii) 10,000,000 Advisor Options exercisable at \$0.12 per Option on or before the date that is 4 years from the date of issue of the Options, with a vesting condition that the Company acquires a second new project introduced by Obsidian in addition to the Company's existing projects at the date of this Notice;
 - (iv) 20,000,000 Advisor Options exercisable at \$0.12 per Advisor Option on or before the date that is 4 years from the date of issue of the Advisor Options, vesting upon either of the following occurring:
 - (A) The Company announcing a Mineral Resource (as defined in the JORC Code) of no less than 10 million tonnes at 1% Li₂O, mineral or metal or equivalent on any one project that has been introduced to the Company by Obsidian; or
 - (B) The VWAP of Shares in the Company over 5 consecutive trading days (on which Shares have actually traded) exceeding \$0.15 per Share, provided that Obsidian remains engaged by the Company at the date on which this occurs.
 - (v) 20,000,000 Advisor Options exercisable at \$0.12 per Advisor Option on or before the date that is 4 years from the date of issue of the Advisor Options, vesting upon either of the following occurring:
 - (A) The Company announcing a Mineral Resource (as defined in the JORC Code) of no less than 20 million tonnes at 1% Li₂O, mineral or metal or equivalent on any one project that has been introduced to the Company by Obsidian; or
 - (B) The VWAP of Shares in the Company over 5 consecutive trading days (on which Shares have actually traded) exceeding \$0.25 per Share, provided that Obsidian remains engaged by the Company at the date on which this occurs.

- (vi) 40,000,000 Advisor Options exercisable at \$0.12 per Advisor Option on or before the date that is 4 years from the date of issue of the Advisor Options, vesting upon either of the following occurring:
 - (A) The Company announcing a Mineral Resource (as defined in the JORC Code) of no less than 50 million tonnes at 1% Li₂O, mineral or metal or equivalent on any one project that has been introduced to the Company by Obsidian; or
 - (B) The VWAP of Shares in the Company over 5 consecutive trading days (on which Shares have actually traded) exceeding \$0.35 per Share, provided that Obsidian remains engaged by the Company at the date on which this occurs.

The Consultancy Agreement otherwise contains terms considered standard for an agreement of this nature.

9.3 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 5.3 of this Explanatory Statement.

The proposed issue of the Shares and Options does not fall within any of the exceptions in Listing Rule 7.2 and exceeds the 15% placement limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

9.4 Technical information required by Listing Rule 14.1A

If Resolution 10 is passed, the Company will be able to proceed with the issue of the 5,000,000 Advisor Shares and 100,000,000 Advisor Options which will allow the Company to fulfil its obligations to Obsidian under the terms of the Consultancy Agreement. In addition, the issue of the 5,000,000 Advisor Shares and 100,000,000 Advisor Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 10 is not passed, the Company will not be able to proceed with the issue of the 5,000,000 Advisor Shares and 100,000,000 Advisor Options to Obsidian. This will also likely result in the Company having to remunerate Obsidian by other means (i.e. by way of cash).

9.5 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 10:

- (a) the Advisor Shares and Advisor Options will be issued to Obsidian Metals Group Pty Ltd or its nominee (who is not a related party of the Company). Obsidian is an entity associated with Mr Michael Fotios, a former director of the Company who resigned on 31 October 2018;
 - (b) the maximum number of Advisor Shares to be issued is 5,000,000 and the maximum number of Advisor Options to be issued is 100,000,000;
 - (c) the Advisor Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
 - (d) the Advisor Options will be issued on the terms and conditions set out in Schedule 5;
 - (e) the Advisor Shares and Advisor Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that all Advisor Shares and Advisor Options will be issued on the same date;
 - (f) the Advisor Options have been independently valued in accordance with AASB2: Share Based Payments, and have the values as set out in Schedule 10;
 - (g) the Advisor Shares and Advisor Options will be issued for nil cash consideration;
 - (h) the purpose for issuing the Advisor Shares and Advisor Options is to fulfil the Company's contractual obligations under the Consultancy Agreement (as summarised at Section 9.2 above) and the vesting conditions attaching to the Advisor Options are intended to incentive Obsidian in carrying out its services for the Company;
-

- (i) the Advisor Shares and Advisor Options are being issued under the Consultancy Agreement agreed with Obsidian (the material terms of which are summarised at Section 9.2 above of this Explanatory Statement); and
- (j) a voting exclusion statement is included for this Resolution in the Notice of Meeting preceding this Explanatory Statement.

9.6 Board Recommendation

The Board recommends Shareholders vote in favour of Resolution 10. The Chairperson intends to vote undirected proxies in favour of Resolution 10.

10. Resolution 11 – Approval to Issue Shares to Director (Ms Bronwyn Barnes)

10.1 General

The Company is seeking approval under Listing Rule 10.11 to issue 2,000,000 Shares to Ms Bronwyn Barnes (or her nominee) (**Executive Chairperson Shares**) under Resolution 11.

The Executive Chairperson Shares, together with the Executive Chairperson Options the subject of Resolution 12, form part of the remuneration package negotiated with Ms Bronwyn Barnes in respect of her role as Executive Chairperson (appointed on 13 April 2022), which was negotiated on an arm's length basis.

10.2 Summary of Executive Services Agreement (ESA)

As announced on 13 April 2022, Ms Bronwyn Barnes has entered into an executive services agreement (**ESA**) with the Company under which she has agreed to transition to the role of Executive Chairperson of the Company in order to lead the Company's corporate activities, with a focus on negotiation of project acquisitions. The key terms of the ESA are as follows:

- (a) Ms Barnes' remuneration will be \$120,000 per annum plus any statutory superannuation;
- (b) there is a three-month notice period that applies to Ms Barnes and the Company in respect of resignation or termination;
- (c) the Company will issue Ms Barnes with the following incentive-based securities (subject to Shareholder approval):
 - (i) 2,000,000 Executive Chairperson Shares upon the Company acquiring the Poona Project. As announced on 7 February 2022, the acquisition of the Poona Project has completed and accordingly Ms Barnes has satisfied the milestone to receive these Executive Chairperson Shares;
 - (ii) 2,000,000 Executive Chairperson Options exercisable at \$0.12 per Executive Chairperson Option on or before the date that is 4 years from the date of issue of the Executive Chairperson Options, with a vesting condition that the VWAP of the Company's Shares over 5 consecutive trading days (on which Shares have actually traded) reaches \$0.15 at any time prior to the expiry date;
 - (iii) 3,000,000 Executive Chairperson Options exercisable at \$0.12 per Executive Chairperson Option and expiring 4 years after the date of issue of the Executive Chairperson Options, with a vesting condition that the Company acquires a new project in addition to the Company's existing projects at the date of this Notice; and
 - (iv) 3,000,000 Executive Chairperson Options exercisable at \$0.12 per Executive Chairperson Option and expiring 4 years after the date of issue of the Executive Chairperson Options, with a vesting condition that the Company acquires two new projects in addition to the Company's existing projects at the date of this Notice.

10.3 ASX Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- (a) a related party;
-

- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) an associate of a person referred to in section 10.3(a), to 10.3(c); or
- (e) a person whose relationship with the company or a person referred to in section 10.3(a) to 10.3(d) is such that, in ASX's opinion, the issue or agreement should be approved by shareholders,

unless it obtains shareholder approval.

The issue of Shares to Ms Barnes involves the issue of equity securities to a Director and accordingly it falls within Listing Rule 10.11.1. None of the exceptions in Listing Rule 10.12 apply and therefore Shareholder approval is required under Listing Rule 10.11.

10.4 Technical information required under Listing Rule 14.1A

If Resolution 11 is passed then the Company will be able to proceed with the issue of the Executive Chairperson Shares to Ms Barnes (or her nominees).

If Resolution 11 is not passed then the Company will not be able to proceed with the issue of the Executive Chairperson Shares to Ms Barnes (or her nominee), and the Company may be required to remunerate her by way of cash or other means.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares to Ms Barnes as approval is being obtained under Listing Rule 10.11, and the issue of the equity securities will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

10.5 Chapter 2E of the Corporations Act

Part 2E.1 of the Corporations Act prohibits the Company from giving a financial benefit to a related party (such as a Director or an entity controlled by a Director) unless either:

- (a) the giving of the financial benefit falls within one of the exceptions in sections 210 to 216 of the Corporations Act; or
- (b) Shareholder approval is obtained prior to giving the benefit.

Ms Barnes is a related party of the Company by virtue of being a Director, and the issue of the Executive Chairperson Shares constitutes the provision of a financial benefit for the purposes of Chapter 2E of the Corporations Act.

The Directors (other than Ms Barnes) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 11 as the issue of the Executive Chairperson Shares constitutes reasonable remuneration. The Executive Chairperson Shares are being issued to Ms Barnes as part of the remuneration package agreed between the Company and Ms Barnes and negotiated on an arm's length basis in respect of her appointment as Executive Chairperson.

