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28 January 2025

ASX ANNOUNCEMENT

By ASX Online

The Manager
Market Announcements Office
ASX Limited
Level 40, Central Park Tower
152-158 St George's Terrace
Perth, Western Australia 6000
Australia

28 January 2025

Dear Colleagues,

Off-Market Takeover Offer by Fortescue (ASX: FMG) for Red Hawk (ASX: RHK) – Target's Statement

In accordance with Item 14 of section 633(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), we enclose a copy of the target's statement dated 28 January 2025 (**Target's Statement**) prepared by Red Hawk Mining Limited (ACN 091 118 044) (ASX: RHK) (**Red Hawk**) in relation to an off-market takeover offer by FMG Pilbara Pty Ltd (ACN 106 943 828) (**FMG**), a wholly owned subsidiary of Fortescue Ltd (ACN 002 594 872) (ASX: FMG) made pursuant to Chapter 6 of the Corporations Act for all the shares in Red Hawk (**Offer**).

The Target's Statement is accompanied by a copy of an independent expert's report prepared by BDO Corporate Finance Australia Pty Ltd (ACN 050 038 170) in respect of the Offer (**Independent Expert's Report**).

The Target's Statement will be dispatched in accordance with the *Corporations Act 2001* (Cth).

Yours faithfully,



Steven Michael
Managing Director and Chief Executive Officer
Red Hawk Mining Limited

This ASX announcement was authorised by the Board of Directors of Red Hawk Mining Limited.

For further information please contact:

Investors and Shareholders
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TARGET'S STATEMENT

This Target's Statement has been issued by Red Hawk Mining Limited (ACN 091 118 044) (**Red Hawk**) in response to the takeover bid made by FMG Pilbara Pty Ltd (ACN 106 943 828) (**FMG** or the **Bidder**), a wholly-owned subsidiary of Fortescue Ltd (ACN 002 594 872) (**Fortescue**) on Tuesday, 28 January 2025 for all of the shares in Red Hawk for $1.05 per Red Hawk Share (**Base Offer Price**).

The consideration per Red Hawk Share will be increased to $1.20 per Red Hawk Share (**Increased Offer Price**) if FMG has a Relevant Interest in 75% or more of all Red Hawk Shares by 7.00pm AEDT on or before the date that is 7 days after the Offer is open for acceptance (being 4 February 2025) (**Increased Offer Condition**). FMG currently holds a 19.99% Relevant Interest in Red Hawk Shares via the Call Option Deeds.

YOUR DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU

ACCEPT ***THE OFFER***

AT BOTH THE BASE OFFER PRICE AND, IF RELEVANT, THE INCREASED OFFER PRICE IN THE ABSENCE OF A SUPERIOR PROPOSAL AND SUBJECT TO THE INDEPENDENT EXPERT CONTINUING TO CONCLUDE THAT THE OFFER IS FAIR AND REASONABLE, OR NOT FAIR BUT REASONABLE, TO RED HAWK SHAREHOLDERS.

The Independent Expert has determined that the Offer is fair and reasonable to Red Hawk Shareholders, as detailed in Annexure A of this Target's Statement.

FINANCIAL ADVISER:

Barrenjoey
Partnering with BARCLAYS

LEGAL ADVISER:

PELOTON LEGAL

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN DOUBT AS TO ITS CONTENTS, PLEASE CONTACT YOUR PROFESSIONAL ADVISER.

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Telephone: +61 8 9218 2300

Website: ***redhawkmining.com.au***

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Independent Non-Executive Chair

Steven Michael
Managing Director and CEO

Rob Foster
Non-Executive Director

Daniel Harris
Non-Executive Director

Amy Jiang
Non-Executive Director

COMPANY SECRETARY

Michaela Stanton-Cook

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SRK Consulting (Australasia) Pty Ltd
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INDICATIVE KEY DATES

Date of Offer	Tuesday, 28 January 2025
Offer Period opens	Tuesday, 28 January 2025
Date of this Target's Statement	Tuesday, 28 January 2025
Increased Offer Condition deadline	7.00pm AEDT on Tuesday, 4 February 2025
Date for Notice of Status of Conditions	Tuesday, 21 February 2025
Offer Period closes (unless extended)	7.00pm AEDT on Monday, 3 March 2025

CONTENTS

Important Notices		4
Chair's Letter to Red Hawk Shareholders		7
Directors' review of the Offer and recommendation		11
Next Steps		12
Target's Statement		13
1	Reasons why Red Hawk Shareholders should accept the Offer	13
2	Reasons why Red Hawk Shareholders may decide not to accept the Offer	18
3	Frequently asked questions	20
4	Your choices as a Red Hawk Shareholder	28
5	Information about the Offer and other important information	30
6	Information about Red Hawk	37
7	Information about FMG	48
8	Key risks	50
9	Important issues	59
10	Additional information	68
11	Glossary	73
Annexure A: Independent Expert's Report		78

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IMPORTANT NOTICES

Target's Statement

This target's statement (**Target's Statement**) dated 28 January 2025 is given by Red Hawk under Part 6.5 of the Corporations Act in response to the offer (**Offer**) made pursuant to the bidder's statement dated 28 January 2025 (**Bidder's Statement**) which was served on Red Hawk by FMG on 28 January 2025.

BDO Corporate Finance Australia Pty Ltd (**BDO**) has been appointed by Red Hawk as an independent expert to assess the merits of the Offer and to prepare the Independent Expert's Report. SRK Consulting (Australasia) is the technical mining expert for the Independent Expert.

Defined terms

A number of defined terms are used in this Target's Statement. Unless the contrary intention appears, the context requires otherwise, or words are defined in Section 11 of this Target's Statement, words and phrases in this Target's Statement have the same meaning and interpretation as in the Corporations Act.

References to sections are to the sections in this Target's Statement.

No account of personal circumstances

This Target's Statement does not take into account the individual investment objectives, financial or tax situation or particular needs of each Red Hawk Shareholder. It does not contain or constitute personal advice. You may wish to seek independent legal, investment, financial and taxation advice before making a decision whether or not to accept the Offer for your Red Hawk Shares. This Target's Statement does not contain personal legal, investment, financial or taxation advice. It is important that you read this Target's Statement before making any decision, including a decision on whether or not to accept the Offer. It is recommended that you seek your own independent legal, investment, financial, or other professional advice before making a decision as to whether or not to accept the Offer for your Red Hawk Shares. You should consult your taxation adviser as to the applicable tax consequences of the Offer for your individual circumstances.

ASIC and ASX disclaimer

A copy of this Target's Statement has been lodged with ASIC and given to the ASX on 28 January 2025. None of ASIC, ASX or any of their respective officers takes any responsibility for the content of this Target's Statement.

Risk factors

Red Hawk Shareholders should note that there are a number of risks associated with the Offer and also with remaining a Red Hawk Shareholder if you choose to reject the Offer. Please refer to Section 8 of this Target's Statement for further information on those risks.

Disclaimer regarding forward-looking statements

This Target's Statement may contain forward-looking statements, including statements of current intention or expectations. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the mining industry as well as general economic conditions and conditions in the financial markets. As such forward-looking statements relate to future matters, they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause actual events, results, performance or achievements to differ materially from the anticipated events, results, performance or achievements expressed, projected

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or implied in any forward-looking statement and such deviations are both normal and to be expected. None of Red Hawk, any of its Directors, officers, employees or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any events or results expressed or implied in any forward-looking statement. You are cautioned not to place undue reliance on those statements. The forward-looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. Except as required by applicable law or the ASX Listing Rules, Red Hawk does not undertake to revise or update any forward-looking statements nor any other statements (either written or oral) that may be made from time to time by or on behalf of Red Hawk, whether as a result of new information, future events or otherwise.

Disclaimer of information

The information regarding FMG included in this Target's Statement has been sourced from publicly available materials, including the Bidder's Statement lodged by FMG. None of this information has been independently verified by Red Hawk or its Directors for the purposes of this Target's Statement. Accordingly, and to the fullest extent permitted by law, Red Hawk makes no representation or warranty, express or implied, as to the accuracy, reliability, or completeness of the information provided about FMG. Red Hawk accepts no responsibility for any errors, omissions or misstatements arising from reliance on such publicly sourced information. Recipients of this Target's Statement should not place undue reliance on the information relating to FMG and are encouraged to conduct their own independent investigations and seek professional advice as needed.

Foreign jurisdictions

This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia. The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

Websites

Any website links in this Target's Statement are for reference purposes only. No information contained in, or otherwise accessible from, those websites form part of this Target's Statement.

Effect of rounding

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement may be subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Target's Statement.

Currency

In this Target's Statement, references to "Australian dollars", "$", "A$" or "cents" are to the lawful currency of the Commonwealth of Australia. References to "US$" are a reference to the lawful currency of the United States of America. This Target's Statement may contain conversions of relevant currencies to other currencies for convenience. These conversions should not be construed as representations that the relevant currency could be converted into the other currency at the rate used in this Target's Statement or at any other rate. Conversions that have been calculated at the date of this Target's Statement (or any other relevant date) may not correspond to the amounts shown in the historic or future financial statements of Red Hawk in respect of which different exchange rates may have been, or may be, used.

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Charts, maps and diagrams

Any maps, diagrams, charts, graphs and tables contained in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in maps, diagrams, charts, graphs and tables is based on information available as at the date of this Target's Statement.

Privacy

Red Hawk has collected your information from the Red Hawk Shareholder register (including name, contact details and shareholding details and the names of persons appointed to act as proxy, attorney or corporate representative of Red Hawk Shareholders) for the purpose of providing you with this Target's Statement. Your information may be disclosed on a confidential basis to external service providers (such as Red Hawk's share registry and print and mail service providers) and may be required to be disclosed to regulators (such as ASIC and ASX). If you would like to obtain details of the information held about you by Red Hawk, please contact Computershare Investor Services Pty Limited (Red Hawk's share registry) (**Computershare**) on 1300 850 505 (within Australia). Computershare's website is ***computershare.com.au***

RED HAWK SHAREHOLDER INFORMATION LINE

Red Hawk has established a Shareholder Information Line which Red Hawk Shareholders should call if they have any queries in relation to the Offer.

The telephone number for the **Shareholder Information Line** is:

- 1300 115 865 (within Australia); and
- +61 3 9415 4639 (outside Australia),

which is available on Business Days, Monday to Friday between 8.30am and 5.00pm (Australian Eastern Daylight Time).

Further information relating to the Offer can be obtained from Red Hawk's website at ***redhawkmining.com.au***



CHAIR'S LETTER TO RED HAWK SHAREHOLDERS

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28 January 2025

Dear Red Hawk Shareholder,

Off-market takeover offer received from FMG in relation to Red Hawk Mining Limited

On 28 January 2025, Red Hawk announced that it had entered into a Bid Implementation Deed in relation to an offer by FMG Pilbara Pty Ltd (ACN 106 943 828) (**FMG** or **Bidder**), a wholly-owned subsidiary of Fortescue Ltd (ACN 002 594 872) (**Fortescue**), to acquire all of the issued Red Hawk Shares for cash consideration of $1.05 per Red Hawk Share (**Base Offer Price**).

The Base Offer Price of $1.05 will be increased to $1.20 per Red Hawk Share (**Increased Offer Price**) if FMG obtains a Relevant Interest in 75% or more of all Red Hawk Shares by 7.00pm AEDT on or before the date that is 7 days after the Offer is open for acceptance, being 4 February 2025 (**Increased Offer Condition**). FMG already holds a 19.99% Relevant Interest in Red Hawk Shares via the Call Option Deeds with substantial shareholders of Red Hawk, Todd and OCJ. Further information on the Call Option Deeds is provided in Section 10.4 of this Target's Statement.

As Ms Amy Jiang is the nominee director for OCJ and Mr Rob Foster is the nominee for Todd, the Red Hawk Board has established an Independent Board Committee (**IBC**) for the purposes of evaluating and responding to the Offer. Though neither Ms Jiang nor Mr Foster are directors of OCJ or Todd, and neither hold any interest in FMG, the Board established the IBC to ensure transparency and due process in assessing the Offer.

The IBC comprises The Hon. Cheryl Edwardes, AO (Chair), Mr Steven Michael (Managing Director and CEO) and Mr Daniel Harris (Independent Non-Executive Director). The IBC has recommended to the Board, and the Board has accepted the IBC's recommendation to unanimously recommended that Red Hawk Shareholders accept the Offer.

This Target's Statement sets out Red Hawk's formal response and the recommendation of the Directors of Red Hawk in relation to the Offer.

Directors' Recommendation

Based on the information currently available to them, the Directors unanimously recommend that Red Hawk Shareholders **ACCEPT** the Offer at both the Base Offer Price and, if relevant, the Increased Offer Price, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable, or not fair but reasonable to Red Hawk Shareholders.

The Red Hawk Directors' recommendation is given as at the date of this Target's Statement and the Red Hawk Directors reserve the right to change their recommendation if circumstances change.

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If any new circumstances arise after the Last Practicable Date which should be drawn to the attention of Shareholders, or which cause any change or variation to the advice of your Directors contained in this Target's Statement, the Red Hawk Directors will ensure that Shareholders are promptly and appropriately advised.

In considering whether to **ACCEPT** the Offer, the Red Hawk Directors encourage you to read the whole of this Target's Statement and the Bidder's Statement, have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances and obtain financial advice from your broker or financial adviser in respect of the Offer and obtain taxation advice on the effect of accepting the Offer.

This Target's Statement sets out the Target's formal response to the Offer.

The Directors have appointed BDO as the Independent Expert to assess the merits of the Offer and to prepare an Independent Expert's Report. SRK has been appointed as the Technical Mining Expert for the Independent Expert, BDO. The Independent Expert has concluded in the Independent Expert's Report that the Offer is fair and reasonable to Red Hawk Shareholders, as detailed in Annexure A of this Target's Statement.

Reasons for the Directors' Recommendation

The IBC and Red Hawk Directors have carefully considered the Offer to assess whether it is in the best interest of Red Hawk Shareholders.

In the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable, or not fair but reasonable to Red Hawk Shareholders, Red Hawk's Directors unanimously recommend that Red Hawk Shareholders **ACCEPT** the Offer at both the Base Offer Price and, if relevant, the Increased Offer Price for the following reasons:

✓	The Offer provides immediate cash consideration at a significant and attractive premium to recent historical trading prices of the Company.
✓	The Independent Expert has concluded that the Offer is fair and reasonable at both the Base Offer Price and, if relevant, the Increased Offer Price.
✓	There are ongoing risks associated with the Blacksmith Project and, if the Offer lapses and no alternative proposal emerges, Red Hawk Shares may trade below the Offer Price.
✓	Red Hawk's cash balance as at 31 December 2024 was $1.3 million. If shareholders do not accept the Offer, then there is a strong possibility that Red Hawk will need to conduct an equity raising in the near term and shareholders may be diluted.
✓	Limited prospect of an alternative Superior Proposal emerging.
✓	By not accepting the Offer, Red Hawk Shareholders risk becoming minority shareholders in an entity controlled by FMG.
✓	FMG holds a 19.99% Relevant Interest in Red Hawk via the Call Option Deeds, which may be exercised, resulting in FMG becoming a holder of 19.99% of Red Hawk Shares by the end of the Offer Period.

A full discussion of the reasons for the Directors' recommendation is set out in Section 1 of this Target's Statement, which you should read in full.

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Reasons why you may decide not to accept the Offer or to delay acceptance of the Offer

Refer to Section 2 of this Target's Statement for a non-exhaustive list of reasons as to why you may decide not to accept the Offer.

For example, you may be unsure as to whether to accept the Offer at the Base Offer Price may wish to wait 7 days to see if the Increased Offer Price eventuates before deciding whether to accept or reject the Offer. Alternatively, you may disagree with the conclusions of the Red Hawk Directors and the determination of the Independent Expert. You may consider there is potential for a Superior Proposal to emerge, or due to your personal tax or superannuation circumstances you may prefer to sell your Red Hawk Shares on-market due to your personal tax or superannuation circumstances.

Red Hawk Directors' interests in relation to their own shares

Those Directors who hold Red Hawk Shares intend to accept the Offer at both the Base Offer Price and, if relevant, the Increased Offer Price in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable, or not fair but reasonable to Red Hawk Shareholders. Those Directors (and their associates) collectively hold 0.15% of the Red Hawk Shares as at the Last Practicable Date. Additional Red Hawk shares may vest or be issued to directors and employees during the Offer Period as a result of existing long term incentive plans (see Section 9.5 for more information on the respective shareholdings and interests of the Directors and Section 10.7 for information on the impact of the Offer on employees).

The Directors also reserve the discretion to accept (or not accept) the Offer even if a Superior Proposal emerges and, or alternatively, if the Independent Expert ceases concluding that the Offer is fair and reasonable, or not fair but reasonable to Red Hawk Shareholders.

It is noted that both Todd (for whom Rob Foster is a nominee director) and OCJ (for whom Amy Jiang is a nominee director) have entered into Call Option Deeds with FMG, which gives FMG a 19.99% Relevant Interest in Red Hawk Shares. The Call Option Deeds cannot be exercised by FMG until the earlier of the date a competing transaction is announced and the last nine days of the Offer Period.

How to accept the Offer

The Offer is open until 7.00pm AEDT on 3 March 2025 unless otherwise extended. To accept the Offer, please follow the instructions set out under the heading "How to Accept the Offer" in the Bidder's Statement.