10.6 Technical information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 11:

- (a) the Executive Chairperson Shares will be issued to Ms Bronwyn Barnes (or her nominee).
 - (b) Ms Barnes is a Director of the Company and is therefore a related party under ASX Listing Rule 10.11.1;
 - (c) Ms Barnes will receive 2,000,000 Executive Chairperson Shares;
 - (d) the Executive Chairperson Shares are fully paid ordinary shares in the capital of the Company and are to be issued on the same terms and conditions as the Company's existing Shares;
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- (e) the Executive Chairperson Shares will be issued no later than 1 month after the date of the Meeting;
- (f) the Executive Chairperson Shares are being issued to Ms Barnes to remunerate and incentivise her as part of the remuneration package agreed with the Company in her ESA, and no funds will be raised by the issue of the Executive Chairperson Shares as they are being issued for nil cash consideration;
- (g) the issue of the Executive Chairperson Shares is intended to remunerate and incentivise Ms Barnes and, as at the date of this Notice, Ms Barnes' current total remuneration package is:

Name	Total Remuneration of Directors for the 2022 financial year \$ ¹	Current Financial Year \$ ¹
Ms Bronwyn Barnes	\$115,014	\$120,000

1. Not including superannuation

- (h) the Executive Chairperson Shares are being issued in accordance with the terms and conditions of the ESA agreed between the Company and Ms Barnes and summarised at Section 10.2 above of this Explanatory Statement; and
- (i) a voting exclusion statement is included for this Resolution in the Notice of Meeting preceding this Explanatory Statement.

10.7 Board Recommendation

The Directors (other than Ms Barnes) recommend Shareholders vote in favour of Resolution 11.

As set out under the heading 'Chairperson as proxy' in this Notice of Meeting, the Chairperson intends to vote undirected proxies in favour of Resolution 11.

11. Resolution 12 – Approval of Employee Incentive Plan

11.1 General

The Company considers that it is desirable to adopt an updated employee incentive scheme to be called the "SCN Employee Securities Incentive Plan" (**Plan**).

The Plan is intended to provide an opportunity to eligible participants to participate in the Company's future. Further, the Plan acts as a mechanism to ensure the interest of Shareholders and the management and employees of the Company are aligned.

Resolution 12 seeks Shareholder approval for the adoption of the Plan in accordance with Listing Rule 7.2 Exception 13(b).

A Summary of the Plan is set out in Schedule 6.

The Plan incorporates recent amendments to the Corporations Act for employee share schemes (**New Legislation**).

11.2 Summary of New Legislation

The *Treasury Laws Amendment (Cost of Living Support and Other Measures) Act 2022* (Cth) introduced a new Division 1A into Part 7.12 of the Corporations Act in relation to employee share schemes (**New Rules**). The legislation comes into effect on 1 October 2022.

The New Rules will eventually replace the existing ASIC Class Order [CO 14/1000] and ASIC Class Order [CO 14/1001] (together, the **Class Orders**).

A summary of the key changes applicable to the Company under the New Rules are set out below.

(a) **Expanded eligibility**

Class Order relief is only available for issues to directors, full time and part time employees and casual employees or contractors that are 40% or more full time equivalent.

Under the New Rules, an offer may only be made to specified “primary participants” (being directors, employees and service providers, with no minimum requirements of hours of service provided) or certain related persons of a primary participant (including a spouse, parent, child or sibling of the primary participant; controlled bodies corporate of the primary participant or bodies corporate that are trustees of the primary participant’s self-managed superannuation fund).

(b) **Issue cap**

The Class Orders provide for an issue cap of 5% of a listed entity’s fully paid shares over a rolling period of 3 years (irrespective of whether monetary consideration is required).

Under the New Rules, there is no cap on issues made for no monetary consideration. Caps only apply to issues made for monetary consideration (being the cap set out in the company’s constitution or if there is no such cap in the constitution, then 5% for listed entities unless a higher cap is specified in the relevant regulations (if any)).

Further, offers of eligible interests to participants under an employee securities incentive plan which would not ordinarily require disclosure, such as offers to senior managers or small-scale offerings are not required to comply with the issue cap.

(c) **Disclosure requirements**

The Class Order does not distinguish between offers for monetary consideration and those without, with the same disclosure requirements for both offers.

Under the New Rules, offers made for no monetary consideration do not have any specific disclosure requirements. In the case of offers made for monetary consideration, an offer document is required (with specific disclosure requirements) and participants cannot acquire their interests until 14 days after receiving the necessary offer disclosure from the entity.

(d) **Quotation and suspension requirements**

Class Order relief is only available where an entity meets the minimum quotation period of 3 months prior to making an offer of eligible interests. In addition, relief is prohibited if an entity is suspended from quotation for over 5 days in the preceding 12-month period.

Under the New Rules, listed entities can offer eligible interests without first meeting any minimum quotation period, and regardless of any suspensions to the trading of securities.

(e) **On-sale relief**

The Class Order provides relief from the on-sale provisions for securities issued under the Class Order.

Pursuant to the New Rules, listed entities must issue a cleansing notice to ensure that any Shares issued (including following the exercise of any options and performance rights) may be on-sold within 12 months of issue.

(f) **Criminal offences**

A number of new offences created under the New Rules, including misleading and deceptive statement offences and offences relating to holding participants’ money. In addition, regulatory relief can be revoked if any of the below are breached:

- (i) compliance with the monetary cap;
 - (ii) compliance with the issue cap; and
 - (iii) providing disclosure documents at the required time.
-

11.3 Regulatory requirements and ASX Listing Rules 7.1 and 7.2, exception 13(b)

Shareholder approval is not required under the Corporations Act or the Listing Rules for the operation of the Plan. However, Shareholder approval is being sought to allow the Company to rely on an exception to the calculation of the Listing Rules 7.1 and 7.1A on the number of securities that may be issued without Shareholder Approval. Listing Rule 7.2 exception 13(b) provides that Listing Rules 7.1 and 7.1A do not apply to an issue of securities under an employee incentive scheme that has been approved by Shareholders, where the issue of securities is within 3 years from that date of Shareholder approval of the issue of securities under the employee incentive scheme.

The Plan participation is limited to Directors, employees and service providers of the Company. If an issue is to be made to Directors, then separate Shareholder approval will need to be obtained.

Pursuant to and in accordance with ASX listing rule 7.2 Exception 13, the following information is provided in relation to this Resolution:

- (a) a summary of the key terms of the Plan is set out in Schedule 6;
- (b) as this a new plan being put to Shareholders, no Securities have been issued under it to date;
- (c) the Company is seeking Shareholder approval to adopt the Plan to include the new terms and conditions required by Division 1A of Part 7.12 of the Corporations Act, which replaced the previous relief provided by ASIC Class Order 14/1000 (Employee Incentive Scheme); and
- (d) a maximum of 50,055,928 Securities would be available to be issued under the Plan if approved by Shareholders (being representing approximately 15% of the number of Shares on issue as at the date of this Notice). This maximum number is not intended to be a prediction of the actual number of Securities to be issued under the Plan, but simply a maximum number for the purposes of setting a ceiling on the number of Securities to be issued under the Plan for the purposes of Listing Rule 7.2, exception 13(b). In any event, no Securities will be issued if to do so would contravene any applicable laws, including the issue cap under the New Rules which applies to issues for monetary consideration (refer to Section 13.2(b) above).

The passing of Resolution 12 will allow the Company to issue securities for the benefit of participants of the Plan whilst preserving the Company's placement limits for issuing securities and provide flexibility in the manner in which the Plan is managed.

If Resolution 12 is not passed, the Company may still issue securities to key personnel other than Directors on the terms as set out in Schedule 6, however those securities will count towards the Company's 15% placement capacity under Listing Rule 7.1.

11.4 Voting Exclusion Statement

A voting exclusion applies to this Resolution

11.5 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 12. The Chair intends to vote all undirected Proxies in favour of Resolution 12.

12. Resolution 13 – Approval to Issue Options to Director (Ms Bronwyn Barnes)

12.1 General

Subject to obtaining Shareholder approval for the adoption of the Plan (refer to Resolution 12), the Company is seeking approval under Listing Rule 10.14 to issue 8,000,000 Options (on the terms and conditions set out in Schedule 7) (**Executive Chairperson Options**) to Ms Bronwyn Barnes (or her nominee) under Resolution 13.

The Executive Chairperson Options are to be issued under the Plan, (being the subject of Resolution 12).

The Executive Chairperson Options, together with the Executive Chairperson Shares the subject of Resolution 11, form part of the remuneration package negotiated with Ms Bronwyn Barnes in respect of her role as Executive Chairperson (appointed on 13 April 2022), the full terms of which are summarised at Section 10.2 above of this Explanatory Statement.

12.2 ASX Listing Rule 10.14

ASX Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme unless it obtains the approval of its shareholders:

- (a) Listing Rule 10.14.1: a director of the company;
- (b) Listing Rule 10.14.2: an Associate of a director of the company; or
- (c) Listing Rule 10.14.3: a person whose relationship with the company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by shareholders.

The issue of the Executive Chairperson Options falls within Listing Rule 10.14.1 as the Company intends to issue the Executive Chairperson Options under the Plan. Accordingly, Resolution 13 seeks the required Shareholder approval for the issue of the Executive Chairperson Options to Ms Bronwyn Barnes (or her nominee) for the purpose of Listing Rule 10.14.

12.3 Technical information required under Listing Rule 14.1A

If Resolution 13 is passed then the Company will be able to proceed with the issue of the Executive Chairperson Options under the Plan to Ms Barnes (or her nominee).

If Resolution 13 is not passed, the Company will not be able to proceed with the issue of the Executive Chairperson Options under the Plan to Mr Barnes (or her nominee), and the Company will need to investigate other reward, incentivisation and retention strategies in respect of her ongoing role as Executive Chairperson.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Executive Chairperson Options to Ms Barnes as approval is being obtained under Listing Rule 10.14, and the issue of the equity securities will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

12.4 Chapter 2E of the Corporations Act

Part 2E.1 of the Corporations Act prohibits the Company from giving a financial benefit to a related party (such as a Director or an entity controlled by a Director) unless either:

- (a) the giving of the financial benefit falls within one of the exceptions in sections 210 to 216 of the Corporations Act; or
- (b) Shareholder approval is obtained prior to giving the benefit.

Ms Barnes is a related party of the Company by virtue of being a Director, and the issue of the Executive Chairman Options constitutes the provision of a financial benefit for the purposes of Chapter 2E of the Corporations Act.

The Directors (other than Ms Barnes) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 12 as the issue of the Executive Chairman Options constitutes reasonable remuneration. The Executive Chairman Options are being issued to Ms Barnes as part of the remuneration package agreed between the Company and Ms Barnes and negotiated on an arm's length basis in respect of her appointment as Executive Chairman.

12.5 Technical information required by Listing Rule 10.15

Pursuant to and in accordance with Listing Rule 10.15, the following information is provided in relation to Resolution 13:

- (a) the Executive Chairperson Options will be issued to Ms Bronwyn Barnes (or her nominee);
 - (b) Ms Barnes is a Director of the Company and is therefore a related party under ASX Listing Rule 10.14.1;
 - (c) Ms Barnes will receive 8,000,000 Executive Chairperson Options with an exercise price of \$0.12 per Executive Chairperson Option and an expiry date 4 years from the date of issue;
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- (d) the issue of the Executive Chairperson Shares is intended to remunerate and incentivise Ms Barnes and, as at the date of this Notice, Ms Barnes' current total remuneration package is:

Name	Total Remuneration of Directors for the 2022 financial year \$ ¹	Current Financial Year \$ ¹
Ms Bronwyn Barnes	\$115,014	\$120,000

1. Not including superannuation

- (e) as the Plan is a new plan being put to Shareholders for approval (being the subject of Resolution 12), no Securities have been issued to Ms Barnes under the Plan;
- (f) the Executive Chairperson Options will be issued on the terms and conditions set out in Schedule 7 (including various vesting conditions);
- (g) it is considered that the issue of the Executive Chairperson Options is a reasonable and appropriate method to provide benefits for Ms Barnes as the non-cash form of this benefit will allow the Company to spend a greater portion of its cash reserves on its operations that it would if alternative cash benefits were given to Ms Barnes;
- (h) the Executive Chairperson Options have been independently valued in accordance with AASB2: Share Based Payments, and have the values as set out in Schedule 10;
- (i) the Company intends to issue the Executive Chairperson Options shortly after the Meeting but in any event will not issue the Executive Chairperson Options on a date that is later than three (3) years after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
- (j) the Executive Chairperson Options are being issued to Ms Barnes to remunerate and incentivise her as part of the remuneration package.. No funds will be raised by the issue of the Executive Chairperson Options as they are being issued for nil cash consideration;
- (k) a summary of the material terms of the Plan (the approval of the Plan being the subject of Resolution 12) are set out in Schedule 6.;
- (l) no loans are being provided in connection with the issue or conversion of the Executive Chairperson Options.
- (m) details of any securities issued under the Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (n) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Plan after this Resolution (assuming it is approved) and who were not named in the Notice of Meeting will not participate until approval is obtained under that rule; and
- (o) a voting exclusion statement is included for this Resolution in the Notice of Meeting preceding this Explanatory Statement.

12.6 Board Recommendation

The Directors (other than Ms Barnes) recommend Shareholders vote in favour of Resolution 13.

As set out under the heading 'Chairperson as proxy' in this Notice of Meeting, the Chairperson intends to vote undirected proxies in favour of Resolution 13.

13. Resolution 14 – Approval to Issue Options to Director (Michael Kitney)

13.1 General

Subject to obtaining Shareholder approval for the adoption of the Plan (refer to Resolution 12), the Company is seeking approval under Listing Rule 10.14 to issue 2,000,000 Options (on the terms and conditions set out in Schedules 8 and 9) (**Director Options**) to Mr Michael Kitney (or his nominee) under Resolution 14.

The Director Options are to be issued under the Plan (being the subject of Resolution 12).

The Director Options form part of the remuneration package negotiated with Michael Kitney in respect of his appointment as a Director (appointed on 7 June 2022) (**Appointment Letter**), which was negotiated on an arm's length basis prior to his appointment as a Director.

13.2 ASX Listing Rule 10.14

ASX Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme unless it obtains the approval of its shareholders:

- (a) Listing Rule 10.14.1: a director of the company;
- (b) Listing Rule 10.14.2: an Associate of a director of the company; or
- (c) Listing Rule 10.14.3: a person whose relationship with the company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by shareholders.

The issue of the Director Options falls within Listing Rule 10.14.1 as the Company intends to issue the Director Options under the Plan (approval of the Plan being the subject of Resolution 12). Accordingly, Resolution 14 seeks the required Shareholder approval for the issue of the Director Options to Mr Michael Kitney (or his nominee) for the purpose of Listing Rule 10.14.

13.3 Technical information required under Listing Rule 14.1A

If Resolution 14 is passed then the Company will be able to proceed with the issue of the Director Options under the Plan to Mr Kitney (or his nominee).

If Resolution 14 is not passed, the Company will not be able to proceed with the issue of the Director Options under the Plan to Mr Kitney (or his nominee), and the Company will need to investigate other reward, incentivisation and retention strategies in respect of his ongoing role as a Director.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options to Mr Kitney as approval is being obtained under Listing Rule 10.14, and the issue of the equity securities will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

13.4 Chapter 2E of the Corporations Act

Part 2E.1 of the Corporations Act prohibits the Company from giving a financial benefit to a related party (such as a Director or an entity controlled by a Director) unless either:

- (a) the giving of the financial benefit falls within one of the exceptions in sections 210 to 216 of the Corporations Act; or
- (b) Shareholder approval is obtained prior to giving the benefit.

Mr Kitney is a related party of the Company by virtue of being a Director, and the issue of the Director Options constitutes the provision of a financial benefit for the purposes of Chapter 2E of the Corporations Act.

The Directors (other than Mr Kitney) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 14 as the issue of the Director Options constitutes reasonable remuneration. The Director Options are being issued to Mr Kitney as part of his remuneration package.

13.5 Technical information required by Listing Rule 10.15

Pursuant to and in accordance with Listing Rule 10.15, the following information is provided in relation to Resolution 14:

- (a) the Director Options will be issued to Mr Michael Kitney (or his nominee);
 - (b) Mr Kitney is a Director of the Company and is therefore a related party under ASX Listing Rule 10.14.1;
-

- (c) Mr Kitney will receive 1,000,000 Director Options with an exercise price of \$0.15 per Director Option and an expiry date 2 years from the date of issue, and 1,000,000 Director Options with an exercise price of \$0.20 per Director Option and expiry date 2 years from the date of issue. The Director Options will be issued on the terms and conditions set out in Schedules 8 and 9.
- (d) the issue of the Director Options is intended to remunerate and incentivise Mr Kitney. At the date of this Notice, Mr Kitney's current remuneration is as follows:

Name	Total Remuneration of Directors for the 2022 financial year \$ ¹	Current Financial Year \$ ¹
Mr Michael Kitney	\$2,800 ²	\$42,000

1. Not including superannuation
2. Mr Kitney was appointed on 7 June 2022.

- (e) as the Plan is a new plan being put to Shareholders for approval (being the subject of Resolution 14), the Company has not previously issued any Securities to Mr Kitney under the Plan;
- (f) the Director Options will be issued on terms and conditions set out in Schedules 8 and 9;
- (g) It is considered that the issue of the Director Incentive Options is a reasonable and appropriate method to provide benefits to Mr Kitney as the non-cash form of this benefit will allow the Company to spend a greater portion of its cash reserves on its operations than it would if alternative cash benefits were given to Mr Kitney;
- (h) the Director Options have been independently valued in accordance with AASB2: Share Based Payments, and have the values as set out in Schedule 10;
- (i) the Company intends to issue the Director Options shortly after the Meeting but in any event will not issue the Director Options on a date that is later than three (3) years after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (j) the Director Options are being issued to Mr Kitney to remunerate and incentivise him as part of the remuneration package agreed with the Company. No funds will be raised by the issue of the Director Options as they are being issued for nil cash consideration;
- (k) a summary of the material terms of the Plan are set out in Schedule 6;
- (l) no loans are being provided in connection with the issue or conversion of the Director Options;
- (m) details of any securities issued under the Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (n) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Plan after this Resolution (assuming it is approved) and who were not named in the Notice of Meeting will not participate until approval is obtained under that rule; and
- (o) a voting exclusion statement is included for Resolution 14 in the Notice of Meeting preceding this Explanatory Statement.