Further information and enquiries

The Directors will keep you informed via the ASX market announcements platform if there are any material developments in relation to the Offer and through the Investor Centre section of Red Hawk's website at ***redhawkmining.com.au/investor-centre***

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If you have any enquiries in relation to this document or your shareholding in Red Hawk, please do not hesitate to call the Shareholder Information Line on:

The telephone number for the **Shareholder Information Line** is:

- 1300 115 865 (within Australia)
- +61 3 9415 4639 (outside Australia)

which is available on Business Days, Monday to Friday between 8.30am and 5.00pm (Australian Eastern Daylight Time)

Further information relating to the Offer can be obtained from Red Hawk's website at ***redhawkmining.com.au***

We will update Red Hawk Shareholders with any material developments in relation to the Offer.

Thank you for your continued support as a Red Hawk Shareholder.



The Hon. Cheryl Edwardes, AO
Chair, Red Hawk Mining Limited

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DIRECTORS' REVIEW OF THE OFFER AND RECOMMENDATION

Directors of Red Hawk

The Directors of Red Hawk as at the date of this Target's Statement are:

- The Hon. Cheryl Edwardes, AO – Independent Non-Executive Chair
- Steven Michael – Managing Director and Chief Executive Officer
- Daniel Harris – Independent Non-Executive Director
- Rob Foster – Non-Executive Director (Nominee of Todd)
- Amy Jiang – Non-Executive Director (Nominee of OCJ)

Recommendation and intentions

In assessing the Offer, the Independent Board Committee (**IBC**) and your Directors have had regard to a number of considerations, including the information set out in the Bidder's Statement.

Based on this assessment and for the reasons set out in this Target's Statement (in particular those set out in Section 1), your Directors believe that the consideration offered by FMG of $1.05 per Red Hawk Share at the Base Offer Price and, if relevant, $1.20 per Red Hawk Share at the Increased Offer Price both represent fair value for your Red Hawk Shares.

Your Directors recommend that you **ACCEPT** the Offer in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable, or not fair but reasonable, to Red Hawk Shareholders. Further details of the Recommendation are set out in Section 1. Refer to Section 2 for a non-exhaustive list of reasons as to why you may decide not to accept the Offer.

Those Directors who hold Red Hawk Shares intend to accept the Offer in respect of their personal shareholdings in Red Hawk in the absence of a Superior Proposal. Those Directors (and their associates) collectively hold 0.15% of the Red Hawk Shares as at the Last Practicable Date. Additional Red Hawk shares may vest or be issued to directors and employees during the Offer Period as a result of existing long term incentive plans (see Section 9.5 for more information on the respective shareholdings and interests of the Directors and Section 10.7 for information on the impact of the Offer on employees).



NEXT STEPS

YOUR DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU

ACCEPT *THE OFFER*

AT BOTH THE BASE OFFER PRICE AND, IF RELEVANT, THE INCREASED OFFER PRICE.

TO ACCEPT THE OFFER, FOLLOW THE INSTRUCTIONS UNDER THE HEADING "HOW TO ACCEPT THE OFFER" IN SECTION 10.3 OF THE BIDDER'S STATEMENT.

YOU SHOULD

1 Read this Target's Statement.

2 Consult your legal, investment, financial, taxation or other professional adviser if in doubt about what to do or when to do it.

3 If you have any questions, call the Red Hawk Shareholder Information Line on:

- 1300 115 865 (within Australia)
- +61 3 9415 4639 (outside Australia)

The Shareholder Information Line is available on Business Days, Monday to Friday between 8.30am and 5.00pm (Australian Eastern Daylight Time).

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TARGET'S STATEMENT

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1 REASONS WHY RED HAWK SHAREHOLDERS SHOULD ACCEPT THE OFFER

1.1 The Offer provides certain and immediate cash consideration at a significant and attractive premium to recent historical trading prices

In the absence of a Superior Proposal, the Board considers that the Base Offer Price and, if relevant, the Increased Offer Price each provide an attractive and certain value for Red Hawk Shareholders that, on balance, outweighs the benefits of remaining a Red Hawk Shareholder.

The Offer provides you with the opportunity to realise certain value for your Red Hawk Shares, with 100% cash consideration. If you accept the Offer, you will:

- be paid $1.05 in cash for each Red Hawk Share that you hold for the Base Offer Price, or $1.20 in cash for each Red Hawk Share that you hold for the Increased Offer Price; and
- receive payment for the Offer within:
  - 10 Business Days of the Offer being declared unconditional; or
  - 10 Business Days after the Offer is accepted by you, if the Offer is already free from the Bid Condition at the time you accept.

Base Offer Price

The Board also notes that the Base Offer Price represents an attractive premium based on Red Hawk's historical trading prices into the announcement of the Offer, including:

- 28% to the trading price of Red Hawk Shares on the ASX at the close of trading on 24 January 2025, being the last closing price before the Offer;
- 30% to the 10-day volume-weighted average price (**VWAP**) of Red Hawk Shares up to and including 24 January 2025;
- 29% to the 30-day VWAP of Red Hawk Shares up to and including 24 January 2025;
- 35% to the 3-month VWAP of Red Hawk Shares up to and including 24 January 2025; and
- 34% to the 6-month VWAP of Red Hawk Shares up to and including 24 January 2025.

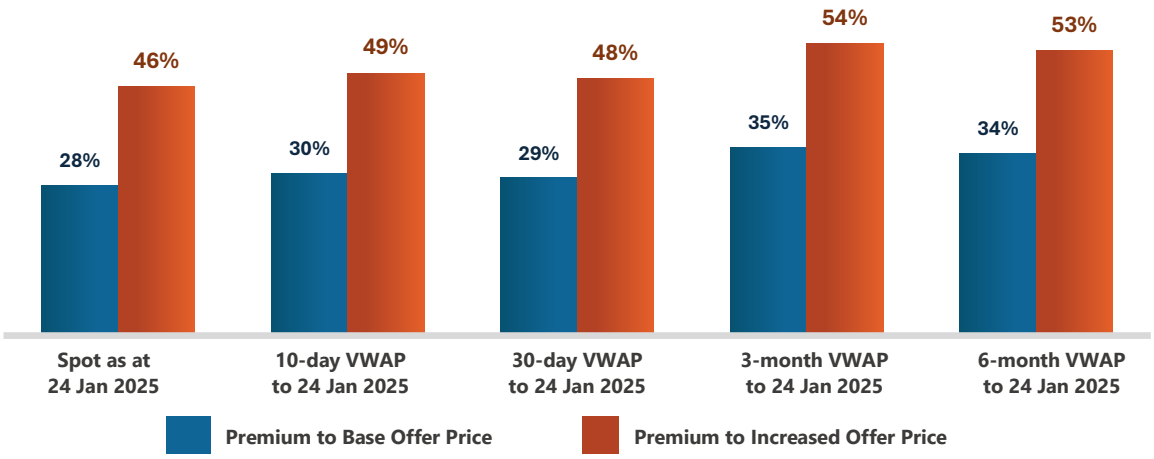
Increased Offer Price

The Board also notes that the Increased Offer Price, if it eventuates, represents an attractive premium based on Red Hawk's historical trading prices into the announcement of the Offer, including:

- 46% to the trading price of Red Hawk Shares on the ASX at the close of trading on 24 January 2025, being the last closing price before the Offer;
- 49% to the 10-day VWAP of Red Hawk Shares up to and including 24 January 2025;
- 48% to the 30-day VWAP of Red Hawk Shares up to and including 24 January 2025;
- 54% to the 3-month VWAP of Red Hawk Shares up to and including 24 January 2025; and
- 53% to the 6-month VWAP of Red Hawk Shares up to and including 24 January 2025.

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Figure 1: Offer premia to various Red Hawk trading prices



At the same time as providing certainty of value for your investment, by accepting the Offer you will eliminate any exposure to the risks inherent in continuing to hold Red Hawk Shares (refer to the reasons listed in Section 1.3 below). Further, if you do not accept the Offer, the amount that you will be able to realise for your Red Hawk Shares in the future may be lower than the Base Offer Price of $1.05 per Red Hawk Share and, if relevant, the Increased Offer Price of $1.20 per Red Hawk Share.

1.2 The Independent Expert has concluded that the Offer is fair and reasonable

BDO Corporate Finance Australia Pty Ltd, as Independent Expert, has considered the terms of the Offer and concluded that, in the absence of a Superior Proposal, the Offer is fair and reasonable.

The Independent Expert considers the Offer to be fair and reasonable because:

(a) the Base Offer Price of $1.05 cash per Red Hawk Share is greater than the Independent Expert's assessed valuation range per Red Hawk Share; and

(b) the Increased Offer Price of $1.20 cash per Red Hawk Share is greater than the Independent Expert's assessed valuation range per Red Hawk Share.

The advantages and disadvantages of the Offer (as identified by the Independent Expert) are summarised in section 2.5 of the Independent Expert's Report and discussed in greater detail in section 13.1 of the Independent Expert's Report.

The Independent Expert's Report is set out in Annexure A to this Target's Statement. The Red Hawk Directors recommend that Red Hawk Shareholders read the Independent Expert's Report in full.

1.3 There are ongoing risks associated with the Blacksmith Project, and if the Offer lapses and no alternative proposal emerges, Red Hawk Shares may trade below the Offer Price

There are risks inherent in continuing to own Red Hawk Shares, including risks associated with the development of the Blacksmith Project. The key risks include, but are not limited to:

(a) Securing port capacity

As disclosed in Red Hawk's Pre-Feasibility Study announcement released to the ASX on 1 May 2024, Red Hawk's current intention is to export its iron ore product from Utah Point, Port Hedland. As of the date of this Target's Statement, Red Hawk has not yet secured port capacity at Utah Point. Further, there is no certainty that Red Hawk will be able to secure sufficient port capacity to enable the Blacksmith Project to be economically viable.

To enhance the value of the Blacksmith Project, Red Hawk may also need to consider an alternative long-term port solution in closer proximity to Karratha. The current port facilities

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at Utah Point present logistical challenges due to the significant haulage distance between the Blacksmith Project and Utah Point.

While the Company is currently assessing a number of options with regards to a port solution, there remains uncertainty surrounding the availability of port capacity at Utah Point and also uncertainty regarding Red Hawk's ability to secure a longer-term port solution in closer proximity to the Blacksmith Project.

(b) Iron ore price

There is significant uncertainty about the economic outlook for China, which is the world's largest consumer of iron ore. Further, supply of iron ore is expected to grow over the medium term, including from new sources such as the large-scale, high-grade Simandou Project in Guinea, which is expected to enter first production in 2025.

Fluctuations in the iron ore price directly impact the profitability of the Blacksmith Project. If iron ore prices decrease, the expected future revenues and returns to Red Hawk Shareholders will also decrease.

(c) Development risk and project delays

Throughout the December 2024 quarter, Red Hawk has begun to undertake a Definitive Feasibility Study, submitting a Mining Proposal with respect to the first five years of mining, and finalising a detailed design for the camp at the Blacksmith Project. These processes are essential in developing and determining the feasibility of developing the Blacksmith Project.

It is possible that these processes, as well as future processes required for project development, including obtaining necessary funding, result in certain circumstances whereby the Blacksmith Project is deemed impracticable or unfeasible. If this occurs, then the upside of the Blacksmith Project would not be realised.

It is also possible that these processes take longer than Red Hawk anticipates resulting in delays to the Blacksmith Project Final Investment Decision (**FID**) and ultimately production. A delay in the development of the Blacksmith Project will likely impact the value of Red Hawk and may result in Red Hawk Shareholders having to continue to fund Red Hawk through participating in discounted equity raises, or risk being diluted.

1.4 Red Hawk's cash balance as at 31 December 2024 was $1.3 million. If Shareholders do not accept the Offer, then there is a strong possibility that Red Hawk will need to conduct an equity raise and Shareholders may be diluted

Red Hawk's cash balance as at 31 December 2024 was $1.3 million.

On 23 January 2025, Red Hawk received $3 million for the assignment of a non-core royalty to FMG Procurement Services Pty Ltd (**FMG Procurement**), a subsidiary of Fortescue. Further details of the Royalty Assignment are set out in Section 10.6.

Red Hawk is also in advanced discussions with a substantial shareholder for a short-term working capital facility. However, given the size of the loan and proceeds from the royalty sale and Red Hawk's existing cash position, the Company is highly likely to have to raise additional equity capital during the next two quarters. If this occurs, then it is expected that the new equity would be priced at a discount to Red Hawk's recent trading prices up until the time of the equity raise (the March 2024 equity raise was undertaken at a 7.5% discount to the 15-day VWAP), resulting in dilution to existing Red Hawk Shareholders.

Further, although Red Hawk has historically been successful in raising capital, circumstances may arise, where an equity raise is impracticable, and certain aspects of the Blacksmith Project are paused to preserve funds. If this is to occur, Red Hawk may fail to capitalise on the potential to generate future returns to shareholders.

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1.5 *Limited prospect of an alternative Superior Proposal emerging*

Following the completion of the Blacksmith Pre-Feasibility Study (**PFS**) in May 2024, Red Hawk conducted a comprehensive strategic process to identify potential alternative funding options for the Blacksmith Project. Red Hawk engaged extensively with debt providers, offtake partners, iron ore producers and potential joint venture partners or acquirers to explore options for progressing the Blacksmith Project as contemplated in the PFS, or to identify alternative pathways that would offer similar or greater value creation for shareholders.

Throughout 2024, the Directors assessed various options to maximise shareholder value in Red Hawk, including undertaking a formal sales process and engaging with other potential acquisition, merger and funding partners. From this process, the Offer from FMG emerged as the most compelling offer Red Hawk has received and, in the estimation of the Board, provides superior value to Red Hawk pursuing development of the Blacksmith Project independently as contemplated by the PFS.

As at the date of this Target's Statement, no superior alternative proposals are currently under consideration by Red Hawk and your Directors are not aware of any other likely superior bids which might be made.

Your Directors are not aware of any possibility that an alternative Superior Proposal for all of the Red Hawk Shares will be made in the foreseeable future although the opportunity is available for an alternative offer to be made.

1.6 *By not accepting the Offer, Red Hawk Shareholders risk becoming minority shareholders in an entity controlled by FMG*

If you do not accept the Offer and FMG acquires between 50.1% and 90% of all Red Hawk Shares, you will become a minority shareholder in Red Hawk. This exposes you to different risks and uncertainties.

Should FMG gain control of Red Hawk without reaching the Compulsory Acquisition thresholds described in Section 5.12, you will have limited influence over the business operations as a minority shareholder. Additionally, the potential ownership levels of FMG after the Offer may lead to lower liquidity in Red Hawk Shares, making it more challenging for you to sell your Shares in the future and potentially resulting in a lower sale price.

Importantly, as discussed in section 6 of the Bidder's Statement, FMG intends to delist Red Hawk from the ASX should it acquire a Relevant Interest in more than 75% of the Red Hawk Shares, subject to meeting the ASX Listing Rules' eligibility requirements. If you do not accept the Offer and Red Hawk is delisted from the ASX, you will be unable to sell your Red Hawk Shares on the ASX and will have limited pathways to dispose of those shares in future. There may also be a reduced likelihood of a subsequent takeover bid for Red Hawk from parties other than the Bidder.

1.7 *Substantial Shareholder Call Option Deeds*

On 26 January 2025, FMG entered into Call Option Deeds with each of Red Hawk's substantial shareholders OCJ and Todd (**Call Option Deeds**). As at 24 January 2025, Todd held 60.71% and OCJ held 21.20% of Red Hawk Shares.

The Call Option Deeds grant FMG the right to acquire:

(a) up to 15% of Todd's voting power in Red Hawk; and

(b) up to 4.99% of OCJ's voting power in Red Hawk,

both at the Base Offer Price of $1.05.

The Call Option Deeds may only be exercised from the earlier of:

(a) the date a competing transaction is announced; and

(b) the date which is nine days prior to the end of the Offer Period.

FMG currently holds a 19.99% Relevant Interest in Red Hawk via the Call Option Deeds and will have the right under the Call Option Deeds to acquire up to 19.99% interest in Red Hawk if OCJ or Todd do not accept the Offer, if a Competing Proposal is announced or if FMG would be required to abandon, or otherwise fail to proceed with, the Offer.

Accordingly, by the end of the Offer Period, FMG can acquire least 19.99% of Red Hawk Shares and be a substantial shareholder of Red Hawk, regardless of whether Red Hawk shareholders accept the Offer or not. This may further limit liquidity in Red Hawk Shares and make it more challenging for you to sell your Shares in the future.

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2 REASONS WHY RED HAWK SHAREHOLDERS MAY DECIDE NOT TO ACCEPT THE OFFER

2.1 *You may wish to delay acceptance of the Offer*

Red Hawk Shareholders who are unsure as to whether to accept the Offer at the Base Offer Price may wish to wait 7 days to see if the Increased Offer Price eventuates before deciding whether to accept or reject the Offer.

2.2 *You may disagree with the conclusions of the Directors of Red Hawk and the Independent Expert*

In the Directors recommending the Offer (in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable, or not fair but reasonable to Red Hawk Shareholders), the Directors are making judgements based on future events which are not predictable with certainty, and which may prove to be incorrect (either positively or negatively).

You may believe that both the Base Offer Price and Increased Offer Price are insufficient, and you may hold a different view as to the value of Red Hawk Shares to that of the Directors and Independent Expert.

2.3 *You may prefer to participate in the future performance of Red Hawk*

You may wish to keep your Red Hawk Shares to maintain your exposure to the potential for future improvements in financial performance and dividends (if any). You may hold the view that the future prospects of Red Hawk outweigh accepting the immediate cash consideration at a premium to historical trading prices. Your Directors have evaluated the risks and benefits and prospects of the current Red Hawk business against the Offer Price and the other terms of the Offer. In deciding to recommend the Offer, the Directors have decided that the short-term realisation of value and certainty provided by the cash Offer provides greater benefit to Red Hawk Shareholders than the uncertainty of retaining their Red Hawk Shares.

2.4 *You may consider that there is potential for a Superior Proposal to emerge*

You may believe that a Superior Proposal for all Red Hawk Shares could emerge in the future. Once you accept the Offer in respect of all of your Red Hawk shares you will not be able to sell those Red Hawk Shares or otherwise deal with the rights attaching to those Red Hawk Shares unless:

- the Bid Condition is not fulfilled or waived by the third Business Day after the end of the Offer Period, in which case the Offer will terminate and your Red Hawk Shares will be returned to you; or
- the Offer is varied in a way that postpones for more than one month the time when FMG must meet its obligations under the Offer and, at the time, the Offer remains subject to the Bid Condition

(see section 10.5 of the Bidder's Statement).

Consequently, if a Superior Proposal is announced, Red Hawk Shareholders who have accepted the Offer may not be able to withdraw their acceptance in order to accept a Superior Proposal. As at the date of this Target's Statement, no Superior Proposal has been forthcoming, and the Directors are not aware of any Superior Proposal for Red Hawk Shareholders to consider.

Your Directors are not aware of any possibility that an alternative Superior Proposal for all of the Red Hawk Shares will be made in the foreseeable future although the opportunity is available for an alternative offer to be made.

2.5 *The potential tax consequences of accepting a cash consideration pursuant to the Offer may not be attractive to you*

The tax consequences of the Offer will depend on your personal situation. You may consider that the tax consequences of the Offer are not attractive to you. A general guide to the taxation implication of the Offer is contained in Section 9.4 of this Target's Statement. However, Section 9.4 is expressed

in general terms only, and Red Hawk Shareholders should consult with their own independent taxation advisers regarding the taxation implications of the Offer applicable to their circumstances.

Acceptance of the Offer may have implications under your superannuation arrangements or on your social security entitlements. If you are in any doubt, you should seek specialist advice.

2.6 You may prefer to sell your Red Hawk Shares on-market

You may wish to realise your investment in Red Hawk through the sale of some or all of your Red Hawk Shares on-market.

If you sell your Red Hawk Shares on-market, you will lose the ability to accept the Offer, participate in any potential increase in the Offer Price (if any) or any other offer which may eventuate, and you may also incur a brokerage charge.

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3 FREQUENTLY ASKED QUESTIONS

Question	Answer
Who is the Bidder?	The Offer has been made by the Bidder. The Bidder is FMG Pilbara Pty Ltd (ACN 106 943 828), an Australian company and a wholly owned subsidiary of Fortescue Ltd, a public company listed on the ASX (ACN 002 594 872) (ASX: FMG). Fortescue was established in 2003 as a Pilbara-focused iron ore miner and has grown to become a global green technology, energy and metals group that is accelerating the commercial decarbonisation of industry, rapidly, profitably and globally. Refer to section 4 of the Bidder's Statement or Fortescue's website ***fortescue.com/en*** for further information about Fortescue. Information on Fortescue is also set out in section 6 of the Independent Expert's Report, which is contained in Annexure A of this Target's Statement.
What is FMG offering for my Red Hawk Shares?	As at the date of this Target's Statement, FMG is offering the Base Offer Price of $1.05 for each Red Hawk Share you hold. If FMG obtains a Relevant Interest in 75% or more of all Red Hawk Shares by 7.00pm AEDT on or before the date that is 7 days after the Offer is open for acceptance, then the Offer Price for all Red Hawk Shareholders will increase to the Increased Offer Price of $1.20 for each Red Hawk Share you hold.
Can the Offer Price be increased?	The Base Offer Price of $1.05 for each Red Hawk Share will be increased to the Increased Offer Price of $1.20 for each Red Hawk Share if the Increased Offer Condition is met. The Increased Offer Condition will be met if FMG obtains a Relevant Interest in 75% or more of all Red Hawk Shares by 7.00pm AEDT on or before the date that is 7 days after the Offer is open for acceptance. If the Increased Offer Condition is met, all Red Hawk Shareholders who accept the Offer will receive the Increased Offer Price. There is no guarantee that the Increased Offer Condition will be met.
Does the Bidder already have an interest in Red Hawk Shares?	Yes, on 26 January 2025, FMG entered into Call Option Deeds with substantial shareholders Todd and OCJ. Under the Call Option Deeds, FMG holds a 19.99% Relevant Interest in Red Hawk Shares. Further information is provided in Section 10.4.
What is the Bidder's Statement?	The Bidder's Statement is the document setting out the terms of the Offer by the Bidder that the Corporations Act requires the Bidder to prepare and send to you.
What is the Target's Statement?	This Target's Statement is the document which has been prepared by Red Hawk and provides Red Hawk's response to the Bidder's Offer, including the recommendation of the Directors.

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Question	Answer
What choices do I have as a Red Hawk Shareholder?	As a Red Hawk Shareholder, you have the choice to: • accept the Offer for all of your Red Hawk Shares; • sell your Red Hawk Shares on the ASX, which may be at a higher or lower price than the Offer Price. If you wish to sell your Red Hawk Shares on the ASX, you should not accept the Offer and should instruct your broker at the time you wish to sell; or • choose not to accept the Offer, in which case you do not need to take any action. Red Hawk Shareholders should carefully consider the Directors' recommendation and other important issues set out in this Target's Statement.
What will happen to my Red Hawk Shares if I accept the Offer now?	If you accept the Offer, you will give up your right to sell your Red Hawk Shares on the ASX or otherwise deal with your Red Hawk Shares while the Offer remains open.
What is the Independent Board Committee?	The Independent Board Committee (**IBC**) is a committee comprising the independent directors of Red Hawk. As Ms Amy Jiang is the nominee director for OCJ and Mr Rob Foster is the nominee director for Todd, the Red Hawk Board established an IBC for the purposes of evaluating and responding to the Offer. Though neither Ms Jiang nor Mr Foster are directors of OCJ or Todd, and neither hold any interest in Fortescue, the Board established the IBC to ensure transparency and due process in assessing the Offer. The IBC is chaired by The Hon. Cheryl Edwardes, AO and comprises all Red Hawk Directors other than the Todd nominee director and OCJ nominee director.
What do the Directors recommend?	The Red Hawk Directors unanimously recommend that you **ACCEPT** the Offer at both the Base Offer Price and, if relevant, the Increased Offer Price, in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable, or not fair but reasonable to Red Hawk Shareholders. The reasons for your Directors' recommendation are detailed in Section 1 of this Target's Statement. The Independent Expert's Report and the opinion of the Independent Expert is provided at Annexure A. If there is a change in this recommendation or any material developments in relation to the Offer, Red Hawk will lodge a further supplementary target's statement.

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Question	Answer
What should I do?	To follow the Directors' recommendation to **ACCEPT** the Offer, you should follow the instructions in section 10.3 of the Bidder's Statement. Refer to Sections 1 and 2 for further information regarding reasons for and against the Offer. You may wish to seek independent legal, investment, financial and taxation advice from your professional adviser in relation to the action that you should take in relation to the Offer and your Red Hawk Shareholding.
What do the Directors intend to do with their Red Hawk Shares?	Each Director who holds Red Hawk Shares intends to **ACCEPT** the Offer in respect of their personal shareholdings in Red Hawk at both the Base Offer Price and, if relevant, the Increased Offer Price in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable, or not fair but reasonable to Red Hawk Shareholders. The following Directors hold the following Red Hawk Shares as at the Last Practicable Date: • The Hon. Cheryl Edwardes, AO – 24,948 • Steven Michael – 278,847 Mr Michael also holds: • 4,000,000 Red Hawk Performance Rights that will immediately vest upon, amongst other matters, the sale by Red Hawk Shareholders (in one transaction or a series of connected transactions) to a third-party purchaser of all of the issued Red Hawk Shares; and • an interest in 250,000 Red Hawk Shares which are to be issued to him on 2 March 2025 pursuant to the terms of his employment contract.
Why are the Directors recommending that I ACCEPT the Offer in the absence of a Superior Proposal?	Your Directors are recommending that you **ACCEPT** the Offer at both the Base Offer Price and, if relevant, the Increased Offer Price in the absence of a Superior Proposal for the following reasons: • The Offer provides certain and immediate cash consideration at a significant and attractive premium to recent historical trading prices; • The Independent Expert has concluded that the Offer is fair and reasonable; • There are ongoing risks associated with the Blacksmith Project, and if the Offer lapses and no alternative proposal emerges, Red Hawk Shares may trade below the Offer Price; • Red Hawk's cash balance as at 31 December 2024 was $1.3 million. If Shareholders do not accept the Offer, then there is a strong possibility that Red Hawk will need to conduct an equity raise and Shareholders may be diluted;

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Question	Answer
	• There are limited prospects of an alternative Superior Proposal emerging; • By not accepting the Offer, Red Hawk Shareholders risk becoming minority shareholders in an entity controlled by FMG; and • FMG holds a 19.99% Relevant Interest in Red Hawk via the Call Option Deeds, which may be exercised, resulting in FMG becoming a holder of 19.99% of Red Hawk Shares by the end of the Offer Period. Full details of the reasons for your Directors' recommendation that you accept the Offer in the absence of a Superior Proposal are set out in Section 1.
How do I accept the Offer?	To accept the Offer, you must follow the instructions under the heading "How to Accept the Offer" of the Bidder's Statement.
How do I reject the Offer?	To reject the Offer, you do not need to do anything. Simply ignore all documents sent to you by FMG. Do not fill in or send any documents to FMG. However, you should note that the Directors' recommendation is that you **ACCEPT** the Offer in the absence of a Superior Proposal.
When do I have to make a decision?	If you wish to follow the Directors' recommendation and accept the Offer, you must do this before the scheduled closing date. FMG has stated that the Offer remains open until 7.00pm AEDT on 3 March 2025. It is possible that FMG may choose to extend the Offer Period in accordance with the Corporations Act. In addition, the Offer Period may be extended automatically in certain circumstances. See section 10.2 of the Bidder's Statement for details of circumstances in which the Offer Period can be extended. As at the date of this Target's Statement, the Offer is to acquire all of the issued Red Hawk Shares for the Base Offer Price of $1.05 per Red Hawk Share. The Base Offer Price will be increased to the Increased Offer Price of $1.20 per Red Hawk Share if the Increased Offer Condition is met, being that FMG has a Relevant Interest in 75% or more of all Red Hawk Shares by 7.00pm AEDT on 4 February 2025. If the Increased Offer Condition is met, then all Red Hawk Shareholders (including those who have already accepted the Offer) will be entitled to the Increased Offer Price. If you wish to reject the Offer, you do not need to do anything.
What happens if I accept the Base Offer Price and the Increased Offer Condition is met?	If you accept the Offer at the Base Offer Price and the Increased Offer Condition is subsequently met, you will be paid the Increased Offer Price.
What will happen if FMG changes its Offer Price?	If FMG raises its Offer Price beyond the Increased Offer Price, the Directors will carefully consider the revised offer and advise you accordingly.

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Question	Answer
What happens if I accept the Offer and a Superior Proposal is made for my Shares after I accept?	If you accept the Offer, you are only able to withdraw your acceptance in limited circumstances – namely, if FMG varies the Offer in a way that postpones for more than one month the time by which it has to meet its obligations under the Offer (for example, by extending the Offer Period for more than one month while it remains conditional). Accordingly, if you accept the Offer, you may be unable to accept a Superior Proposal if one arises. At this time, the Directors do not know if such an offer will arise.
Can I be forced to sell my Red Hawk Shares?	You cannot be forced to sell your Red Hawk Shares unless FMG proceeds to Compulsory Acquisition of Red Hawk Shares. FMG will need to have a Relevant Interest in at least 90% of Red Hawk Shares and acquire at least 75% of Red Hawk Shares (under the Offer or otherwise) in order to exercise Compulsory Acquisition rights under the Corporations Act. If FMG has a Relevant Interest in more than 90% of Red Hawk, acquires at least 75% of Red Hawk and then proceeds to Compulsory Acquisition pursuant to this Offer, then you will be paid the same consideration as is payable by FMG under the Offer.
What are the tax implications of accepting the Offer?	A general description of the taxation treatment for certain Australian resident Red Hawk Shareholders accepting the Offer is set out in Section 9.4 of this Target's Statement and section 8 of the Bidder's Statement. You should not rely on those descriptions as advice for your own affairs. You should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept the Offer for your Red Hawk Shares. You may, for example, be liable for Capital Gains Tax.
What can I do with my Options?	The Offer extends to Red Hawk Shares issued on the exercise of Options from the Last Practicable Date to the end of the Offer Period. If you hold Options and wish to accept the Offer, you must ensure that your Options vest or are exercised in sufficient time to allow you to be issued with Red Hawk Shares before the end of the Offer Period. You should obtain your own taxation advice before taking any action in regard to your Options.
Can I sell my Red Hawk Shares on-market?	You can sell your Red Hawk Shares on-market unless you have accepted the Offer in respect of those Red Hawk Shares. If you sell your Red Hawk Shares on-market: • you will not benefit from any possible increase in the value of Red Hawk Shares; and • you will not benefit from any possible increase in the consideration that may be provided under the Offer or any other offer, should one be made.

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Question	Answer
What are the conditions to the Offer?	The Offer is subject to the Bid Condition. The Bid Condition is set out in full in section 10.7 of the Bidder's Statement. If the Bid Condition is not satisfied, or waived by FMG, before the end of the Offer Period, including any extended Offer Period, then the Offer will lapse, and the Offer Price will not be issued to Red Hawk Shareholders who have accepted the Offer. There is no minimum acceptance condition for the Offer. Red Hawk Shareholders who accept the Offer will be paid following satisfaction or waiver of the Bid Condition and will lose their ability to deal with their Red Hawk Shares or accept any Superior Proposal, except in limited circumstances where Red Hawk Shareholders have validly revoked or withdrawn their acceptance of the Offer (see Section 5.6). **No Prescribed Occurrences** The Offer is conditional on there being no occurrence of any event referred to in sections 652C(1) or 652C(2) of the Corporations Act between the Announcement Date and the end of the Offer Period (**Bid Condition**). The events listed in sections 652C(1) or 652C(2) of the Corporations Act include, for example, reorganisation of share capital and insolvency events such as administration or liquidation. The Bidder intends to: • waive any breach of the Bid Condition due to the issue of Red Hawk Shares upon exercise or conversion of options or performance rights (or similar) on issue as at the date of the Bid Implementation Deed, or the issue of new Red Hawk Shares to Mr Steven Michael pursuant to the terms of his employment agreement; and • waive the Bid Condition by no later than the date which is 14 days after the Bidder acquires a Relevant Interest in at least 50.1% of the Red Hawk Shares, unless the Bid Condition has been breached on or before that date, in which case the Bidder shall, within five Business Days of such breach, publicly state either that it will: • not rely on (and will waive) such breach; or • will rely on such breach and will cause the offers to lapse or be withdrawn by no later than 10 Business Days after the relevant statement is made. See section 10.7 of the Bidder's Statement for more information.
What happens if I accept the Offer and the Bid Condition is not satisfied?	If the Bid Condition is not satisfied and FMG has not waived the Bid Condition by the end of the Offer Period, your acceptance of the Offer (at either the Base Offer Price or the Increased Offer Price) will be void and of no effect whatsoever. You will then be free to deal with your Red Hawk Shares in another way. If the Bid Condition is satisfied or waived before the end of the Offer Period, and you have accepted the Offer (at either the Base Offer Price or the Increased Offer Price), you will be paid the final Offer Price by FMG (see the question below).

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Question	Answer
If I accept the Offer now, can I withdraw my acceptance?	You cannot withdraw or revoke your acceptance unless a withdrawal right arises under the Corporations Act. If, after you have accepted the Offer, the Offer Period is extended for more than one month and, at the time the Offer remains subject to the Bid Condition, you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard. If you accept the Offer and the Offer remains conditional on the Bid Condition, then you may withdraw your acceptance provided that the Bid Condition has not been fulfilled or waived and subject to your limited statutory rights to withdraw your acceptance in certain circumstances (see section 3 of the Bidder's Statement). If you accept the Offer and the Bid Condition is fulfilled or waived, you will not be able to withdraw your acceptance.
When will I be paid if I accept the Offer?	If you accept the Offer, you may have to wait until the earlier of: (a) 10 Business Days after FMG gives Red Hawk a notice under section 650F of the Corporations Act declaring the Offer free from the Bid Condition; or (b) if the Offer is free from the Bid Condition, 10 Business Days after the Offer is accepted by the relevant Red Hawk Shareholder, before you will be paid.
What happens if I do nothing?	You will remain a Red Hawk Shareholder. However, if FMG obtains a Relevant Interest in 90% or more of Red Hawk Shares, FMG has stated that it intends to Compulsorily Acquire your Red Hawk Shares and, if a Compulsory Acquisition process is undertaken, procure the removal of Red Hawk from the official list of the ASX. If FMG acquires 50.1% or more and less than 90% of Red Hawk Shares under the Offer, FMG has stated that it intends to: (a) waive the Bid Condition 14 days after acquiring a Relevant Interest in at least 50.1% of Red Hawk Shares; (b) procure the appointment to the Red Hawk Board of at least two independent directors and if FMG acquires a Relevant Interest in 50.1% or more of Red Hawk Shares on issue and becomes unconditional, Red Hawk and FMG will procure the appointment to the Red Hawk Board of such number of directors nominated by the FMG which is commensurate with FMG's economic interest in Red Hawk, subject to those directors providing a consent to act as a director of Red Hawk; and (c) ask the Red Hawk Board to undertake a detailed review of Red Hawk's assets, strategy and operations.