13.6 Board Recommendation

The Directors (other than Mr Kitney) recommend Shareholders vote in favour of Resolution 14.

As set out under the heading 'Chairperson as proxy' in this Notice of Meeting, the Chairperson intends to vote undirected proxies in favour of Resolution 14.

SCHEDULE 1 - DEFINITIONS

In this Notice:

Advisor Options	has the meaning given to it in Section 9.1.
Advisor Securities	has the meaning given to it in Section 9.1.
Advisor Shares	has the meaning given to it in Section 9.1.
ASX	means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.
Board	means the board of Directors.
Chairperson or Chair	means the Chairperson of the Meeting.
Closely Related Party (in respect of a member of the Key Management Personnel)	means: <ul style="list-style-type: none">• a spouse or child of the member;• a child of the member's spouse;• a dependent of the member or the member's spouse;• anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;• a company the member controls; or• a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.
Company	means Scorpion Minerals Limited (ACN 115 535 030).
Corporations Act	means the Corporations Act 2001 (Cth).
Director	means a director of the Company.
Director Options	has the meaning given to it in Section 12.1.
Equity Securities	has the same meaning given in the Listing Rules.
Explanatory Statement	means this explanatory statement which forms part of this Notice.
Executive Chairperson Options	has the meaning given to it in Section 11.1.
Executive Chairperson Shares	has the meaning given to it in Section 10.1.
General Meeting or Meeting	means the annual general meeting of Shareholders the subject of this Notice.
KMP or Key Management Personnel	has the meaning given to that term in the Accounting Standards.
Lead Manager	has the meaning given to it in Section 8.1.
Lead Manager Mandate	has the meaning given to it in Section 8.2.
Lead Manager Options	means an Option proposed to be issued to Merchant under Resolution 9 on the terms and conditions set out Schedule 4.
Listing Rules	means the listing rules of the ASX.
Notice	means this notice of Meeting.
Option	means an option to acquire a Share.
Ordinary Resolution	means a resolution that has been passed by at least 50% of the votes cast by Shareholders entitled to vote on the Resolution.
Placement	has the meaning given to it in Section 6.1.
Placement Participants	has the meaning given to it in Section 6.5.
Placement Shares	has the meaning given to it in Section 6.1.
Plan or ESOP	means the Company's Employee Option Plan approved by Shareholders on 30 November 2020.

Related Party	has the meaning given to that term in the Corporations Act.
Resolution	means a resolution set out in the Notice.
Section	means a section set out in the Explanatory Statement of this Notice.
Share	means an ordinary fully paid share in the capital of the Company.
Shareholder	means holder of a share in the Company.
Special Resolution	means a resolution that has been passed by at least 75% of the votes cast by shareholders entitled to vote on the Resolution.
Target Market Capitalisation	has the meaning set out in paragraph (a) of Schedule 4.
Tranche A Performance Right	means a performance right issued under the terms set out in Schedule 4, with the vesting condition set out in paragraph (a)(i) of Schedule 4.
Tranche B Performance Rights	means a performance right issued under the terms set out in Schedule 4, with the vesting condition set out in paragraph (a)(ii) of Schedule 4.
Tranche C Performance Rights	means a performance right issued under the terms set out in Schedule 4, with the vesting condition set out in paragraph (a)(iii) of Schedule 4.
Trading Day	means a day determined by ASX to be a trading day in accordance with the Listing Rules.
VWAP	means volume weighted average price.
WST	means Western Standard Time.

SCHEDULE 2 – NOMINATION OF AUDITOR LETTER

ANNA HARMER
176 Rosebery Street, Bedford WA 6052

18 July 2022

The Directors
Scorpion Minerals Limited
Level 1, 24 Mumford Place
BALCATTWA WA 6021

Dear Sirs

Notice of Intention – Removal and Nomination of Auditors

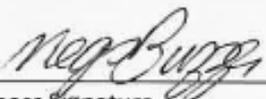
I, Anna Barbara Harmer being a member of Scorpion Minerals Limited (ACN 115 535 030) (**Company**), hereby request that at the 2022 annual general meeting of the Company, the Company consider, and if thought fit, pass resolutions that:

1. Rothsay Auditing, the current auditor of the Company be removed pursuant to section 329(1) of the *Corporations Act 2001 (Cth)* (**Corporations Act**); and
2. Rothsay Audit & Assurance Pty Ltd, being qualified, to act as auditor of the Company pursuant to section 327B(1) and section 327D of the Corporations Act.

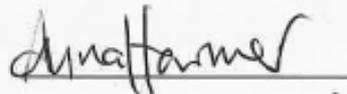
This letter serves as a Notice of Removal and Notice of Nomination in accordance with sections 329(1A), 328B(3) and 327D(2) of the Corporations Act.

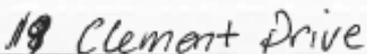
In addition, pursuant to section 328B(3) and 329(2) of the Corporations Act, please send a copy of this notice to Rothsay Auditing, Rothsay Audit & Assurance Pty Ltd and any person entitled to receive notice of general meetings of the Company.

SIGNED by Anna Barbara Harmer in the presence of:

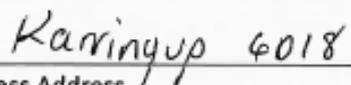


Witness Signature





Witness Address



Witness Address



Witness Occupation

SCHEDULE 3 – EQUITY SHARES ISSUED IN 12 MONTHS PRECEDING AGM

Date of issue	Number issued	Class/Type of equity security and Summary of terms	Names of persons who received securities or basis on which those persons was determined	Issue Price and discount	Rule pursuant to which the Issue is made	Consideration	
21/04/22	26,499,072	Fully paid ordinary Share issued on the same terms and conditions of the ordinary Shares in the Company	The fully paid ordinary shares were issued to existing shareholders and new sophisticated and professional investors as part of a private Placement.	Issue Price: \$0.051 Discount: 23% to the last traded price on 8 April 2022.	26,449,072 fully paid ordinary shares issued pursuant to Listing Rule 7.1A.	Total cash consideration	\$1,351,452.67
						Amount of cash consideration spent and description of what consideration was spent on	Approximately \$675,000 has been spent on corporate/administrative costs and exploration costs. -
						Intended use for remaining cash consideration	Funds raised will be used to support planned drilling and geophysics programmes across the Company and for additional working capital.
						Non-cash consideration paid and current value of that non-cash consideration	Nil.

SCHEDULE 4 – LEAD MANAGER OPTION TERMS AND CONDITIONS

The terms and conditions of the Lead Manager Options to be issued under Resolution 9 are as follows:

(a) Entitlement

Subject to paragraph (n), each Lead Manager Option entitles the holder to subscribe for one (1) Share upon exercise of the Lead Manager Option.

(b) Exercise Price

Subject to paragraphs (k) and (m), the amount payable upon exercise of each Lead Manager Option is \$0.12 per Lead Manager Option (**Exercise Price**).

(c) Expiry Date

Each Lead Manager Option will expire at 5:00 pm (WST) on the date that is 24 months from the date of issue of the Lead Manager Options (**Expiry Date**). A Lead Manager Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

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

(e) Notice of Exercise

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

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Lead Manager Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

As soon as practicable after the valid exercise of a Lead Manager Option, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Lead Manager Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Lead Manager Options.

(h) Restrictions on transfer or disposal of Shares

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on conversion of the Lead Manager Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

(i) Shares issued on exercise

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

(j) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Lead Manager Options.

(k) Reconstruction of capital

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

(l) Participation in new issues

There are no participation rights or entitlements inherent in the Lead Manager Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Lead Manager Options without exercising the Lead Manager Options.

(m) Adjustment for rights issue

In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Lead Manager Options, the Exercise Price may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.

(n) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Lead Manager Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(o) Unquoted

The Company will not apply for quotation of the Lead Manager Options on ASX.

(p) Transferability

The Lead Manager Options are only transferable with the prior written approval of the Board and subject to compliance with the Corporations Act and the ASX Listing Rules.

SCHEDULE 5 – ADVISOR OPTION TERMS AND CONDITIONS

The terms and conditions of the Advisor Options to be issued under Resolution 10 are as follows:

(a) Entitlement

Subject to paragraph (o), each Advisor Option entitles the holder to subscribe for one Share upon exercise of the Advisor Option.

(b) Exercise Price

Subject to paragraphs (l) and (n), the amount payable upon exercise of each Advisor Option is \$0.12 per Advisor Option (**Exercise Price**).