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Question	Answer
	If the Bidder acquires a Relevant Interest in at least 75% of the Red Hawk Shares, and otherwise satisfies ASX's requirements for delisting, the Bidder intends to make an application to remove Red Hawk from the official list of the ASX. Refer to section 6 of the Bidder's Statement for full details. Additionally, on 26 January 2025, FMG entered into Call Option Deeds with substantial shareholders Todd and OCJ. Further information in relation to the Call Option Deeds is provided at Section 10.4 of this Target's Statement. If neither Todd nor OCJ accepts the Offer, FMG will have the right to acquire up to a combined 19.99% of Todd's and OCJ's Red Hawk Shares. If this occurs, and the Bid Condition of the Offer is satisfied or waived, and you continue to hold Red Hawk Shares, you will be exposed to the risks associated with being a minority shareholder of Red Hawk.
How can I get updates on the Red Hawk Share price?	You can receive updates by visiting the ASX website at ***asx.com.au*** and typing into the search bar the ASX ticker for Red Hawk (ASX: RHK).
Who should I call if I have any questions?	Red Hawk has established a Shareholder Information Line for Red Hawk Shareholders in relation to the Offer. The telephone number is 1300 115 865 (within Australia), and +61 3 9415 4639 (outside Australia). It is available on Business Days, Monday to Friday between 8.30am and 5.00pm (Australian Eastern Daylight Time). Announcements made to the ASX by Red Hawk and other information relating to the Offer can be obtained from Red Hawk's website at ***redhawkmining.com.au***

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4 YOUR CHOICES AS A RED HAWK SHAREHOLDER

The Red Hawk Directors unanimously recommend that you ACCEPT the Offer at both the Base Offer Price and, if relevant, the Increased Offer Price (in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable, or not fair but reasonable to Red Hawk Shareholders).

However, as a Red Hawk Shareholder you have four choices currently available to you. Your Red Hawk Directors encourage you to consider your personal risk profile, investment objectives and financial and tax circumstances before making a decision as to whether or not to accept the Offer for your Red Hawk Shares.

4.1 Accept the Offer

Your Red Hawk Directors unanimously recommend that you **ACCEPT** the Offer at both the Base Offer Price and, if relevant, the Increased Offer Price (in the absence of a Superior Proposal) and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable, or not fair but reasonable to Red Hawk Shareholders. If you choose to accept the Offer:

(a) you will not receive either Offer Price unless and until the Bid Condition of the Offer is either satisfied or waived by FMG. Details of the Offer Price that you will receive if you accept the Offer are set out in Section 5.1 of this Target's Statement as well as in section 10.1 of the Bidder's Statement;

(b) you will only be able to revoke or withdraw your acceptance in limited circumstances which are set out in Section 5.6 of this Target's Statement; and

(c) you may be liable for tax on the disposal of your Red Hawk Shares as a result of your acceptance. An overview of the Australian tax consequences for certain Red Hawk Shareholders of selling Red Hawk Shares is provided in Section 8 of the Bidder's Statement. See also Section 9.4 of this Target's Statement for further information on the tax consequences of the Offer.

If FMG increases the Offer Price to the Increased Offer Price, all Red Hawk Shareholders, whether or not they have already accepted the Offer before then, will be entitled to receive the Increased Offer Price if they accept the Offer and it becomes unconditional.

Red Hawk Shareholders should be aware that if they were to accept the Offer while the Offer remains subject to the Bid Condition, then:

(a) FMG is not obliged to pay the Offer Price and complete the acquisition of your Red Hawk Shares until the Offer becomes unconditional; and

(b) you will be unable to sell your Red Hawk Shares on-market or accept any competing offer unless and until the Offer closes without becoming unconditional or a withdrawal right exists or arises under the Corporations Act.

Further information on the consequences of accepting the Offer is discussed in Section 5.6 of this Target's Statement. See "How to accept the Offer" and section 10.3 of the Bidder's Statement and the Acceptance Form for instructions on how to accept the Offer.

4.2 Wait 7 days before accepting the Offer

If you are unsure as to whether you should accept the Offer at the Base Offer Price, you may wish to wait 7 days to see if the Increased Offer Price eventuates before deciding whether to accept or reject the Offer.

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4.3 Sell some or all of your Red Hawk Shares on-market

During the Offer Period, you may sell your Red Hawk Shares on-market through the ASX at the prevailing market price for cash (less any brokerage), provided you have not accepted the Offer.

As at the Last Practicable Date, the closing price of Red Hawk Shares was $0.82, being lower than the Base Offer Price of $1.05 per Red Hawk Share and Increased Offer Price of $1.20 per Red Hawk Share offered under the Offer.

If you sell your Red Hawk Shares on the ASX, you will receive the consideration for your Red Hawk Shares sooner than if you accept the Offer while it is subject to the Bid Condition. However, you:

(a) will lose the ability to accept the Offer and receive the Offer Price (and any subsequent improvement in the Offer Price), in relation to those Red Hawk Shares;

(b) will lose the ability to accept any Superior Proposal for your Red Hawk Shares if one emerges;

(c) may be liable for tax on the disposal of those Red Hawk Shares;

(d) may incur a brokerage charge; and

(e) will lose the opportunity to receive future returns from Red Hawk in relation to those Red Hawk Shares.

You should contact your broker for information on how to sell your Red Hawk Shares on the ASX and your tax adviser to determine your tax implications from such a sale.

4.4 Do nothing and retain all your Red Hawk Shares

The Red Hawk Directors unanimously recommend that you **ACCEPT** the Offer at both the Base Offer Price and, if relevant, the Increased Offer Price (in the absence of a Superior Proposal) and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable, or not fair but reasonable to Red Hawk Shareholders.

However, if you do not wish to accept the Offer in respect of your Red Hawk Shares, you should do nothing. Simply disregard the documents sent to you by FMG.

You should note that:

(a) if you choose not to accept the Offer, you will not receive the Offer Price unless FMG holds 90% of the Red Hawk Shares at the end of the Offer Period. In this event (subject to satisfaction of various legal requirements), FMG will become entitled to Compulsorily Acquire all those Red Hawk Shares that it does not already own (see Section 5.12 of this Target's Statement for further information regarding Compulsory Acquisition); and

(b) if FMG acquires less than 90% of the Red Hawk Shares and the Bid Condition of the Offer is satisfied or waived, and you continue to hold Red Hawk Shares, you will be exposed to the risks associated with being a minority shareholder of Red Hawk. Some of these risks are explained in Sections 5.13 and 5.15 of this Target's Statement.

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5 INFORMATION ABOUT THE OFFER AND OTHER IMPORTANT INFORMATION

5.1 Overview of the Offer

(a) Offer Price

The Base Offer Price being offered by FMG is $1.05 cash per Red Hawk Share.

The Offer Price per Red Hawk Share will increase to the Increased Offer Price of $1.20 per Red Hawk Share if FMG has a Relevant Interest in 75% or more of all Red Hawk Shares by 7.00pm AEDT on or before the date that is 7 days after the Offer is open for acceptance, being 4 February 2025.

FMG already holds a 19.99% Relevant Interest in Red Hawk Shares via the Call Option Deeds. See Section 10.4 for further information.

(b) Offer Period

The Offer is currently open for acceptance and will close at 7.00pm AEDT on 3 March 2025 unless extended or withdrawn in accordance with the Corporations Act.

The circumstances in which FMG may extend or withdraw the Offer are set out in Section 5.10 of this Target's Statement.

5.2 Condition of the Offer

The Offer is subject to the Bid Condition. The Bid Condition is set out in full in section 10.7 of the Bidder's Statement.

If the Bid Condition is not satisfied or waived by FMG, before the end of the Offer Period, including any extended Offer Period, the Offer will lapse and the Offer Price will not be issued to Red Hawk Shareholders who have accepted the Offer.

Furthermore, Red Hawk Shareholders who accept the Offer will, in the meantime, lose their ability to deal with their Red Hawk Shares or accept any Superior Proposal, except in limited circumstances where Red Hawk Shareholders have validly revoked or withdrawn their acceptance of the Offer (see Section 5.6 of this Target's Statement).

No Prescribed Occurrences

The Offer is conditional on there being no occurrence of any event referred to in sections 652C(1) or 652C(2) of the Corporations Act between the Announcement Date and the end of the Offer Period (**Bid Condition**).

Sections 652C(1) or 652C(2) of the Corporations Act prohibit a company from, for example, reorganising its share capital or issuing securities while under offer and the company going into administration or liquidation.

The Bidder intends to:

- waive any breach of the Bid Condition due to the issue of Red Hawk Shares upon exercise or conversion of options or performance rights (or similar) on issue as at the date of the Bid Implementation Deed, or the issue of new Red Hawk Shares to Mr Steven Michael pursuant to the terms of his employment agreement; and

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- waive the Bid Condition by no later than the date which is 14 days after the Bidder acquires a Relevant Interest in at least 50.1% of the Red Hawk Shares, unless the Bid Condition has been breached on or before that date, in which case the Bidder shall, within 5 Business Days of such breach, publicly state either that it will:
  - not rely on (and will waive) such breach; or
  - will rely on such breach and will cause the offers to lapse or be withdrawn by no later than 10 Business Days after the relevant statement is made.

Subject to the Corporations Act, FMG may at any time (but is not obliged to) declare the Offer free from the Bid Condition.

See section 10.7 of the Bidder's Statement for more information.

5.3 Consequences of Bid Condition not being satisfied

The Bid Condition of the Offer is a negative condition and the Directors consider that these events are very unlikely to occur. Even if the Bid Condition is not satisfied (or is breached), it may be waived by FMG.

If the Bid Condition is unsatisfied (or has been breached), and has not been waived, FMG will have an option as to whether to proceed with the acquisition of Red Hawk Shares under its Offer (by waiving the relevant Bid Conditions) or allow its Offer to lapse with unsatisfied Bid Conditions.

If by the end of the Offer Period the Bid Condition has not been satisfied or waived, all contracts resulting from the acceptance of the Offer will be automatically void and have no effect.

If FMG gives notice that it will not waive a breach or non-satisfaction of the Bid Condition, either party may terminate the Bid Implementation Deed (subject to the terms of the Bid Implementation Deed) without any liability to the other.

5.4 Status of the Bid Condition

Section 10.10 of the Bidder's Statement indicates that FMG will give the notice on the status of the Bid Condition on Friday, 21 February 2025 (subject to extension in accordance with the Corporations Act if the Offer Period is extended). FMG is required to set out in this notice:

(a) whether the Offer is free of the Bid Condition;

(b) whether, so far as FMG knows, the Bid Condition had been satisfied on the date the notice is given; and

(c) FMG's Voting Power in Red Hawk at that time.

5.5 How to accept the Offer

Instructions on how to accept the Offer are set out in "How to Accept the Offer" and section 10.3 of the Bidder's Statement.

5.6 Effect of acceptance

Once you have accepted the Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of the Offer or otherwise dispose of your Red Hawk Shares, except as follows:

(a) if, at the end of the Offer Period, the Bid Condition has not been satisfied or waived, the Offer will automatically terminate, and your Red Hawk Shares will be returned to you; or

(b) if the Offer is varied in accordance with the Corporations Act in a way that postpones for more than one month the time when FMG has to meet its obligations under the Offer, and, at the time, the Offer is subject to the Bid Conditions, you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act.

If FMG improves the Offer Price, all Red Hawk Shareholders who accept the Offer (whether or not they have accepted prior to that improvement) will be entitled to the benefit of that improved price.

This also applies to any change of the Base Offer Price to the Increased Offer Price. If the Increased Offer Condition is met, all Red Hawk Shareholders who accept the Offer at the Base Offer Price (whether or not they have accepted prior to the Increased Offer Condition being met) will be entitled to the Increased Offer Price.

The effect of acceptance of the Offer is further detailed in section 10.5 of the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Red Hawk Shares and the representations and warranties that you are deemed to give to FMG by accepting the Offer.

5.7 Lapse of Offer

The Offer will lapse if the Bid Condition is not waived or satisfied by the end of the Offer Period. If the Offer lapses, all contracts resulting from acceptance of the Offer and all acceptances that have not yet resolved in binding contracts are void and you will retain ownership of your Red Hawk Shares.

5.8 Variation of Offer

FMG may vary the Offer in any of the ways permitted by the Corporations Act, including by extending the Offer Period or by increasing the Offer Price, provided the varied terms and conditions are not less favourable to Red Hawk Shareholders than the Offer. If FMG varies the Offer in any of those ways, it must give written notice to ASIC and Red Hawk and send you a copy of that notice (provided, however, that FMG will not be required to send you a copy of the notice if, at the time of the variation, you have already accepted the Offer, the Offer is unconditional and the variation merely extends the Offer Period).

5.9 Extension of Offer Period

FMG may extend the Offer Period at any time before giving the notice on the status of the Offer Conditions while the Offer is subject to the Bid Condition (and can also extend the Offer Period after giving that notice in certain narrow circumstances involving a competing bid). However, if the Offer is unconditional, FMG may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last seven days of the Offer Period, FMG's Voting Power in Red Hawk increases to more than 50% or the Offer is varied to improve the Offer Price. In this case the Offer Period will be automatically extended so that it ends 14 days after FMG's Voting Power in Red Hawk increases to more than 50% or the improvement in the Offer Price (as applicable).

5.10 Withdrawal of Offer

FMG may not withdraw the Offer if you have already accepted it. However, if the Bid Condition has not been satisfied or waived at the end of the Offer Period, then all acceptances will be void. Before you accept the Offer, FMG may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

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5.11 When you will receive the Offer Price

If you accept the Offer and the Offer is, or becomes, unconditional, you will be paid on the earlier of:

(a) if the Offer remains subject to the Bid Condition, 10 Business Days after FMG gives Red Hawk a notice under section 650F of the Corporations Act declaring the Offer free from the Bid Condition; or

(b) if the Offer is unconditional, 10 Business Days after the Offer is accepted by you.

Full details of when you will be paid the Offer Price by FMG are set out in section 10.6 of the Bidder's Statement.

5.12 Compulsory Acquisition

FMG will be able to Compulsorily Acquire any outstanding Red Hawk Shares for which it has not received acceptances if during, or at the end of, the Offer Period, FMG (taken together with its associates):

- has a Relevant Interest in at least 90% (by number) of the Red Hawk Shares; and
- has acquired at least 75% (by number) of the Red Hawk Shares for which it has made an Offer.

In order for FMG to meet the Compulsory Acquisition thresholds, each Todd and OCJ (each holding more than 10% of Red Hawk Shares as at the date of this Target's Statement) would need to accept the Offer in respect of their Red Hawk Shares (assuming that neither of those holders dispose of their Red Hawk Shares during the Offer Period). On 26 January 2025, FMG entered into Call Option Deeds with each of Todd and OCJ. Further information about the Call Option Deeds is provided at Section 10.4.

If these thresholds are met, FMG will have one month from the end of the Offer Period within which to give Compulsory Acquisition notices to Red Hawk Shareholders who have not accepted the Offer. The consideration payable by FMG will be the Offer Price last offered under the Offer.

If FMG does not become entitled to Compulsorily Acquire Red Hawk Shares in accordance with the above procedures, it may nevertheless become entitled to exercise general compulsory acquisition rights under Part 6A.2 Division 1 of the Corporations Act. Broadly, FMG will be entitled to Compulsorily Acquire:

(a) all outstanding Red Hawk Shares, if FMG (either alone or together with its Related Bodies Corporate) holds full beneficial interests in at least 90% (by number) of Red Hawk Shares; and

(b) any outstanding securities that are convertible into Red Hawk Shares, if FMG's Voting Power in Red Hawk is at least 90% and FMG (either alone or together with its Related Bodies Corporate) holds full beneficial interests in at least 90% (by value) of all securities in Red Hawk that are Red Hawk Shares or convertible into Red Hawk Shares.

If this threshold is met, FMG will have 6 months after FMG becomes a 90% holder within which to give Compulsory Acquisition notices to the relevant holders. The Compulsory Acquisition notices sent must be accompanied by an expert's report and an objection form.

The expert's report must consider whether the FMG price for Compulsory Acquisition under this procedure gives "fair value" for the Red Hawk securities concerned and the expert's reasons for forming that opinion.

Red Hawk Shareholders may challenge any Compulsory Acquisition, but this would require the relevant Red Hawk Shareholders to establish to the satisfaction of a court that the terms of the Offer do not represent fair value for the Red Hawk Shares. If Red Hawk Shares are compulsorily acquired, Red Hawk Shareholders are not likely to receive any payment until at least one month after the compulsory acquisition notices are sent.

FMG has indicated at section 6.3 of its Bidder's Statement that it may compulsorily acquire outstanding Red Hawk Shares if it becomes entitled to do so under the Corporations Act.

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5.13 Implications of FMG acquiring more than 50.1% but less than 90% of Red Hawk Shares

If FMG acquires a Relevant Interest of more than 50.1%, but less than 90% of Red Hawk Shares, Red Hawk Shareholders who do not accept the Offer will become minority shareholders in Red Hawk. This has a number of possible implications:

(a) FMG will be in a position to cast the majority of votes at a general meeting of Red Hawk Shareholders. This will enable it to control the composition of the Red Hawk Board and senior management and control the strategic direction of Red Hawk and its Subsidiaries;

(b) if FMG acquires 75% or more of Red Hawk Shares, it will be able to pass special resolutions at meetings of Red Hawk Shareholders. This will enable FMG to, among other things, change the Red Hawk constitution;

FMG has stated in section 6.2 of its Bidder's Statement that it intends to**:**

(i) procure the appointment to the Red Hawk Board of such number of directors nominated by FMG which is commensurate with FMG's economic interest in Red Hawk if FMG acquires a Relevant Interest in 50.1% or more of Red Hawk Shares on issue;

(ii) undertake a detailed review of Red Hawk's assets, strategy and operations;

(iii) make an application to remove Red Hawk from the official list of the ASX if it acquires a Relevant Interest in at least 75% of the Red Hawk Shares, and otherwise satisfies ASX's requirements for delisting;

(iv) conduct on-market purchases of Red Hawk Shares from time to time in accordance with the Corporations Act; and

(v) waive the Bid Condition by no later than the date which is 14 days after FMG acquires a Relevant Interest in at least 50.1% of the Red Hawk Shares.

Refer to section 6.2 of the Bidder's Statement for further information.

5.14 FMG's intention if it acquires 90% or more of Red Hawk Shares

If FMG were to acquire a Relevant Interest in 90% or more of the Red Hawk Shares, it has stated that it:

- may compulsorily acquire any outstanding Red Hawk Shares. Even if FMG is not entitled to or required to proceed to compulsory acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6A.2 of the Corporations Act; for example, as a result of acquisitions of Red Hawk Shares in reliance on the "3% creep" exception in item 9 of section 611 of the Corporations Act. If so, FMG may exercise those rights;
- would procure the removal of Red Hawk from the official list of the ASX if a compulsory acquisition process is undertaken;
- intends to replace all the members of the Red Hawk Board and the members of the boards of Red Hawk's subsidiaries with nominees of the FMG;
- intends to undertake a detailed and broad-based review of Red Hawk's assets, strategy and operations in the light of the more detailed information then available to it;
- intends to centralise certain Red Hawk corporate functions (such as the company secretarial, financial management and information technology functions) in order to eliminate duplication and reduce those costs where possible; and
- discuss with employees any potential impacts to the organisational structure and their ongoing employment as part of the general operational review described above, amongst other things.

See section 6.3 of the Bidder's Statement for more information.

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5.15 Consequences of FMG acquiring a Relevant Interest in less than 50.1% of the Red Hawk Shares

If FMG acquires a Relevant Interest in less than 50.1% of the Red Hawk Shares, it will not be in a position to give effect to the intentions described above and the trading price of Red Hawk Shares may be higher or lower than the Offer Price. If you remain a Red Hawk Shareholder in these circumstances, you will continue to be subject to the risks of being a Red Hawk Shareholder. Where there is no clear controlling shareholder, the larger shareholders may have different views on the strategic direction they want Red Hawk to pursue.

5.16 Potential delisting

FMG states in its Bidder's Statement that it may proceed with Compulsory Acquisition if it becomes entitled to Compulsorily Acquire your Red Hawk Shares. In the event that FMG exercises any right to proceed with Compulsory Acquisition of the outstanding Red Hawk Shares, FMG's intention, as at the date of the Bidder's Statement, is to procure that the Red Hawk Board apply to the ASX to have Red Hawk removed from the official list of the ASX. Alternatively, if FMG obtains a Relevant Interest of more than 75% of Red Hawk Shares, FMG has stated in the Bidder's Statement that it intends to have Red Hawk removed from the official list of the ASX.

If Red Hawk is delisted, Red Hawk Shares will not be able to be bought or sold on the ASX.

Further information on FMG's intentions on delisting Red Hawk is set out at section 6 of the Bidder's Statement.

(a) Important legal protections concerning a delisting of Red Hawk

Red Hawk Shareholders should note the following important legal protections regarding any potential delisting of Red Hawk:

(i) any decision to apply to the ASX to delist Red Hawk would need to be made by the Red Hawk Board;

(ii) the Red Hawk Board, including nominee directors appointed by FMG, could only decide to seek a delisting if the Board concludes that this action is in the best interest of Red Hawk and Red Hawk Shareholders as a whole at the relevant time;

(iii) ASX states in ASX Guidance Note 33 that it will use its discretion to ensure that the delisting of any entity is being sought for acceptable reasons. For example, ASX notes that a request to remove an entity from the ASX that is primarily or solely aimed at denying minority securityholders a market for their securities, in order to coerce them into accepting an offer from a controlling securityholder to buy their securities at an undervalue, would be an unacceptable reason for requesting removal from the official list of the ASX;

(iv) ASX applies a number of guidelines to safeguard the interests of minority shareholders in the context of any proposed delisting;

(v) a key ASX guideline provides that the approval of minority Red Hawk Shareholders would most likely be needed for the ASX to allow delisting following a takeover bid unless each of the following four conditions are met:

(A) FMG has attained ownership or control of at least 75% of Red Hawk Shares;

(B) there are fewer than 150 Red Hawk Shareholders (excluding FMG and its Related Bodies Corporate) whose shareholding is worth at least $500. As at the Last Practicable Date, there were approximately 1,746 Red Hawk Shareholders with a shareholding of at least $500;

(C) the Offer remains open for at least an additional two weeks after FMG has attained ownership or control of at least 75% of Red Hawk Shares; and

(D) Red Hawk has applied for removal from the official list of the ASX no later than one month after the close of the Offer.

(b) Disadvantages to Red Hawk Shareholders on delisting

If, despite the above procedural protections, Red Hawk is ultimately delisted at some point in the future, any remaining Red Hawk Shareholders (i.e. those who did not accept the Offer) would be holders of unquoted shares. A delisting could result in a number of disadvantages for those Red Hawk Shareholders, such as:

(i) the absence of an orderly, transparent and timely mechanism for share trading;

(ii) restricted information compared to that currently provided, as Red Hawk would no longer be subject to the continuous disclosure requirements of the ASX Listing Rules. If Red Hawk remains a public company after delisting and has at least 100 members, Red Hawk would still be required to disclose material information to ASIC and likely on its website. Nevertheless, the level of shareholder reporting in these circumstances could be diminished; and

(iii) the ceasing of various requirements and protections for minority shareholders under the ASX Listing Rules. Examples of provisions that would cease to apply include:

(A) restrictions on the issue of new securities;

(B) a governance framework for related party transactions; and

(C) requirements to seek shareholder approval for significant changes in the nature or scale of Red Hawk's activities.

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6 INFORMATION ABOUT RED HAWK

6.1 Overview of Red Hawk

Red Hawk is an Australian company listed on the Australian Securities Exchange (ASX: RHK). Red Hawk is focused on developing its 100% owned Blacksmith Project in the Pilbara region of Western Australia. Blacksmith is located approximately 70km northwest of Tom Price and consists of mining lease M47/1451-I.

6.2 Directors

The Hon. Cheryl Edwardes, AO
Independent Non-Executive Chair

Qualifications
LLM, B. Juris, BA, GAICD

Experience

Ms Edwardes is a highly credentialled and experienced company director and Chairperson. A solicitor by profession and a former Minister in the Court Government of Western Australia, she has extensive experience and knowledge of WA's legal and regulatory framework relating to mining projects, environmental, native title, heritage, and land access.

During her political career, Ms Edwardes held positions that included WA Attorney General, Minister for the Environment, and Minister for Labour Relations. She currently serves as the Non-Executive Chair of Westgold Resources Ltd (ASX: WGX), and Port Hedland International Airport. She also works with HHG Legal Group on a part-time basis, focusing on pro bono work and the development of the firm's charitable arm, HHG Giving Back, in addition to consultancy work with FTI Consulting, assisting clients with a range of complex statutory approvals required for resources and infrastructure projects.

Ms Edwardes was awarded an Officer of the Order of Australia in the Australia Day Honours 2025 for "distinguished service to the law and social justice, to resource management and environmental sustainability, to business, and to the community". She was also named in the 100 Women of Influence 2016, inducted into the Western Australian Women's Hall of Fame 2016 and was a finalist in the Women in Resources Award 2015.

Steven Michael
Managing Director and CEO

Qualifications
BCom, CA, MAICD

Experience
Mr Michael is an experienced mining executive with over 25 years' experience in the resources industry in senior executive leadership roles with ASX-listed mining and exploration companies as well as investment banking, corporate advisory and equities research positions with several global investment banks. Prior to joining Red Hawk, Mr Michael has served as Managing Director of ASX-listed uranium company Vimy Resources Limited, which culminated in the successful $658 million merger with Deep Yellow Limited, and Mr Michael subsequently served as an Executive Director of Deep Yellow. Prior to his positions with Vimy Resources Limited and Deep Yellow Limited, Mr Michael was a Managing Director with global business advisory firm FTI Consulting, where he specialised in economic evaluations, feasibility studies and project financing of mining projects across multiple commodities and jurisdictions.

Mr Michael is a Member of the Institute of Chartered Accountants in Australia and is a member of the Australian Institute of Company Directors. He currently serves as Non-Executive Director of Predictive Discovery Limited (ASX: PDI) and Wia Gold Limited (ASX: WIA).

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Rob Foster
Non-Executive Director

Qualifications
B. For Sc., MInstD

Experience
Mr Foster is an experienced senior executive and has held a number of leadership and strategic business development roles in the energy, infrastructure, and financial markets industries. He was previously CEO of King Country Energy Limited and Independent Director and Interim CEO of NZX listed NZ Windfarms Limited. He formerly held senior investment banking, corporate finance and equity capital markets roles at Macquarie Bank and ABN AMRO NV. Mr Foster is currently the CEO of Integria Healthcare Australia Pty Ltd and was formerly the General Manager, Business Development for the Todd Corporation. He is an Independent Member of the Audit and Risk Committee of Te Runanga O Ngai Tahu and Advisory Committee member of Forest Partners Fund Limited Partnership investment fund. Mr Foster holds a Bachelor of Forestry Science, has completed the AVIRA Programme at INSEAD and is a member of the Institute of Directors in New Zealand. Mr Foster is a nominee Director of the Company's largest shareholder, TIO (NZ) Limited.

Amy Jiang
Non-Executive Director

Qualifications
JD, BA, GAICD, FGIA

Experience
Ms Jiang has more than 17 years' experience in management and corporate governance within the mining and resources sector. Ms Jiang is currently company secretary and executive manager and nominee director of OCJ Investment (Australia) Pty Ltd, the second largest shareholder of Red Hawk.

Ms Jiang is a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia. She holds a Bachelor of Arts and a Juris Doctor, both from The University of Sydney. In addition, Ms Jiang is currently completing a Graduate Diploma of Applied Corporate Governance and Risk Management at the Governance Institute of Australia.

Daniel Harris
Independent Non-Executive Director

Qualifications
B. Sc ChE

Experience
Mr Harris is an experienced Mining Industry Company Executive and Director. Mr Harris has served as CEO, COO and CFO in mining and metals companies around the world and has worked and lived in the USA, South Africa, Russia, and Australia. He is a world-recognised vanadium industry veteran and has a strong understanding of the resource sector from both a technical and financial perspective.

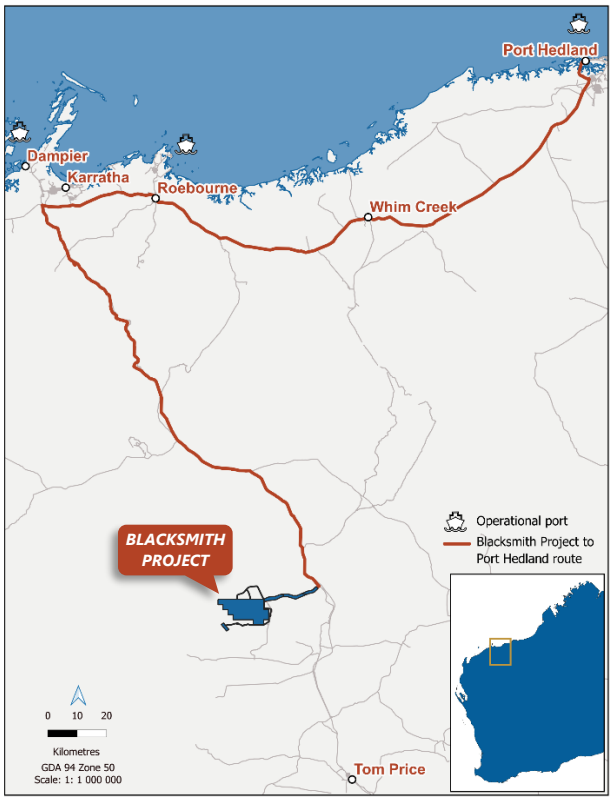
6.3 Key Management Personnel

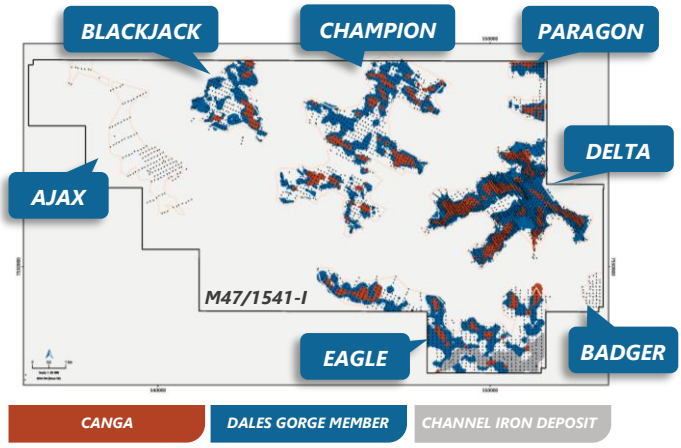
As at the date of this Target's Statement, Red Hawk's Key Management Personnel are as follows:

- Steven Michael – Managing Director and CEO
- Matthew Owen – Chief Financial Officer
- Adam Hall – General Manager, Projects
- Jeanette Haselby – General Manager, ESG & Approvals
- Andrew Whitehead – General Manager, Commercial

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BLACKSMITH PROJECT





LOCATION

Western Pilbara district of Western Australia, 170km southeast of Karratha and 70km north-northwest of Tom Price

TENEMENTS

Blacksmith Project: M47/1451-1, L47/731 and L47/734

Mine Access Road: L47/1120, L47/1121 and L47/1122

Whim Creek staging facility: L47/1160

MINERALISATION

Detrital ore deposit with underlying mineralised Dales Gorge Member. Primary ore types are canga (30%) which is predominantly hematitic, and mineralised Dales Gorge Member (32%) and Channel Iron (19%) which is goethitic

OREBODIES

Delta, Paragon, Blackjack and Champion incorporated within the Mine Plan

Ajax, Badger and Eagle currently not in the Mine Plan

MINERAL RESOURCES

Measured	66.6Mt @ 60.2% Fe
Indicated	168.2Mt @ 58.9% Fe
Inferred	8.6Mt @ 59.8% Fe
Total	243.4Mt @ 59.3% Fe

ORE RESERVE

Probable Ore Reserve: 46.0Mt at 60.5% Fe

Reserve is 48% of Life of Mine production

MINING METHOD

Conventional open pit with contract miner

OPERATING STRUCTURE

Contract mining, crushing and screening

PROCESSING CAPACITY

5Mtpa throughput

PROCESSING FLOWSHEET

Primary crushing, screening, closed circuit secondary and tertiary crushing, product stockpiling and load-out

WATER

Water for construction and operations is sourced from production bores local to Blacksmith and Whim Creek

PRODUCT EXPORT

Trucked by private and public road 446km to Utah Point Bulk Handling Facility, Port Hedland

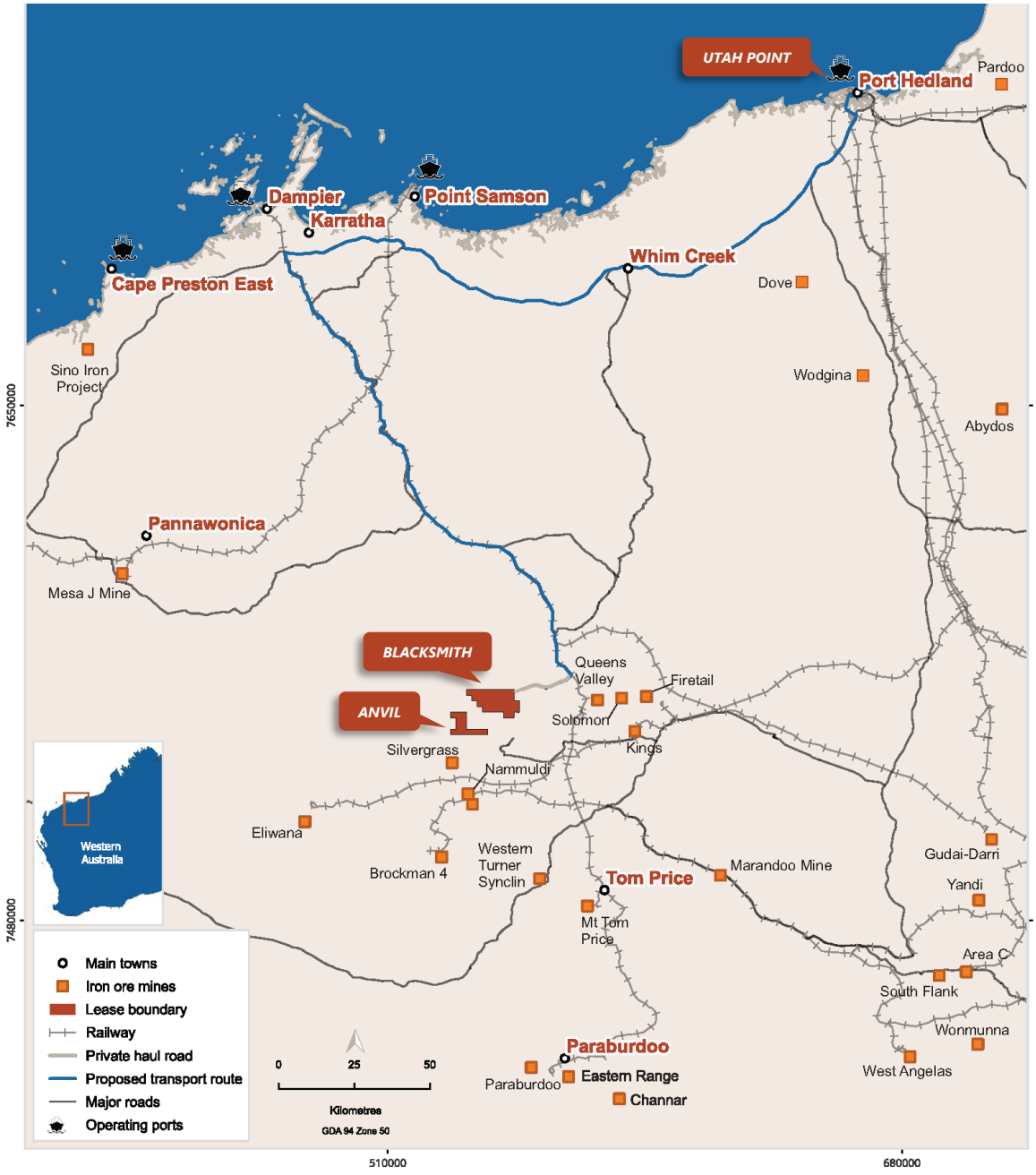
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6.4 *Blacksmith Project*

The Blacksmith Project is located in the western Pilbara district of Western Australia, approximately 170km southwest of Karratha and 70km northwest of the township of Tom Price, and within the Shire of Ashburton. Blacksmith sits among many major iron ore projects, including Rio Tinto's Mt Tom Price and Brockman mines and Fortescue's Firetail, Kings and Queens Valley and Eliwana mines.