(c) Expiry Date

Each Advisor Option will expire at 5:00 pm (WST) on the date that is 4 years from the date of issue of the Advisor Options (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Vesting Conditions

The Advisor Options are subject to the following vesting conditions (**Vesting Conditions**):

- (i) 10,000,000 Advisor Options vest upon the Company acquiring a new project introduced by Obsidian in addition to the Company's existing projects at the date of this Notice;
- (ii) 10,000,000 Advisor Options vest upon the Company acquiring a second new project introduced by Obsidian in addition to the Company's existing projects at the date of this Notice;
- (iii) 20,000,000 Advisor Options vest upon either of the following occurring:
 - (A) The Company announcing a Mineral Resource (as defined in the JORC Code) of no less than 10 million tonnes at 1% Li₂O, mineral or metal or equivalent on any one project that has been introduced to the Company by Obsidian; or
 - (B) The VWAP of Shares in the Company over 5 consecutive trading days (on which Shares have actually traded) exceeding \$0.15 per Share, provided that Obsidian remains engaged by the Company at the date on which this occurs.
- (iv) 20,000,000 Advisor Options vest upon either of the following occurring:
 - (A) The Company announcing a Mineral Resource (as defined in the JORC Code) of no less than 20 million tonnes at 1% Li₂O, mineral or metal or equivalent on any one project that has been introduced to the Company by Obsidian; or
 - (B) The VWAP of Shares in the Company over 5 consecutive trading days (on which Shares have actually traded) exceeding \$0.25 per Share, provided that Obsidian remains engaged by the Company at the date on which this occurs.
- (v) 40,000,000 Advisor Options vest upon either of the following occurring:
 - (A) The Company announcing a Mineral Resource (as defined in the JORC Code) of no less than 50 million tonnes at 1% Li₂O, mineral or metal or equivalent on any one project that has been introduced to the Company by Obsidian; or
 - (B) The VWAP of Shares in the Company over 5 consecutive trading days (on which Shares have actually traded) exceeding \$0.35 per Share, provided that Obsidian remains engaged by the Company at the date on which this occurs.

(e) Exercise Period

The Advisor Options are exercisable at any time after the Vesting Conditions are satisfied and until and including the Expiry Date (**Exercise Period**).

(f) Notice of Exercise

The Advisor 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 Advisor Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(g) 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 Advisor Option being exercised in cleared funds (**Exercise Date**).

(h) Timing of issue of Shares on exercise

As soon as practicable after the valid exercise of an Advisor Option, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Advisor Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Advisor Options.

(i) Restrictions on transfer or disposal of Shares

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on conversion of the Advisor Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

(j) Shares issued on exercise

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

(k) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Advisor Options.

(l) Reconstruction of capital

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

(m) Participation in new issues

There are no participation rights or entitlements inherent in the Advisor Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Advisor Options without exercising the Advisor Options.

(n) Adjustment for rights issue

In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Advisor Options, the Exercise Price may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.

(o) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Advisor Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Advisor Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(p) Unquoted

The Company will not apply for quotation of the Advisor Options on ASX.

(q) Transferability

The Options are only transferable with the prior written approval of the Board and subject to compliance with the Corporations Act and the ASX Listing Rules.

(r) Cashless Exercise

At the time of exercise of the Options, in accordance with (f) above, the Optionholder may elect not to be required to provide payment of the exercise price for the number of Options specified in the Notice of Exercise, but that on exercise of the Options, the Company will transfer or issue to the Optionholder 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 the Options.

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.

If the difference between the total exercise price otherwise payable for the Options being exercised and the then market Value of the Share at the time of exercise and the exercise price is zero or negative, then the Optionholder will not be entitled to use the cashless exercise facility.

SCHEDULE 6 – SUMMARY OF EMPLOYEE INCENTIVE SECURITIES PLAN

A summary of the terms of the Plan (being the subject of Resolution 12) is set out below:

- (a) **(Eligible Participant):** Eligible Participant means a person that:
- (i) is an 'ESS participant' (as that term is defined in Division 1A of Part 7.12 of the Corporations Act) in relation to the Company for an Invitation made on or after 1 October 2022; and
- has been determined by the Board to be eligible to participate in the Plan from time to time.
- (a) **(Purpose):** The purpose of the Plan is to:
- (i) assist in the reward, retention and motivation of Eligible Participants;
 - (ii) link the reward of Eligible Participants to Shareholder value creation; and
 - (iii) 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.
- (b) **(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 except to the extent that it prevents the Company relying on the deferred tax concessions under Subdivision B3A-C of the *Income Tax Assessment Act 1997* (Cth). The Board may delegate its powers and discretion.
- (c) **(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.
- (d) **(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.
- (e) **(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. Unless in 'Special Circumstances' (as defined in the Plan) with the consent of the Board, a Participant may not sell, assign, transfer, grant a security interest over, collateralise a margin loan against, utilise for the purposes of short selling, enter into a Derivative with reference to, or otherwise deal with a Convertible Security that has been granted to them. 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.
- (f) **(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.
- (g) **(Exercise of Convertible Securities and cashless exercise):** To exercise an 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 prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the 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.
- (h) **(Cashless exercise of Convertible Securities):** 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.

If the difference between the total exercise price otherwise payable for the Convertible Securities being exercised and the then market Value of the Share at the time of exercise and the exercise price is zero or negative, then the Eligible Participant will not be entitled to use the cashless exercise facility.

- (i) **(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.
- (j) **(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, acted negligently, acted in contravention of a Group policy or wilfully breached his or her duties to the Group, the Board will 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:

- (i) 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
 - (ii) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.
- (k) **(Change of control):** If a change of control event 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.
 - (l) **(Rights attaching to Plan Shares):** All Shares issued 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.
 - (m) **(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:

- (i) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
 - (ii) 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.
- (n) **(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 allotment 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.

- (o) **(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.
- (p) **(Compliance with Applicable Laws):** Notwithstanding the Plan rules or any terms of a Security, no Security may be offered, granted, vested or exercised, and no Share may be issued or transferred, if to do so would contravene any applicable laws.

Where monetary consideration is payable by the Eligible Participant, and in respect to Convertible Securities where the Exercise Price on exercise of those Convertible Securities is greater than zero, the Company must reasonably believe when making an Invitation:

- (i) the total number of Plan Shares that are, or are covered by the Securities that may be issued under an Invitation; and
- (ii) the total number of Plan Shares that are, or are covered by the Securities that have been issued, or could have been issued in connection with the Plan in reliance on Division 1A of Part 7.12 of the Corporations Act at any time during the previous 3 year period prior to the date the Invitation is made,

does not exceed:

- (iii) if the Constitution specifies an issue cap percentage, that percentage; or
- (iv) if the Constitution does not specify an issue cap percentage, 5% (or such other maximum permitted under any Applicable Law),

of the total number of Shares on issue at the date of the Invitation.

- (q) **(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.

- (r) **(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.

SCHEDULE 7 – EXECUTIVE CHAIRPERSON OPTION TERMS AND CONDITIONS

The terms and conditions of the Executive Chairperson Options to be issued under Resolution 13 are as follows:

(a) Entitlement

Subject to paragraph (o), each Executive Chairperson Option entitles the holder to subscribe for one Share upon exercise of the Executive Chairperson Option.

(b) Exercise Price

Subject to paragraphs (l) and (n), the amount payable upon exercise of each Option is \$0.12 per Executive Chairperson Option (**Exercise Price**).

(c) Expiry Date

Each Executive Chairperson Option will expire at 5:00 pm (WST) on the date that is 4 years from the date of issue of the Executive Chairperson Options (**Expiry Date**). An Executive Chairperson Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Vesting Conditions

The Executive Chairperson Options are subject to the following vesting conditions (**Vesting Conditions**):

- (i) 2,000,000 Executive Chairperson Options will vest and become exercisable upon the VWAP of the Company's Shares over 5 consecutive trading days (on which Shares have actually traded) being equal to or greater than \$0.15 at any time prior to the expiry date;
- (ii) 3,000,000 Executive Chairperson Options will vest and become exercisable upon the Company acquiring a new project in addition to the Company's existing projects at the date of this Notice; and
- (iii) 3,000,000 Executive Chairperson Options will vest and become exercisable upon the Company acquiring two new projects in addition to the Company's existing projects at the date of this Notice.

(e) Exercise Period

The Executive Chairperson Options are exercisable at any time after the Vesting Conditions are satisfied and until and including the Expiry Date (**Exercise Period**).

(f) Notice of Exercise

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

(g) 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**).

(h) Timing of issue of Shares on exercise

As soon as practicable after the valid exercise of an Executive Chairperson Option, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Executive Chairperson Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Executive Chairperson Options.

(i) Restrictions on transfer or disposal of Shares

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on conversion of the Executive Chairperson Options may not be traded until 12

months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

(j) Shares issued on exercise

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

(k) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Executive Chairperson Options.

(l) Reconstruction of capital

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

(m) Participation in new issues

There are no participation rights or entitlements inherent in the Executive Chairperson Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Executive Chairperson Options without exercising the Executive Chairperson Options.

(n) Adjustment for rights issue

In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Executive Chairperson Options, the Exercise Price may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.

(o) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Executive Chairperson Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Executive Chairperson Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(p) Unquoted

The Company will not apply for quotation of the Options on ASX.

(q) Transferability

The Executive Chairperson Options are only transferable with the prior written approval of the Board and subject to compliance with the Corporations Act and the ASX Listing Rules.

(r) Cashless Exercise

Subject to the applicable Vesting Conditions being met, as set out in (d) above, the holder may elect for cashless exercise of the Executive Chairperson Options in accordance with the terms of the Company's Employee Securities Incentive Plan.