Access to the Blacksmith Project is south from the township of Karratha along the Manuwarra Red Dog Highway before joining the Rio Tinto rail access road which passes approximately 20km east of the Project. Access into the Project is via unsealed pastoral tracks.

Figure 2: Location of Blacksmith and Anvil Projects



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(a) Geology

The Project is situated within the Hamersley Province which comprises Late Archaean to Palaeo-Proterozoic rocks of the Mount Bruce Supergroup, which consists of the Fortescue, Hamersley, and Turee Creek groups, overlain by remnants of the Wyloo Group.

The banded iron formation (**BIF**) units of the Hamersley Group host the bedded iron deposits of the Pilbara with mineralisation occurring predominantly within the Marra Mamba Iron Formation and Brockman Iron Formation. Substantial mineralisation also occurs in overlying detrital units.

At Blacksmith the Brockman Iron Formation is present as either an unenriched BIF or as martite-goethite mineralisation within the Dales Gorge Member, although predominantly as a heavily hard capped goethite-rich style of mineralisation.

The valleys within the Blacksmith lease are characterised by outcropping lenses of canga on valley walls overlaying mineralised Dales Gorge Member with minimal waste overburden. Valleys have been in-filled with overlying detrital units, some of which are mineralised. Channel iron deposits may also occur in the lower reaches of the valleys.

A total of 3,893 drill holes (189,639m) were drilled by Red Hawk from 2008 through 2017 across the Blacksmith lease. Exploration activities identified seven deposits named - Ajax, Badger, Blackjack, Champion, Delta, Eagle and Paragon.

(b) Pre-Feasibility Study

On 1 May 2024, Red Hawk announced the results of a Pre-Feasibility Study (**PFS**) for the Blacksmith Project. The PFS defined a robust project development strategy based on producing up to 5Mtpa of 60.5% Fe (±0.5% Fe), direct shipping ore (**DSO**) with a potential Life of Mine of 23 years.

The PFS considered the development of the four deposits that had undergone geological re-interpretation at that time – Delta, Paragon, Blackjack and Champion.

As an important part of the PFS, a JORC-compliant maiden ore reserve for the Delta deposit was announced. The ore reserve was 46.0Mt at an average grade of 60.5% (cut-off grade 57.9% Fe). The subsequent release of a Mineral Resource Estimate update for Delta (21 June 2024) showed 77% of the resource in the Measured category. The Delta orebody will be the first to be mined, so enhancing the predictability of ore tonnes and grade is crucial to the Project's success.

The PFS delivered an updated mine plan for the Blacksmith Project which commences activity in Delta and Paragon and then transitions to the Blackjack and Champion deposits. The mine plan identifies a 23-year mine life with production ramping up from 1.2Mtpa to 5Mtpa across a five-year period. The mine plan schedules the 46.0Mt of ore reserve into the first 13 years of the Life of Mine, with the bulk of the Indicated, Inferred and Unclassified mineralisation scheduled from Year 9 onwards.

Ore will be processed via a simple "Pilbara standard" dry crushing and screening process. The Blacksmith fines product is expected to be in high demand as sinter feedstock for iron making with a competitive chemical specification.

The PFS mine planning continued to optimise the mining sequence and feed composition to the crushing plant whilst ensuring the design considers heritage and approvals. In parallel, the design development of the process and non-process infrastructure at both Blacksmith and the proposed Whim Creek staging facility has been advanced.

The Project contracting strategy divides the scope into commercially attractive packages, whilst minimising capital and allocating appropriate risk to contractors. Commercial engagement with Pilbara-experienced contractors has confirmed interest, expertise and available capacity for the execution of the proposed packages.

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(c) Mineral Resources and Ore Reserves

At 30 June 2024, Red Hawk had re-interpreted the Mineral Resources for the Delta, Paragon, Blackjack and Champion deposits to focus on higher-grade DSO production at the Blacksmith Project. During the 2024 reporting period, three major announcements were made to the ASX: *DSO Mineral Resource Estimate – Delta and Paragon deposits* on 6 September 2023 and *DSO Mineral Resource Upgrade – Champion and Blackjack* on 16 October 2023. The Delta deposit Mineral Resource Estimate (**MRE**) was further updated in an announcement to the ASX *DSO Mineral Resource Update – Delta Deposit* on 21 June 2024, following the 2024 diamond drilling and geophysical logging program, with the update converting 77% of the Delta MRE to the Measured category.

As part of the Pre-Feasibility Study, the Company released a maiden Ore Reserve for the Blacksmith Project on 1 May 2024.

A re-interpreted MRE for the Eagle deposit was announced on 26 July 2024 in an announcement entitled *DSO Mineral Resource Upgrade – Eagle Deposit*.

Blacksmith DSO MRE for re-interpreted orebodies – Blackjack, Champion, Delta, Eagle and Paragon [1,2]

JORC classification	Tonnage Mt	Fe %	P %	SiO_2 %	Al_2O_3 %	LOI %
Measured	66.6	60.2	0.094	4.64	3.05	5.44
Indicated	168.2	58.9	0.085	5.85	3.49	5.49
Inferred	8.6	59.8	0.104	4.09	2.35	7.24
Total	**243.2**	**59.3**	**0.088**	**5.45**	**3.32**	**5.54**

Notes:

1. LZ, PZ, Canga, Dales Gorge Member cut-off 57.5%; CID cut-off 54% Fe
   - Due to the effects of rounding, totals may not represent the sum of all components
   - Tonnages are rounded to the nearest 0.1 million tonnes and grades are shown to two significant figures
2. Reporting criteria are:
   - Indicated and Inferred material (Rescat=2 or Rescat=3), Fe >57.5%, Zone=2, Zone=3, Zone=4 or Zone=5
   - Indicated and Inferred material (Rescat=2 or Rescat=3). Fe >54%, Zone=9
   - Blocks from Zone 2, 3, 4, 5 with Fe grade >57.5% and blocks from Zone 9 with Fe grade >54%
   - Material from LZ, PZ, Canga and Dales Gorge Member lithologies
   - Material from CID lithologies

Blacksmith DSO Ore Reserve [3,4,5]

Description	Units	Quantity
Probable Ore Reserve	Mt	45.98
	Fe %	60.54
Waste	Mt	75.37
Total	Mt	121.35
Strip ratio	Waste : ore (tonnes)	1.64

Notes:

3. There is no Proved Ore Reserve
4. This Ore Reserve is comprised of material included in the reported Mineral Resource
5. A cut-off grade of 57.9% Fe has been applied to generate the nominal 60.5% Fe target grade

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6.5 *Other Projects*

In addition to the Blacksmith Project, Red Hawk holds retention licence R47/21 for the Anvil Project. The Anvil tenement is located approximately 10km to the south-west of the Blacksmith tenement and is adjacent to Fortescue's Tranquility resource (see Figure 2).

A total of 256 drill holes (10,854m) were drilled by Red Hawk from 2008 through 2014 across the Anvil lease. Exploration activities identified four deposits named - Anvil F, G, H and J.

Red Hawk updated the Anvil Mineral Resource Estimate (**MRE**) in March 2018. The total MRE for Anvil is estimated to be 176Mt at 47.1% Fe, 21.3% SiO_2 and 6.05% Al_2O_3. A high-level summary of the Anvil MRE is provided in the table below.

Anvil Mineral Resource Estimate

JORC classification	Tonnage Mt	Fe %	P %	SiO_2 %	Al_2O_3 %	LOI %
Inferred	176	47.1	0.044	21.3	6.05	4.13
Total	**176**	**47.1**	**0.044**	**21.3**	**6.05**	**4.13**

Notes:

1. All the estimates making up the Anvil Mineral Resource Estimate are reported to JORC 2012 standards
2. Cut off: Ore types DID1, DID2, DID3 reported using Fe>40% and Al_2O_3 <8% ore types DID4, CID, BID reported using >50% and Al_2O_3<6%

6.6 *Issued securities*

The total number of securities in Red Hawk as at the date of this Target's Statement is as follows:

- 199,811,479 Red Hawk Shares;
- 4,000,000 Red Hawk Performance Rights; and
- 7,598,063 Red Hawk Options.

Additionally, 250,000 fully paid ordinary shares will be issued to Managing Director Steven Michael on the earlier of 2 March 2025 or immediately upon all Red Hawk Shares being acquired by the Bidder as part of the Offer.

6.7 *Substantial holders*

As at the date of this Target's Statement, the following Red Hawk Shareholders are substantial holders of Red Hawk:

Holder name	Number of ordinary shares	% of issued capital
TIO (NZ) Limited	121,314,459	60.71
OCJ Investment (Australia) Pty Ltd	42,364,983	21.20

On 26 January 2025, FMG entered into Call Option Deeds with each of Todd and OCJ. Further information about the Call Option Deeds is provided at Section 10.4.

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6.8 *Red Hawk's intentions if the Offer does not complete*

Should the Offer not complete, Red Hawk intends to continue its existing business activities, focusing on progressing the Blacksmith Project through to the Definitive Feasibility Study stage and Final Investment Decision (**FID**).

6.9 *Red Hawk historical financial information*

(a) Basis of presentation of historical financial information

The selected historical information in this section 6.9 has been extracted from the audited financial statements for financial years ended 30 June 2022, 30 June 2023, 30 June 2024.

This Section sets out in summary form key historical financial information comprising:

- Red Hawk's historical consolidated profit and loss and consolidated financial position for FY 2022, FY 2023 and FY 2024 (extracted from Red Hawk's audited financial statements)
- Red Hawk's latest reported quarterly cashflow information extracted from the Appendix 5B ASX release dated 23 January 2025

The financial information in this section 6.9 is presented in an abbreviated form and has been prepared solely for inclusion in this Target's Statement. As such, it does not contain all disclosures, presentation, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. Red Hawk Shareholders should refer to the Red Hawk audited financial statements for FY 2024 and FY 2023 for more detailed disclosures in relation to the historical consolidated statement of profit and loss, consolidated statement of financial position and consolidated statement of cash flows and accounting policies of the Group.

(b) Historical consolidated statement of profit or loss and other comprehensive income

	FY 2024 $000	FY 2023 $000	FY 2022 $000
Finance income	196	211	15
Other income	18	50	912
Administrative and other expenses	(9,848)	(4,238)	(3,244)
Impairment of exploration and evaluation expenditure	-	(1,498)	-
Finance costs	(64)	(23)	(74)
Loss before income tax	**(9,698)**	**(5,498)**	**(2,391)**
Income tax benefit	-	18,683	-
(Loss)/profit for the year	**(9,698)**	**13,185**	**(2,391)**
Items that may be reclassified to profit or loss:			
Other comprehensive income	-	-	-
Other comprehensive (loss) / income for the year attributable to owners of the Company	**(9,698)**	**13,185**	**(2,391)**
(Loss)/Profit per share attributable to ordinary equity holders:	**Cents**	**Cents**	**Cents**
Basic and diluted (loss)/ profit per share (cents per share)	(5.346)	7.809	(1.416)

Note:

The above consolidated statements of profit or loss and other comprehensive income are to be read in conjunction with the Notes to the respective Financial Statements.

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(c) Historical consolidated statement of financial position

	FY 2024 $000	FY 2023 $000	FY 2022 $000
Current Assets			
Cash and Cash Equivalents	6,807	6,116	4,198
Trade and Other Receivables	44	192	34
Other Current Assets	290	451	12,022
Total Current Assets	**7,141**	**6,759**	**16,254**
Non-Current Assets			
Exploration and Evaluation	86,745	79,486	78,315
Plant and Equipment	192	107	-
Right-of-use Asset	258	315	-
Other Non-Current Assets	129	-	-
Total Non-Current Assets	**87,324**	**79,908**	**78,315**
Total Assets	**94,465**	**86,667**	**94,569**
Current Liabilities			
Trade and Other Payables	1,771	797	561
Loans and Borrowings	-	-	1,261
Lease Liability	133	103	-
Provisions	900	334	3,459
Total Current Liabilities	**2,804**	**1,234**	**5,281**
Non-Current Liabilities			
Provisions	506	1,280	-
Lease Liability	132	213	-
Deferred Tax Liability	-	-	18,683
Total Non-Current Liabilities	**638**	**1,493**	**18,683**
Total Liabilities	**3,442**	**2,727**	**23,964**
Net Assets	**91,023**	**83,940**	**70,605**
Equity			
Contributed Equity	176,980	160,694	160,694
Reserves	645	150	30,000
Accumulated Losses	(86,602)	(76,904)	(120,089)
Total Equity	**91,023**	**83,940**	**70,605**

Note:
The above consolidated statements of financial position are to be read in conjunction with the notes to the respective financial statements.

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(d) Historical consolidated statement of cash flows

	FY 2024 $000	FY 2023 $000	FY 2022 $000
Cash flows from operating activities			
Payments to suppliers and employees	(7,856)	(4,096)	(3,694)
Interest expense	(11)	(17)	-
Interest received	196	208	15
Net cash (outflow) from operating activities	**(7,671)**	**(3,905)**	**(3,679)**
Cash flows from investing activities			
Payments for plant and equipment	(187)	(120)	-
Proceeds from Canegrass earn-in	225	-	-
Payments for exploration activities	(7,790)	(4,464)	(4,455)
Net cash (outflow) from investing activities	**(7,752)**	**(4,584)**	**(4,455)**
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities	16,954	-	-
Transaction costs	(350)	-	-
Payment for the repurchase and cancellation of shares	(318)	-	-
Proceeds from the termination of PIOP Mine Co Pty Ltd joint venture.	-	11,668	10,386
Repayment of lease liabilities	(172)	-	-
Repayment of borrowings	-	(1,261)	(1,739)
Net cash inflow from financing activities	**16,114**	**10,407**	**8,647**
Net increase/(decrease) in cash and cash equivalents	691	1,918	513
Cash and cash equivalents at the beginning of the year	6,116	4,198	3,685
Cash and cash equivalents at the end of the year	**6,807**	**6,116**	**4,198**

Note:
The above consolidated statements of cash flows are to be read in conjunction with the notes to the respective financial statements.

(e) Material changes in Red Hawk's financial position and financial performance

To the knowledge of your Directors, and except as disclosed in this section 6.9 or elsewhere in this Target's Statement, the financial position and financial performance of Red Hawk has not materially changed since 30 June 2024.

The Red Hawk quarterly report released on the ASX on 23 January 2025 disclosed unaudited group cash balances of $1.3 million at 31 December 2024. On 23 January 2025 Red Hawk received $3 million proceeds for the assignment of a non-core royalty to FMG Procurement (see section 10.4 for further details) and is in advanced discussions with its major shareholder for a short-term working capital facility.

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An electronic copy of the annual financial report of Red Hawk for the year ended 30 June 2024 is available on the ASX's website ***asx.com.au*** under ASX code 'RHK' or on Red Hawk's website at ***redhawkmining.com.au***

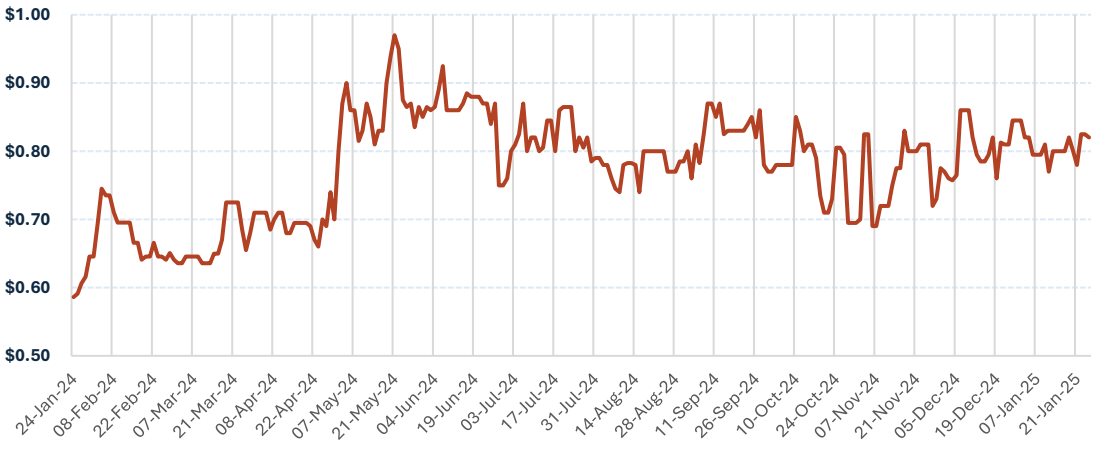
(f) Forecast financial information

Red Hawk has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information. Red Hawk has concluded that, as at the date of this Target's Statement, it would be misleading to provide forecast financial information, as a reasonable basis does not exist for providing financial forecasts that would be sufficiently meaningful and reliable as required by applicable law, policy or market practice.