SCHEDULE 8 – DIRECTOR OPTION TERMS AND CONDITIONS

The terms and conditions of the Director Options to be issued under Resolution 14 are as follows:

(a) Entitlement

Subject to paragraph (o), each Director Option entitles the holder to subscribe for one Share upon exercise of the Director Option.

(b) Exercise Price

Subject to paragraphs (l) and (n), the amount payable upon exercise of each Director Option is \$0.15 per Director Option in respect of 1,000,000 Director Options.

(c) Expiry Date

Each Option will expire at 5:00 pm (WST) on the date that is 2 years from the date of issue of the Director Options (**Expiry Date**). A Director Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Director Options are exercisable at any time during the period from and including the date of issue and until and including the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

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

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Director Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

As soon as practicable after the valid exercise of an Director Option, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Director Options.

(h) Restrictions on transfer or disposal of Shares

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on conversion of the Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

(i) Shares issued on exercise

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

(j) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Director Options.

(k) Reconstruction of capital

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

(l) Participation in new issues

There are no participation rights or entitlements inherent in the Director Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options without exercising the Director Options.

(m) Adjustment for rights issue

In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Director Options, the Exercise Price may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.

(n) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of a Director Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Director Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(o) Unquoted

The Company will not apply for quotation of the Director Options on ASX.

(p) Transferability

The Director Options are only transferable with the prior written approval of the Board and subject to compliance with the Corporations Act and the ASX Listing Rules.

(q) Forfeiture

A holder of one or more Director Options will forfeit their rights and interest in the Director Options (and the Director Options will cease to be exercisable) in the following circumstances:

- (i) the Option holder (or, if they are a nominee, the relevant nominator) ceases to be a Director of the Company, unless the Board determines otherwise.
- (ii) the Option holder (or, if they are a nominee, the relevant nominator) has in the opinion of the Board:
 - (A) acted fraudulently or dishonestly; or
 - (B) wilfully breached his or her duties to the Company,and the Board in its discretion deems the Director Options to be forfeited.

the Option holder by written notice to the Company voluntarily forfeits their Director Options for no consideration.

(r) Cashless exercise

The holder may elect for cashless exercise of the Director Options in accordance with the terms of the Company's Employee Securities Incentive Plan.

SCHEDULE 9 – DIRECTOR OPTION TERMS AND CONDITIONS

The terms and conditions of the Director Options to be issued under Resolution 14 are as follows:

(a) Entitlement

Subject to paragraph (o), each Director Option entitles the holder to subscribe for one Share upon exercise of the Director Option.

(b) Exercise Price

Subject to paragraphs (l) and (n), the amount payable upon exercise of each Director Option is \$0.20 per Director Option in respect of 1,000,000 Director Options.

(c) Expiry Date

Each Option will expire at 5:00 pm (WST) on the date that is 2 years from the date of issue of the Director Options (**Expiry Date**). A Director Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Director Options are exercisable at any time during the period from and including the date of issue and until and including the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

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

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Director Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

As soon as practicable after the valid exercise of an Director Option, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Director Options.

(h) Restrictions on transfer or disposal of Shares

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on conversion of the Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

(i) Shares issued on exercise

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

(j) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Director Options.

(k) Reconstruction of capital

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

(l) Participation in new issues

There are no participation rights or entitlements inherent in the Director Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options without exercising the Director Options.

(m) Adjustment for rights issue

In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Director Options, the Exercise Price may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.

(n) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of a Director Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Director Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(o) Unquoted

The Company will not apply for quotation of the Director Options on ASX.

(p) Transferability

The Director Options are only transferable with the prior written approval of the Board and subject to compliance with the Corporations Act and the ASX Listing Rules.

(q) Forfeiture

A holder of one or more Director Options will forfeit their rights and interest in the Director Options (and the Director Options will cease to be exercisable) in the following circumstances:

- (i) the Option holder (or, if they are a nominee, the relevant nominator) ceases to be a Director of the Company, unless the Board determines otherwise.
- (ii) the Option holder (or, if they are a nominee, the relevant nominator) has in the opinion of the Board:
 - (A) acted fraudulently or dishonestly; or
 - (B) wilfully breached his or her duties to the Company,and the Board in its discretion deems the Director Options to be forfeited.

the Option holder by written notice to the Company voluntarily forfeits their Director Options for no consideration.

(r) Cashless exercise

The holder may elect for cashless exercise of the Director Options in accordance with the terms of the Company's Employee Securities Incentive Plan.

SCHEDULE 10 – VALUATION OF LEAD MANAGER OPTIONS, ADVISOR OPTIONS, EXECUTIVE CHAIRPERSON OPTIONS AND DIRECTOR OPTIONS

20 October 2022

The Directors
Scorpion Minerals Limited
Level 1, 24 Mumford Place
Balcatta WA 6021

Dear Directors,

Options Valuation

1 Introduction

- 1.1 At the request of Scorpion Minerals Limited (“**Scorpion**” or the “**Company**”), Stantons Corporate Finance Pty Ltd (“**Stantons**”) hereby sets out our technical valuation for the following options¹ (“**Options**”) to be issued to brokers, advisors and directors of the Company pending shareholder approval at the Annual General Meeting scheduled for 23 November 2022 (the “**Meeting**”).

Table 1. Options Details

Security	Recipients	Number	Details	Vesting condition	Exercise price	Expiry date
Lead Manager Options	Merchant Capital Partners Pty Ltd (“ Merchant ”)	6,000,000	Unlisted Options issued for nil consideration each exercisable into one ordinary share at any time between meeting the vesting conditions and the expiry date	n/a	\$0.12	2 years from the issue date
Tranche 1 Advisor Options	Obsidian Metals Group Pty Ltd (“ Obsidian ”)	10,000,000	Unlisted Options issued for nil consideration each exercisable into one ordinary share at any time between meeting the vesting conditions and the expiry date	The Company acquires a new project introduced by Obsidian in addition to the Company’s existing projects	\$0.12	4 years from the issue date
Tranche 2 Advisor Options	Obsidian	10,000,000	Unlisted Options issued for nil consideration each exercisable into one ordinary share at any time between meeting the vesting conditions and the expiry date	The Company acquires 2 new projects introduced by Obsidian in addition to the Company’s existing projects	\$0.12	4 years from the issue date

¹ We note the Options are written by the Company and on exercise new shares will be issued, as opposed to being transferred by an existing shareholder. Accordingly, the Options are considered to be “warrants” as typically defined internationally (we note conventional use of the terms “options” and “warrants” differs in Australia) and will have a dilutive effect if exercised.

Tranche 3 Advisor Options	Obsidian	20,000,000	Unlisted Options issued for nil consideration each exercisable into one ordinary share at any time between meeting the vesting conditions and the expiry date	Upon either: <ul style="list-style-type: none"> ▪ the Company announcing a Mineral Resource² of no less than 10 million tonnes at 1% Li₂O or equivalent on any one project that has been introduced by Obsidian; or ▪ the volume weighted average price (“VWAP”) of the Company’s shares over 5 consecutive trading days exceeds \$0.15 	\$0.12	4 years from the issue date
Tranche 4 Advisor Options	Obsidian	20,000,000	Unlisted Options issued for nil consideration each exercisable into one ordinary share at any time between meeting the vesting conditions and the expiry date	Upon either: <ul style="list-style-type: none"> ▪ the Company announcing a Mineral Resource² of no less than 20 million tonnes at 1% Li₂O or equivalent on any one project that has been introduced by Obsidian; or ▪ the VWAP of the Company’s shares over 5 consecutive trading days exceeds \$0.25 	\$0.12	4 years from the issue date
Tranche 5 Advisor Options	Obsidian	40,000,000	Unlisted Options issued for nil consideration each exercisable into one ordinary share at any time between meeting the vesting conditions and the expiry date	Upon either: <ul style="list-style-type: none"> ▪ the Company announcing a Mineral Resource² of no less than 50 million tonnes at 1% Li₂O or equivalent on any one project that has been introduced by Obsidian; or ▪ the VWAP of the Company’s shares over 5 consecutive trading days exceeds \$0.35 	\$0.12	4 years from the issue date
Tranche 1 Director Options	Bronwyn Barnes	2,000,000	Unlisted Options issued for nil consideration each exercisable into one ordinary share at any time between meeting the vesting conditions and the expiry date	The VWAP of the Company’s shares over 5 consecutive trading days exceeds \$0.15	\$0.12	4 years from the issue date
Tranche 2 Director Options	Bronwyn Barnes	3,000,000	Unlisted Options issued for nil consideration each exercisable into one ordinary share at any time between meeting the vesting conditions and the expiry date	The Company acquires a new project in addition to the Company’s existing projects	\$0.12	4 years from the issue date

² As defined in the JORC Code

Tranche 3 Director Options	Bronwyn Barnes	3,000,000	Unlisted Options issued for nil consideration each exercisable into one ordinary share at any time between meeting the vesting conditions and the expiry date	The Company acquires 2 new projects in addition to the Company's existing projects	\$0.12	4 years from the issue date
Tranche 4 Director Options	Mike Kitney	1,000,000	Unlisted Options issued for nil consideration each exercisable into one ordinary share at any time between meeting the vesting conditions and the expiry date	n/a	\$0.15	2 years from the issue date
Tranche 5 Director Options	Mike Kitney	1,000,000	Unlisted Options issued for nil consideration each exercisable into one ordinary share at any time between meeting the vesting conditions and the expiry date	n/a	\$0.20	2 years from the issue date

- 1.2 We note the Options (except the Lead Manager Options) are also subject to the holder remaining in continuous service to the Company.
- 1.3 The valuation has been prepared in accordance with *AASB2: Share Based Payments* ("**AASB 2**") to support the Company's inclusion of a value of the Options in a Notice of Meeting to be distributed prior to the AGM.
- 1.4 This report has been prepared for the internal purposes of the Company and is not to be publicly distributed without the express prior written consent of Stantons.

2 Valuation

Valuation Methodology

- 2.1 As per AASB 2, paragraph 10:

"For equity settled share-based payment transactions, the entity shall measure the goods and services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably."

- 2.2 Where the fair value of goods and services received cannot be estimated reliably, including for transactions with brokers, directors, employees and others providing similar services, the entity should measure the value based on the fair value of the equity instruments at the grant date. To achieve this, a valuation technique that indicates what the price of those equity instruments would have been on the grant date in an arm's length transaction between knowledgeable, willing parties is used. The valuation technique must be consistent with generally accepted valuation methodologies for pricing financial instruments.

Lead Manager Options, Tranche 1 and 2 Advisor Options and Tranche 2, 3, 4 and 5 Director Options

- 2.3 The Lead Manager Options are not subject to any vesting conditions, and the Tranche 1 and 2 Advisor Options and Tranche 2, 3, 4 and 5 Director Options (collectively, the "**Non-Market Options**") are subject to service conditions and/or other non-market vesting conditions only.
- 2.4 Under AASB 2, a non-market vesting condition should not be accounted for when determining the fair value at the grant date. Instead, a non-market vesting condition should be taken into account by adjusting the number of Non-Market Options included in the measurement of the transaction amount so that, ultimately, the amount recognised for the goods and services received as consideration for the equity instruments granted shall be based on the number of Non-Market

Options that eventually vest. We provide further commentary on the accounting treatment for the Non-Market Options at paragraph 2.34 below.

- 2.5 The Black Scholes option valuation methodology was used for the Lead Manager Options and Non-Market Options. This methodology was used with the expectation that the majority of the Lead Manager Options and Non-Market Options will be exercised towards the end of their term, and therefore a European option pricing model is appropriate.

Tranche 3, 4 and 5 Advisor Options and Tranche 1 Director Options

- 2.6 We note the Tranche 3, 4 and 5 Advisor Options will vest on meeting either a VWAP based market condition or a non-market performance condition. For the purpose of our valuation, we have assumed it is less likely the non-market condition will be met, and therefore the VWAP based market condition is the most pertinent. Our report does not consider the accounting treatment of these vesting conditions.
- 2.7 The VWAP based vesting conditions on the Tranche 3, 4 and 5 Advisor Options and Tranche 1 Director Options (collectively, the “**Market Options**”) are considered market-based conditions. Under AASB 2, the value impact of a market condition should be included in the fair value determination at the grant date. A Monte Carlo simulation was used to incorporate a probability-based value impact of the market condition to determine the fair value of the Market Options.
- 2.8 Using Monte Carlo simulation methodology, we simulated daily Scorpion share prices from 19 October 2022 to 19 October 2026 using trading day increments. Based on the simulated share prices, we calculated the 5-day VWAPs as at each trading day to 19 October 2026.
- 2.9 For the valuation purpose we assumed all Market Options will be exercised at their expiry date.
- 2.10 In each iteration, if the vesting condition is met the value of a Market Option is:
- the maximum of:
 - the difference between simulated share price at the expiry date and the exercise price, discounted to present value (at the risk-free rate); and
 - zero.
- 2.11 If the vesting condition was not met the value was zero for that iteration.
- 2.12 The fair value of the Market Options was calculated as the average simulated value over 100,000 iterations.

Valuation Inputs

Grant Date

- 2.13 Under AASB 2, share-based payments should be measured at their grant date, being the date at which there is a mutual understanding of the terms and a legally enforceable agreement. Where shareholder approval is required, the date on which approval is obtained is considered the grant date for financial reporting purposes.
- 2.14 For financial reporting purposes, the grant date will be the date of the Meeting. For the valuation purpose, we assumed a grant date of 19 October 2022.

Expiry Date

- 2.15 The expiry date of the Lead Manager Options, Tranche 4 Director Options and Tranche 5 Director Options will be 2 years from the date of issue, respectively, while all other Options will be 4 years from issue. Based on our assumed grant date, we assumed expiry dates of 19 October 2024 and 19 October 2026 as appropriate.

Spot Price

- 2.16 The closing price of Scorpion shares on the Australian Securities Exchange (“**ASX**”) on 19 October 2022 was \$0.069, and we used this as the deemed spot price for the valuation purpose.

Exercise Price

2.17 The exercise prices of the Options are as per Table 1.

VWAP Hurdle

2.18 The Tranche 3 Advisor Options and Tranche 1 Director Options are subject to a 5-day VWAP hurdle of \$0.15, and the Tranche 4 and 5 Advisor Options are subject to 5-day VWAP hurdles of \$0.25 and \$0.35, respectively.

Risk-Free Rate

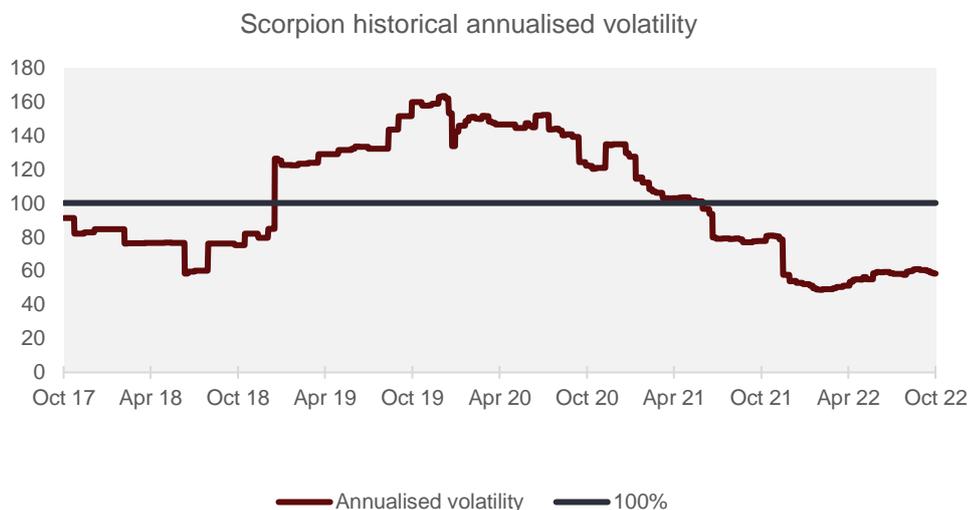
2.19 We used the two-year and three-year Australian government bond rates as proxies for the risk-free rate, being approximately 3.37% and 3.50% as at 19 October 2022. We note that under the assumptions of the Black Scholes model and Monte Carlo simulations, the risk-free rate should be on a continuously compounded basis, and accordingly we converted the quoted rates to 3.314% and 3.440%.

Volatility

2.20 In determining the expected volatility of returns on Scorpion shares, as per AASB 2, we considered both the historical volatility of the share price over the most recent period commensurate with the expected term of the Options, and the tendency of volatility to revert to its mean.

2.21 The historical annualised volatility of Scorpion shares based on daily closing price for the two-year and four-year periods to 19 October 2022 were 80.12% and 117.69%, respectively.

2.22 The rolling annualised volatility (based on prior year weekly closing prices) of Scorpion shares from 19 October 2017 to 19 October 2022 is shown below. The average volatility over this period was 101.59%.



Source: S&P Capital IQ

2.23 Based on the above analysis, we used a volatility factor of 100% in our valuations.

Dividends

2.24 We assumed that no dividends will be declared or paid by the Company during the term of the Options.

Capital Structure Effects

2.25 Exercise of the Options will result in new shares being issued, which will have a dilutionary impact on the Company's capital structure. The Company currently has 333,706,192 ordinary shares on

issue. As the market is not currently aware of the potential new issue of Options, the spot price used in our valuation does not reflect the potential dilutionary impact of the Options.

2.26 The dilutionary impact of exercising each tranche of Options is as follows.

Table 2. Dilutionary Impact of Exercising Options

Options	Number of shares on issue	Number of shares issued on exercise	Dilutionary impact
Lead Manager Options	333,706,192	6,000,000	1.80%
Tranche 1 Advisor Options	333,706,192	10,000,000	3.00%
Tranche 2 Advisor Options	333,706,192	10,000,000	3.00%
Tranche 3 Advisor Options	333,706,192	20,000,000	5.99%
Tranche 4 Advisor Options	333,706,192	20,000,000	5.99%
Tranche 5 Advisor Options	333,706,192	40,000,000	11.99%
Tranche 1 Director Options	333,706,192	2,000,000	0.60%
Tranche 2 Director Options	333,706,192	3,000,000	0.90%
Tranche 3 Director Options	333,706,192	3,000,000	0.90%
Tranche 4 Director Options	333,706,192	1,000,000	0.30%
Tranche 5 Director Options	333,706,192	1,000,000	0.30%

2.27 Based on the above we consider the exercise of the Tranche 3, Tranche 4 and Tranche 5 Advisor Options may impact the Scorpion share price, however we consider the potential dilutionary impact of the other tranches of Options is unlikely to be material to the share price.