6.10 Recent Red Hawk Share price history

Figure 3 depicts the trading history of Red Hawk over the 12 months up to and including 24 January 2025, being the last practicable date prior to the date of this Target's Statement.

Figure 3: Trading history of Red Hawk Shares over the past 12 months



Source:

IRESS as at 24 January 2025. As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this chart contains ASX share price trading information sourced from IRESS without its consent.

At 24 January 2025, being the last practicable date prior to the date of this Target's Statement:

(a) the last recorded traded price of Red Hawk Shares was $0.82 per Red Hawk Share;

(b) the 10-day VWAP of Red Hawk Shares was $0.81 per Red Hawk Share;

(c) the 30-day VWAP of Red Hawk Shares was $0.81 per Red Hawk Share;

(d) the 3-month VWAP of Red Hawk Shares was $0.78 per Red Hawk Share;

(e) the 6-month VWAP of Red Hawk Shares was $0.78 per Red Hawk Share;

(f) the highest recorded traded price of Red Hawk Shares in the previous 12 months was $0.97 per Red Hawk Share; and

(g) the lowest recorded traded price of Red Hawk Shares in the previous 12 months was $0.59 per Red Hawk Share.

The current price of Red Hawk Shares on the ASX can be obtained from the ASX website ***asx.com.au*** or ***redhawkmining.com.au***

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7 INFORMATION ABOUT FMG

The information set out in this section of the Target's Statement in relation to FMG has been prepared by Red Hawk using publicly available information (principally the Bidder's Statement) and has not been independently verified. Accordingly, and subject to the Corporations Act, Red Hawk and its Directors and advisers do not make any representation or warranty, express or implied, as to the accuracy or completeness of such information and take no responsibility for the contents of the Bidder's Statement.

Further information on FMG can be found in section 4 of the Bidder's Statement.

7.1 Overview of FMG

The Offer has been made by the Bidder.

The Bidder is FMG Pilbara Pty Ltd (ACN 106 943 828), an Australian company and a wholly owned subsidiary of Fortescue Ltd, a public company listed on the ASX (ACN 002 594 872) (ASX: FMG).

Fortescue was established in 2003 as a Pilbara-focused iron ore miner and has grown to become a global green technology, energy and metals group that is accelerating the commercial decarbonisation of industry, rapidly, profitably and globally.

Fortescue was established in 2003 with its flagship mine site, Cloudbreak. Today, Fortescue has three mining hubs in the Pilbara which are connected by 760 kilometres of rail to Herb Elliott Port and the Judith Street Harbour towage infrastructure in Port Hedland. These include:

- the Chichester Hub comprising the Cloudbreak and Christmas Creek mines which have an annual production capacity of around 100 million tonnes from three ore processing facilities;
- the Western Hub comprising the Solomon and Eliwana mines also with an annual production capacity of around 100 million tonnes; and
- the Iron Bridge magnetite mine located 145 kilometres south of Port Hedland.

Fortescue's mining operations have expanded beyond the Pilbara, with Fortescue holding a pipeline of exploration projects around the world including in Gabon in Africa, Latin America and Australia.

In 2020, Fortescue diversified its activities beyond iron ore to become a global green technology, energy and metals company. Today, Fortescue's Energy business is building a global portfolio of renewable green hydrogen and green ammonia projects and developing green technology solutions. Through Fortescue Zero, technologies are also being developed to be sold to others to further support the elimination of fossil fuel use globally.

Fortescue has committed to eliminate fossil fuels from its Australian mining operations, with a target to achieve Real Zero terrestrial emissions (Scope 1 and 2) by 2030, without the use of voluntary carbon offsets.

To support funding of its projects, Fortescue has established a green energy investment accelerator platform, Fortescue Capital, that is headquartered in New York.

Refer to section 4 of the Bidder's Statement or FMG's website ***fortescue.com/en*** for further information about FMG. Information on Fortescue is also set out in section 6 of the Independent Expert's Report, which contained in this Target's Statement as Annexure A.

7.2 FMG's interest in Red Hawk securities

FMG does not currently hold any securities in Red Hawk.

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7.3 FMG's funding arrangements related to the Offer

In accordance with section 7 of the Bidder's Statement, the consideration for the acquisition of the Red Hawk Shares to which the Offer relates will be satisfied wholly in cash denominated in Australian dollars (A$). As at the date of this Target's Statement the maximum amount that FMG could be required to pay under the Offer is A$209.8 million based on the Offer Price, and A$239.7 million based on the Increased Offer Price.

FMG has entered into binding documentation with Fortescue whereby Fortescue has agreed to provide funds, or procure that its Related Bodies Corporate provide funds, to FMG sufficient for it to meet all of its obligations under the Offer (including the Bidder's transaction costs) on an irrevocable, unconditional, interest-free, no recourse basis.

The necessary funds being made available FMG will be sourced from Fortescue's existing cash reserves and cash equivalents. As at 31 December 2024, Fortescue and its Related Bodies Corporate had approximately US$3.4 billion of cash and cash equivalents.

7.4 FMG's intentions in respect of Red Hawk

Section 6 of the Bidder's Statement sets out further information relating to FMG's intentions in respect of the future business and operations of Red Hawk (assuming that the Offer results in FMG acquiring Red Hawk Shares). Red Hawk Shareholders should carefully consider these intentions when deciding whether to accept the Offer (noting that these are statements of current intention only and may change).

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8 KEY RISKS

This Section describes the material risks. Red Hawk faces other risks which may not be known to Red Hawk, and some that the Directors currently believe to be immaterial may subsequently turn out to be material. One or more of a combination of these risks could materially impact Red Hawk's business, operating and financial performance, the price of Red Hawk Shares or any dividends paid on them.

8.1 Risks of not accepting the Offer

The Directors consider that if the Offer does not become or is not declared unconditional, and no alternative or superior proposal emerges, the share price of Red Hawk Shares may fall given the Offer Price is significantly above the closing price of Red Hawk Shares prior to the announcement of the Offer.

FMG's intentions for Red Hawk are described in section 6 of the Bidder's Statement but those intentions may change.

If you do not accept the Offer, maintaining your investment in Red Hawk may mean that you are exposed to the risks outlined below, depending on the outcome of the Offer. The risks presented in this Section are not designed to be an exhaustive list but are included to highlight some of the key potential risks of not accepting the Offer.

(a) Possible future trading range

If the Offer lapses, Red Hawk Shares may trade at a price below the current market prices. The Directors are not in a position to speculate on the future trading price of Red Hawk Shares if the Offer lapses, or to guarantee any particular share price. The future price of Red Hawk's Shares is dependent not only on Red Hawk's performance, but also on external market and other factors outside Red Hawk's control.

(b) Risk factors associated with holding Red Hawk Shares

There are risks which are specific to Red Hawk and other risks which apply to investments generally which may materially and adversely affect the future operating and financial performance of Red Hawk and the value of Red Hawk Shares. Those (and other risks) could cause Red Hawk's performance to differ materially from the forecasts included in this Target's Statement. Many of these risks are outside the control of Red Hawk and the Directors. Where appropriate, Red Hawk adopts strategies to manage these risks to its business, including taking out insurance cover.

(c) Potential changes to the Red Hawk Board

If FMG acquires 50.1% or more and less than 90% of Red Hawk Shares under the Offer, FMG has stated that it intends to reconstitute the board with FMG nominees to reflect its voting power in Red Hawk pursuant to its rights under the Bid Implementation Deed and appoint at least two independent directors.

If the Bidder acquires 90% or more of the Red Hawk Shares under the Offer, the Bidder intends to replace all the members of the Red Hawk Board and the members of the boards of Red Hawk's subsidiaries with nominees of the Bidder.

Any such implementation of FMG's intentions would be subject to the Corporations Act and FMG may rely on the co-operation of other Red Hawk Shareholders or Directors who have not been appointed by FMG (which is uncertain) and are subject to no alternative proposal emerging that FMG considers is superior.

There is a risk that Red Hawk Shareholders who do not accept the Offer may be dissatisfied with the altered composition of the Board, or that such alterations may impact adversely on Red Hawk and its business (noting that, equally positive impacts could occur).

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(d) Potential reliance on one or a small number of Red Hawk Shareholder(s) to support Red Hawk's potential equity raising in the future

In the situation where FMG acquires a Relevant Interest in less than 100% of all Red Hawk Shares and if Red Hawk undertakes an equity capital raising by way of a pro rata offer of Red Hawk Shares to Red Hawk Shareholders to raise additional funds, if the pro rata equity raising is only supported by FMG, or FMG and a small number of other Red Hawk Shareholders, the pro rata equity raising will be dilutive to Red Hawk Shareholders who do not participate in the Offer. FMG may increase its Relevant Interest in Red Hawk Shares without Red Hawk Shareholder approval or making a takeover bid, as a result of taking up its full entitlement (assuming any available shortfall is not fully allocated) or any agreed underwriting arrangements to which it is a party (subject to applicable law).

There is also a general risk that remaining Red Hawk Shareholders' interests in Red Hawk could be diluted as a result of other forms of capital raising in future (for example, pursuant to a placement of equity securities).

No decision has been made by Red Hawk as to whether or when capital raising could be required, nor whether it could take the form of a pro rata equity offer or other form of capital raising.

(e) Potential for FMG to determine the outcome of ordinary resolutions

In the event that FMG controls greater than 50.1% of Red Hawk Shares, then FMG will be in a position to cast the votes required to determine alone the outcome of an ordinary resolution (in respect of what it is entitled to vote) and will be in a position to control the composition of the Red Hawk Board.

(f) Red Hawk may be removed from the official list of the ASX

FMG may wish to procure that Red Hawk is removed from the official list of the ASX (if it becomes entitled to do so). Please refer to section 6 of the Bidder's Statement. If Red Hawk is removed from the official list of the ASX it may adversely affect your ability to sell your Red Hawk Shares, the price at which you can sell your Red Hawk shares, and the level of relevant Red Hawk information you are able to access.

ASX guidance indicates that the ASX would not usually require FMG to obtain Red Hawk Shareholder approval for Red Hawk's removal from the official list of the ASX in the context of a successful takeover where the usual conditions are satisfied, which include that:

(i) FMG and its Related Bodies Corporate own or control at least 75% of Red Hawk Shares, but have not met the conditions to proceed to Compulsory Acquisition of the remaining securities under the Corporations Act;

(ii) there are fewer than 150 holders of Red Hawk Shares having holdings with a value of at least $500, excluding FMG and its Related Bodies Corporate;

(iii) FMG has foreshadowed in its Bidder's Statement that it intends, if it secures control of Red Hawk, to cause Red Hawk to apply for removal from the official list;

(iv) the Offer remains open for at least two weeks following FMG and its Related Bodies Corporate having attained ownership or control of at least 75% of the Red Hawk ordinary securities; and

(v) Red Hawk applies for removal from the official list no later than one month after the close of the Offer.

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In the event the above conditions are not met, FMG may still request the ASX remove Red Hawk from the official list of the ASX. ASX guidance indicates that the ASX's decision to act on FMG's request will usually be subject to the satisfaction of certain conditions (including approval of Red Hawk Shareholders to the removal by way of a special resolution) directed to ensuring that the interests of remaining Red Hawk Shareholders are not unduly prejudiced by the removal and that trading in Red Hawk Shares takes place in an orderly manner up to the date of its removal.

ASX guidance indicates that all holders of Red Hawk Shares (including, for the avoidance of doubt, those with a 75%+ security holding who can secure the passage of a special resolution by their own vote), will generally be permitted to vote on the special resolution approving an entity's removal from the official list, expect in the following cases:

(i) where the ASX is concerned that the removal may be intended, in part, to avoid the application of the ASX Listing Rules to a particular transaction or situation that would otherwise require the approval of security holders and that would otherwise attract a voting exclusion – in which case, the ASX may impose an equivalent voting exclusion on the removal resolution;

(ii) where the ASX is concerned that the removal will have the effect that the entity will no longer be subject to the disclosure obligations the entity would otherwise have under the ASX Listing Rules and Corporations Act – in which case, the ASX may impose a voting exclusion on any party whom the ASX considers will have a material informational advantage over other security holders as a result of those disclosure obligations no longer applying to the entity, and their associates;

(iii) where the ASX is concerned that a security holder or their associates are likely to obtain some other material advantage or benefit from the entity no longer being listed on the ASX that is or may not be available to other security holders generally – in which case, the ASX may impose a voting exclusion on that security holder and their associates;

(iv) where the entity has been subject of a takeover bid in the preceding 12 months, and, in the ASX's opinion, the bidder and its associates have attained effective control of the entity without satisfying the conditions mentioned in the first five paragraphs (i) to (v) in this Section 8.1 for the ASX to agree to its removal without the approval of security holders – in which case, the ASX will require the removal to be approved by the entity's security holders and will also impose a voting exclusion on the bidder and its associates; or

(v) where the ASX otherwise considers it appropriate in any specific case to impose a voting exclusion on a resolution approving an entity's removal from the official list.

(g) FMG may be able to determine the outcome of special resolutions

If FMG acquires a Relevant Interest in 75% or more of all Red Hawk Shares, FMG will be in a position to cast the votes required to determine alone the outcome of a special resolution (in respect of which it is entitled to vote) at a meeting of Red Hawk Shareholders. This would enable it to pass resolutions, for example, to amend Red Hawk's constitution, giving FMG significant power and control to control the operations and strategy of Red Hawk.

For FMG's entitlement to achieve the above, refer to the details regarding minority shareholder protections in Sections 5.13 and 5.15 of this Target's Statement.

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8.2 Risks relating to your Red Hawk Shareholding

In considering the Offer, Red Hawk Shareholders should be aware of the risks related to Red Hawk and its business. Red Hawk is subject to a number of risk factors which may affect the operating and financial performance of Red Hawk and the value of Red Hawk Shares. Many of the risks are outside the control of Red Hawk and the Directors, and there can be no certainty that Red Hawk's objectives or anticipated outcomes will be achieved.

The risk factors presented in this Section are not an exhaustive list of all risks and risk factors related to Red Hawk or the Offer. Additional risks and uncertainties not currently known to Red Hawk may also have an adverse impact on Red Hawk. These risks (and other risks) will continue to be relevant to all Red Hawk Shareholders if the Offer does not proceed.

This Section does not take into account the investment objectives, financial situation, position or particular needs of Red Hawk Shareholders. Each Red Hawk Shareholder should consult their legal, financial, taxation or other professional adviser if they have any queries.

(a) Financing risk

In the future, Red Hawk will need to raise additional funds (by way to debt and/or equity) to undertake the future development of a mining operations (subject to a positive FID outcome) and fund corporate, administrative and working capital needs. The ability of Red Hawk to meet these future funding requirements will depend on its continued capacity to access funding sources and/or credit facilities. Funding via additional equity issues may be dilutive to Red Hawk's existing shareholders and, if available, debt financing may be subject to Red Hawk agreeing to certain debt covenants. If Red Hawk is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations, delay, suspend and/or scale back the development of the Blacksmith Project and business strategies. There is no guarantee that Red Hawk will be able to secure any additional funding as and when required or be able to secure funding on terms favourable to Red Hawk.

(b) Development risks

Project development and production involves significant risk and is speculative. Development and mining activities will be subject to numerous operational risks, many of which are beyond Red Hawk's control. Operations may be curtailed, delayed or cancelled as a result of factors such as adverse weather conditions, mechanical difficulties, shortages in or increases in the costs of consumables, spare parts, plant and equipment, external services failure (such as energy and water supply), industrial disputes and action, difficulties in commissioning and operating plant and equipment, IT system failures, mechanical failure or plant breakdown, and compliance with governmental requirements.

Hazards incidental to the development and mining of mineral properties such as unusual or unexpected geological formations may be encountered, seismic activity, wall failure, cave-ins or slides, burst dam banks, flooding, fires, interruption to, or the increase in costs of, services (such as water, fuel or transport), sabotage, community, government or other interference and interruption due to inclement or hazardous weather conditions. Industrial and environmental accidents could lead to substantial claims against Red Hawk for injury or loss of life, and damage or destruction to property, as well as regulatory investigations, clean up responsibilities, penalties and the suspension of operations.

Red Hawk will endeavour to take appropriate action to mitigate these operational risks (including by ensuring legislative compliance, properly documenting arrangements with counterparties, and adopting industry best practice policies and procedures) or to insure against them, but the occurrence of any one or a combination of these events may have a material adverse effect on Red Hawk's performance and the value of its assets.

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(c) Blacksmith Project development risk

The future value of Red Hawk is materially dependent on the success or otherwise of the activities directed towards the development of its projects, particularly the Blacksmith Project. New mining operations can often experience a range of issues during planning, development, construction and mine start-up, which could delay the commencement of production. Risks include uncertainties associated with projected continuity of mineralisation, fluctuations in grades and value of iron ore being mined, and a range of potential unforeseen operational and technical problems.

Developments may also be adversely affected or hampered by a variety of non-technical issues such as limitations on activities due to land access, power and water infrastructure and supply, seasonal changes, indigenous, heritage and environmental legislation, supply chain issues, mining legislation and many other factors, including capital cost increases, beyond the control of Red Hawk.

There can be no guarantee that any definitive feasibility study in the future will be completed on time, on budget, or support an economic development of the project.

(d) Changes in commodity price

Red Hawk's possible future revenues, based on its existing assets, will be from sale of iron ore. Consequently, Red Hawk's performance will be dependent on the prevailing commodity prices.

Fluctuations in the market price of iron ore could have a material impact on both the value of Red Hawk's assets and Red Hawk Shares.

The market price for iron ore has historically been volatile and may continue to fluctuate significantly over time. Most iron ore is currently sold into China which may contribute to the future volatility in iron ore prices.