2.28 Accordingly, for the Tranche 3, Tranche 4 and Tranche 5 Advisor Options we have adjusted the Monte Carlo simulation based model to include a dilution factor.

2.29 To adjust the model to calculate the price of a warrant rather than an option, we applied a dilution factor as follows³:

$$\text{Dilution factor} = \frac{N}{N + M}$$

Where: N = the number of ordinary shares outstanding; and

M = the number of warrants (Options) to be issued.

2.30 Accordingly, the dilution factor for the Tranche 3 and Tranche 4 Advisor Options is 0.943 Tranche 5 Advisor Options is 0.893.

Valuation

Lead Manager Options and Non-Market Options

2.31 Based on the above, our assessed value of the Lead Manager Options and Non-Market Options are as follows.

³ We note this formula only applies if one warrant is exercisable into one ordinary share

Table 3. Lead Manager Options and Non-Market Options Valuation

	Lead Manager Options	Tranche 1 Advisor Options	Tranche 2 Advisor Options	Tranche 2 Director Options	Tranche 3 Director Options	Tranche 4 Director Options	Tranche 5 Director Options
Methodology	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes
Assumed grant date	19 October 2022	19 October 2022	19 October 2022	19 October 2022	19 October 2022	19 October 2022	19 October 2022
Assumed expiry date	19 October 2024	19 October 2026	19 October 2026	19 October 2026	19 October 2026	19 October 2024	19 October 2024
Share price at assumed grant date (\$)	0.069	0.069	0.069	0.069	0.069	0.069	0.069
Exercise price (\$)	0.120	0.120	0.120	0.120	0.120	0.150	0.200
Risk-free rate (%)	3.314	3.440	3.440	3.440	3.440	3.314	3.314
Volatility (%)	100	100	100	100	100	100	100
Dividend yield (%)	-	-	-	-	-	-	-
Fair value per Option (\$)	0.0278	0.0424	0.0424	0.0424	0.0424	0.0242	0.0198
Recipient	Merchant	Obsidian	Obsidian	Bronwyn Barnes	Bronwyn Barnes	Mike Kitney	Mike Kitney
Number	6,000,000	10,000,000	10,000,000	3,000,000	3,000,000	1,000,000	1,000,000
Total undiscounted value (\$)	167,053	423,649	423,649	127,095	127,095	24,228	19,807

- 2.32 We note the above values of the Non-Market Options are undiscounted, i.e., the non-market vesting conditions are not considered in calculating the fair value.
- 2.33 At the grant date, the directors will need to estimate the probability that the non-market vesting conditions will be met for the Non-Market Options.
- 2.34 For each tranche of Non-Market Options, if it is considered unlikely the vesting condition will be met (<50% probability) nil value should be recognised for those Non-Market Options in the Scorpion accounts. If it is considered more likely than not that the vesting condition will be met (>50% probability) then the Company should recognise an amount based on the full undiscounted value for those Non-Market Options.
- 2.35 The directors should reassess the likelihood of meeting the vesting conditions at each subsequent reporting date, and update the value recognised if the number of Non-Market Options expected to vest changes.

Market Options

- 2.36 Based on the above, our assessed value of the Market Options are as follows.

Table 4. Market Options Valuation

	Tranche 3 Advisor Options	Tranche 4 Advisor Options	Tranche 5 Advisor Options	Tranche 1 Director Options
Methodology	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo
Iterations	100,000	100,000	100,000	100,000
Assumed grant date	19 October 2022	19 October 2022	19 October 2022	19 October 2022
Assumed expiry date	19 October 2026	19 October 2026	19 October 2026	19 October 2026
Share price at assumed grant date (\$)	0.069	0.069	0.069	0.069
Assumed exercise price (\$)	0.12	0.12	0.12	0.12
VWAP hurdle (\$)	0.15	0.25	0.35	0.15
Risk-free rate (%)	3.440	3.440	3.440	3.440
Volatility (%)	100	100	100	100
Dividend yield (%)	-	-	-	-
Fair value per security (pre-dilution factor)	0.0416	0.0411	0.0400	0.0416
Dilution factor	0.943	0.943	0.893	n/a
Fair value per security (\$)	0.0393	0.0388	0.0357	0.0416
Recipient	Obsidian	Obsidian	Obsidian	Bronwyn Barnes
Number	20,000,000	20,000,000	40,000,000	3,000,000
Total value (\$)	785,252	775,614	1,429,913	124,847

3 Conclusion

- 3.1 The valuations noted above are not necessarily the market prices that the Options could be traded at and are not necessarily the appropriate values for taxation purposes. Recipients of the Options should seek their own advice as to the tax treatments of receiving the Options.
- 3.2 Should you wish to discuss the above, do not hesitate to contact the undersigned.

Yours faithfully,

STANTONS CORPORATE FINANCE PTY LTD



James Turnbull, CFA
Authorised Representative

LODGE YOUR PROXY APPOINTMENT ONLINE

 **ONLINE PROXY APPOINTMENT**
www.advancedshare.com.au/investor-login

 **MOBILE DEVICE PROXY APPOINTMENT**
Lodge your proxy by scanning the QR code below, and enter your registered postcode.
It is a fast, convenient and a secure way to lodge your vote.

ANNUAL GENERAL MEETING PROXY FORM

I/We being shareholder(s) of Scorpion Minerals Limited and entitled to attend and vote hereby:

APPOINT A PROXY

The Chair of the Meeting **OR**  **PLEASE NOTE:** If you leave the section blank, the Chair of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) named, the Chair of the Meeting, as my/our proxy to act generally at the Meeting 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 law, as the proxy sees fit), at the Annual General Meeting of the Company to be held at **Unit 1/24 Mumford Place, Balcatta, WA 6021 on 29 November 2022 at 2:30pm (WST)** and at any adjournment or postponement of that Meeting.

Chair's voting intentions in relation to undirected proxies: The Chair intends to vote all undirected proxies in favour of all Resolutions. In exceptional circumstances, the Chair may change his/her voting intentions on any Resolution. In the event this occurs, an ASX announcement will be made immediately disclosing the reasons for the change.

Chair authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 11, 12, 13 & 14 (except where I/we have indicated a different voting intention below) even though these resolutions are connected directly or indirectly with the remuneration of a member(s) of key management personnel, which includes the Chair.

VOTING DIRECTIONS

Resolutions	For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Mike Kitney as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Ms Bronwyn Barnes as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Appointment of Auditor at AGM to fill vacancy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Ratification of Prior Issue of Acquisition Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Ratification of Prior Issue of Placement Shares – Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Ratification of Prior Issue of Placement Shares – Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Approval to Issue Lead Manager Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 Approval to Issue Shares and Options to Technical Advisor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 Approval to Issue Shares to Director (Ms Bronwyn Barnes)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12 Approval of Employee Securities Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13 Approval to Issue Options to Director (Ms Bronwyn Barnes)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14 Approval to Issue Options to Director (Mr Mike Kitney)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 * If you mark the Abstain box for a particular Resolution, 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

This form should be signed by the shareholder. If a joint holding, all the shareholders should 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).

Email Address

Please tick here to agree to receive communications sent by the Company via email. This may include meeting notifications, dividend remittance, and selected announcements.

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

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

CHANGE OF ADDRESS

This form shows your address as it appears on 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.

APPOINTMENT OF A PROXY

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

DEFAULT TO THE CHAIR OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting.

VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each resolution 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 resolution 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 a given resolution, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on a resolution, your vote on that resolution will be invalid.

PROXY VOTING BY KEY MANAGEMENT PERSONNEL

If you wish to appoint a Director (other than the Chair) or other member of the Company's key management personnel, or their closely related parties, as your proxy, you must specify how they should vote on Resolutions 1, 11, 12, 13 & 14, by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for Resolutions 1, 11, 12, 13 & 14.

PLEASE NOTE: If you appoint the Chair as your proxy (or if they are appointed by default) but do not direct them how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution), the Chair may vote as they see fit on that resolution.

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 Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each 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.

COMPLIANCE WITH LISTING RULE 14.11

In accordance to Listing Rule 14.11, if you hold shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the shares, you are required to ensure that the person(s) or entity/entities for which you hold the shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the company that you are in compliance with Listing Rule 14.11.

CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

SIGNING INSTRUCTIONS ON THE PROXY FORM

Individual:

Where the holding is in one name, the security holder must sign.

Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or 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 sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 2:30pm (WST) on 27 November 2022, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled Meeting.



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



BY MAIL

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009; or
PO Box 1156, Nedlands WA 6909



BY FAX

+61 8 6370 4203



BY EMAIL

admin@advancedshare.com.au



IN PERSON

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009



ALL ENQUIRIES TO

Telephone: +61 8 9389 8033