(e) Reliance on key personnel

The ability of Red Hawk to achieve its objectives depends on the engagement of key employees, directors and external contractors that provide management and technical expertise. If Red Hawk cannot secure technical expertise (for example to carry out development activities) or if the services of the present management or technical team cease to be available to Red Hawk, this may affect Red Hawk's ability to achieve its objectives either fully or within the timeframes and the budget that it has forecast. Additionally, industrial disruptions, work stoppages and accidents in the course of operations may adversely affect Red Hawk's performance. There are also risks associated with staff acting out of their permitted authority and with contractors not acting in accordance with Red Hawk's policies.

(f) Environmental risk

Red Hawk's operations are subject to Western Australian and Commonwealth laws and regulations regarding the environment including hazards and discharge of hazardous waste and materials. As with most development projects and mining operations, Red Hawk's activities are expected to have an impact on the environment, particularly if mine development proceeds. It is Red Hawk's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The social and legal framework governing this area is complex and constantly developing. There is a risk that the environmental regulations may become more onerous, making Red Hawk's operations more expensive or cause delays. The cost of compliance with these laws and regulations may impact the cost of exploration, development, construction, operation of the production facilities and mine closure costs.

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Significant liabilities could also be imposed on Red Hawk for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or noncompliance with environmental laws or regulations.

(g) Land tenure and other regulatory risks

Maintaining tenure over mining tenements is critical to the development of Red Hawk's Blacksmith Project. Red Hawk's interests in tenements are governed by the *Mining Act 1978* (WA) and regulations that are current in Western Australia and are evidenced by the granting of licences. Each licence is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions. Red Hawk could lose title to or its interest in the tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

Alternatively, applications, transfers, conversions or renewals may be refused or may not be approved with favourable terms. No guarantee can be given that all necessary permits, authorisations, agreements or licences will be provided to Red Hawk by government bodies, or if they are, that they will be renewed. Any of these events could have a materially adverse effect on Red Hawk's prospects and the value of its assets.

Red Hawk is also subject to other laws and regulations, including relating to exploration, mining, processing, development, tax, labour, subsidies, royalties, environmental impact and land access. Any materially adverse changes to government application, policy or legislation in relevant areas, or community or government attitudes could impact the assets, profitability or viability of the projects. Any changes may also require increased capital or operating expenditures and could prevent or delay development of the projects.

Red Hawk is not aware of any current reviews or changes that would affect its interests in tenements.

(h) Native title and Aboriginal heritage

There is a substantial level of regulation and restriction on the ability of exploration and mining companies to have access to land in Australia. Negotiations with both native title holders and landowners / occupiers are generally required before gaining access to land for exploration and mining activities. Inability or delays in gaining such access may adversely impact Red Hawk's ability to undertake its proposed activities.

It is also possible that, in relation to tenements which Red Hawk has an interest in or will in the future acquire such an interest, there may be areas over which legitimate rights of traditional owners or surface rights holders exist. In this case, the ability of Red Hawk to gain access to tenements (through obtaining consent of any relevant traditional owner body or landowner), or to progress from the project development phase to the mining phase of operations may be adversely affected. Red Hawk's mineral titles may also be subject to access by third parties including, but not limited to, the area's traditional owners. This access could potentially impact Red Hawk's activities and may involve payment of compensation to parties whose existing access to the land may be affected by Red Hawk's activities.

While Red Hawk has conducted heritage surveys in conjunction with the Eastern Guruma Aboriginal Corporation who represent the Wintawari Guruma people there may be other areas or objects of Aboriginal heritage. If further Aboriginal heritage sites or objects exist, Red Hawk may need to enter into agreements with the traditional owners of the sites.

The ability of Red Hawk to implement its work program may be adversely affected in both time and cost.

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(i) Occupational health and safety

Exploration and mining activities have inherent risks. Red Hawk is committed to providing a safe and healthy workplace and environment for its personnel, contractors and visitors. Red Hawk provides appropriate instructions, equipment, preventative measures, first aid information, medical facilities and training to all stakeholders. If any of Red Hawk's employees or contractors suffers injury or death, compensation payments or fines may be payable and such circumstances could result in the loss of a licence or permit required to carry on the business. While Red Hawk has also taken out and maintains what it considers to be an adequate level of worker's compensation insurance, these liabilities may not be covered by Red Hawk's insurance policies or, if they are covered, may exceed Red Hawk's policy limits or be subject to significant deductibles. Also, any claim under Red Hawk's insurance policies could increase Red Hawk's future costs of insurance. Such an incident may also result in significant interruptions and delays in the projects and also have an adverse effect on Red Hawk's business (including financial position) and reputation.

In addition, it is not possible to anticipate the effect on Red Hawk's business of any changes to workplace health and safety legislation or directions necessitated by concern for the health of the workforce. Such changes may have an adverse impact on the financial performance and/or financial position of Red Hawk.

(j) Weather risk

Red Hawk's principal projects are located in the Pilbara Region of Western Australia which is an area prone to seasonal cyclones. Cyclones can cause widespread damage to buildings, infrastructure, and equipment. High winds, heavy rainfall, and storm surges can lead to structural damage, flooding, and the destruction of property, which can result in financial losses and operational disruptions.

(k) Climate change risk

Climate change is a risk Red Hawk has considered. The climate change risks particularly attributable to Red Hawk include:

(i) the emergence of new or expanded regulations associated with the transitioning to a lower carbon economy and market changes related to climate change mitigation. Red Hawk may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. While Red Hawk will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that Red Hawk will not be impacted by these occurrences; and

(ii) climate change may cause certain physical risks that cannot be predicted by Red Hawk, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns which have the potential to delay Red Hawk's projects.

(l) Force majeure

Red Hawk's projects now or in the future may be adversely affected by risks outside the control of Red Hawk, including fires, labour unrest, civil disorder, war, subversive activities or sabotage, floods, pandemics, explosions or other catastrophes, epidemics or quarantine restrictions.

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(m) Input and operating cost risks

These prices along with other inputs to capital and operating costs can fluctuate rapidly and widely, and are affected by numerous factors beyond the control of Red Hawk including, among others, expectations regarding inflation, the financial impact of movements in interest rates, global economic trends and confidence and conditions, each of which are currently experiencing material changes. The mining industry has seen numerous recent examples of material capital and operating cost increases driven by input cost escalation and global supply chain pressures.

(n) Economic risks

Adverse changes in macroeconomic conditions, including global and country-by-country economic growth, the cost and general availability of credit, the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), general consumption and consumer spending, employment rates and industrial disruption, amongst others, are outside the control of Red Hawk and may result in material adverse impacts on Red Hawk's business and its operating results.

Each of the above and below factors listed may have an adverse effect on Red Hawk's project development activities and the potential for future production activities, as well as the ability to source adequate staff and fund those activities. In particular, if activities cannot be funded, there is a risk that tenements may have to be surrendered or not renewed.

(o) Competition risk

The industry in which Red Hawk will be involved is subject to domestic and global competition, including major mineral exploration and production companies. Red Hawk will have no influence or control over the activities or actions of its competitors, such activities or actions may, positively or negatively, affect the operating and financial performance of Red Hawk's tenements and business. Some of Red Hawk's competitors have greater financial and other resources than Red Hawk and, as a result, may be in a better position to compete for future business opportunities or technical staff. Many of Red Hawk's competitors not only explore for and produce minerals, but also carry out refining operations and other products on a worldwide basis. There can be no assurance that Red Hawk can compete effectively with these companies.

(p) Off-take risk

Iron ore is commonly sold to customers under offtake contracts. Red Hawk has not currently secured any offtake contracts for its iron ore. Red Hawk's ability to generate sufficient revenue or to secure financing for the Blacksmith Project could be dependent upon its ability to secure further offtakes covering future production at prices and on terms which support the economics and funding of Red Hawk's projects.

(q) Foreign exchange risk

Iron ore prices and potential future capital equipment purchases, operating inputs and services relating to the Blacksmith Project may be denominated in US dollars. Red Hawk's income and expenditure are and will be taken into account in Australian dollars. This exposes Red Hawk to the fluctuations and volatility of the rate of exchange between these currencies as determined by international currency markets.

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(r) Product risk

Red Hawk's possible future products, particularly a DSO fines iron ore product, must meet the existing and future customer specifications. These may pertain to mineralogy, fraction sizing, deleterious elements, ESG standards including carbon footprint, quantities and timing.

Failure to meet potential customer specifications may result in deliveries being rejected, punitive penalties or discounts deducted from the sale price and/or the customer seeking compensation.

(s) Industrial risk

Industrial disruptions, work stoppages and accidents in the course of Red Hawk's operations could result in losses and delays, which may adversely affect profitability.

(t) Insurance arrangements

Red Hawk intends to ensure that insurance is maintained within ranges of coverage that Red Hawk believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance, however, can be given that Red Hawk will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims.

Insurance of risks associated with mineral exploration is not always available and, where available, the costs can be prohibitive. There is a risk that insurance premiums may increase to a level where Red Hawk considers it unreasonable or not in its interests to maintain insurance cover or not to a level of coverage which is in accordance with industry practice. Red Hawk will use reasonable endeavours to insure against the risks it considers appropriate for Red Hawk's needs and circumstances. However, no assurance can be given that Red Hawk will be able to obtain such insurance coverage in the future at reasonable rates or that any coverage it arranges will be adequate and available to cover claims.

(u) Litigation risks

All industries, including the mining industry, may be subject to legal claims whether or not they have merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which Red Hawk is or may become subject could have a material effect on its financial position, results of operations or Red Hawk's activities. As at the Last Practicable Date, Red Hawk is not aware of any litigation or disputes being undertaken which is material in the context of Red Hawk and its subsidiaries taken as a whole.

(v) Unknown risks

Additional risks and uncertainties not currently known to Red Hawk may also have a material adverse effect on Red Hawk's financial and operational performance. The information set out in this Section 8.2 does not purport to be, nor should it be construed as, an exhaustive overview of the risks which may affect Red Hawk.

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9 IMPORTANT ISSUES

9.1 Bid Implementation Deed

On 26 January 2025, FMG and Red Hawk entered into the Bid Implementation Deed (**Bid Implementation Deed**) pursuant to which FMG agreed to make the Offer for all Red Hawk Shares. A full copy of the Bid Implementation Deed was released to the ASX on 28 January 2025.

A summary of the key terms of the Bid Implementation Deed is set out below.

(a) Recommendation of Red Hawk Directors

Clause 5.2 of the Bid Implementation Deed provides that Red Hawk must use its best endeavours to procure that each Red Hawk Director will publicly recommend that the Red Hawk Shareholders accept the Offer in respect of all their Red Hawk Shares including those they hold as a result of vesting and exercising any Equity Securities, and that they intend to accept, or procure the acceptance of, the Offer in respect of each Red Hawk Share that he or she holds or has control over (in each case, in the absence of a Superior Proposal, or the Independent Expert concluding in its Independent Expert's Report that the Offer is both not fair and not reasonable for Target Shareholders).

(b) Obligations to facilitate the Offer and conduct business in the ordinary course

Both Red Hawk and FMG have agreed to take certain steps to facilitate the Offer, which are set out in clause 4 of the Bid Implementation Deed.

In addition, Red Hawk has agreed (subject to certain exceptions) to:

(i) conduct business and operations in the usual and ordinary course and on a basis consistent with past practice, and to preserve and maintain the value of their business and assets and relationships with customers, suppliers, licensors, licensees, joint venturers and others with whom they have business dealings; and

(ii) certain restrictions on the conduct of the business of Red Hawk, including in relation to entering into material contracts, and executive and employee remuneration.

(c) Bid Condition

The Offer is conditional on there being no occurrence of any event referred to in sections 652C(1) or 652C(2) of the Corporations Act between the Announcement Date and the end of the Offer Period (**Bid Condition**). The events listed in sections 652C(1) or 652C(2) of the Corporations Act include, for example, reorganisation of share capital and insolvency events such as administration or liquidation.

FMG intends to:

- waive any breach of the Bid Condition due to the issue of Red Hawk Shares upon exercise or conversion of options or performance rights (or similar) on issue as at the date of the Bid Implementation Deed, or the issue of new Red Hawk Shares to Mr Steven Michael pursuant to the terms of his employment agreement; and
- waive the Bid Condition by no later than the date which is 14 days after FMG acquires a Relevant Interest in at least 50.1% of the Red Hawk Shares, unless the Bid Condition has been breached on or before that date, in which case FMG shall, within five Business Days of such breach, publicly state either that it will:
  - not rely on (and will waive) such breach; or
  - will rely on such breach and will cause the offers to lapse or be withdrawn by no later than 10 Business Days after the relevant statement is made.

Further details of the Bid Condition are provided in section 10.7 of the Bidder's Statement.

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(d) Exclusivity

Red Hawk has agreed to standard exclusivity obligations, subject to a 'fiduciary out' exception.

The Bid Implementation Deed contains no shop, no talk and due diligence restrictions on Red Hawk, and includes a matching right regime in respect of any superior proposal received by Red Hawk. During the Exclusivity Period, Red Hawk agrees to, amongst other things, not:

(i) continue any negotiations or discussions, must cease any existing negotiations or discussions in respect of any Competing Proposal, and warrant that it is not in any negotiations or discussions in respect of any Competing Proposal;

(ii) solicit or encourage any inquiry, expression of interest, offer, proposal or discussion by any person in relation to, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal;

(iii) enter into, continue or participate in any negotiations or discussions with any person in relation to a Competing Proposal in respect of Red Hawk or that may reasonably be expected to encourage or lead to the making of a Competing Proposal in respect of Red Hawk;

(iv) negotiate, accept, approve, recommend or enter into, or offer or agree to negotiate, accept, approve, recommend or enter into, any agreement, arrangement or understanding regarding an actual, proposed or potential Competing Proposal in respect of Red Hawk;

(v) disclose or provide any material non-public information about Red Hawk and its Related Bodies Corporate to a third party with a view to obtaining a Competing Proposal or which may reasonably be expected to encourage or lead to the receipt of a Competing Proposal; or

(vi) communicate to any person an intention to do anything referred to above.

(e) Break Fee

The Bid Implementation Deed does not oblige Red Hawk to pay a break fee to FMG.

(f) Representations and warranties

In the Bid Implementation Deed, Red Hawk and FMG provide a range of representations and warranties in relation to their respective organisations and operations to the other.

Red Hawk's additional representations and warranties in the Bid Implementation Deed are qualified by matters fairly disclosed, being matters publicly disclosed and certain other information provided to FMG or its Representatives, or matters actually known by FMG and its Representatives.

(g) Termination

The Bid Implementation Deed can be terminated by Red Hawk or FMG at any time by notice to the other party if:

(a) a court or regulatory authority issues an order, decree or ruling or takes action which prohibits the Offer:

(b) FMG withdraws the Offer or informs Red Hawk that it will not proceed with the Offer; or

(c) the Offer Period ends without the Bid Condition being satisfied or waived.

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The Bid Implementation Deed permits a Director to change, withdraw, qualify or modify their recommendation in relation the Offer (so that it deviates from the Directors' recommendation to Red Hawk Shareholders as set out in this Target's Statement) if:

(a) a majority or all of the Board determines that a Competing Proposal constitutes a Superior Proposal; or

(b) the Independent Expert changes their opinion for any reason to conclude that the Offer is both not fair and not reasonable for Red Hawk Shareholders.

A full copy of the Bid Implementation Deed was released by Red Hawk to the ASX on 28 January 2025.

9.2 Superior Proposal

If you accept the Offer, you may forfeit the opportunity to benefit from any better offer made by another bidder for your Red Hawk Shares, if such an offer eventuates.

Following the completion of the Blacksmith Pre-Feasibility Study (**PFS**) in May 2024, Red Hawk conducted a comprehensive strategic process to identify potential alternative funding options for the Blacksmith Project. Red Hawk engaged extensively with debt providers, offtake partners, iron ore producers and potential joint venture partners or acquirers to explore options for progressing the Blacksmith Project as contemplated in the PFS, or to identify alternative pathways that would offer similar or greater value creation for shareholders.

Throughout 2024 the Directors have assessed various options to maximise shareholder value in Red Hawk, including undertaking a formal auction process and speaking with other potential merger partners. From this process, the Offer from FMG emerged as the most compelling offer Red Hawk has received and, in the estimation of the Board, provides superior value to Red Hawk pursuing development of the Blacksmith Project independently as contemplated by the PFS.

9.3 Transaction expenses

The Offer will result in Red Hawk incurring transaction costs that would not otherwise have arisen, including, without limitation, fees of external professional advisers to Red Hawk and costs associated with this Target's Statement. Assuming the Offer is not varied, and FMG is not ultimately successful in acquiring a Relevant Interest in 50.1% or more of Red Hawk Shares under the Offer, then Red Hawk's transaction costs are expected to be approximately $0.44 million in aggregate. However, if FMG successfully acquires Relevant Interests in 50.1% or more of Red Hawk Shares under the Offer, then Red Hawk may incur transaction costs of up to approximately $3.00 million in aggregate (assuming the Offer is not varied).

9.4 Taxation

The following is a brief outline of the certain Australian tax consequences generally applicable to a Red Hawk Shareholders who dispose of Red Hawk Shares by accepting the Offer.

It is also relevant to those Red Hawk Shareholders who do not accept the Offer, if those Red Hawk Shares are Compulsorily Acquired following FMG acquiring a Relevant Interest in at least 90% of the Red Hawk Shares at any time during the Offer Period.

The following information is based upon taxation law and established practice in effect as at the date of this Target's Statement. It is not intended to be, nor is it, an authoritative or complete statement of the taxation laws of Australia applicable to the particular circumstances of every Red Hawk Shareholder.

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This summary is necessarily general in nature and therefore should not be relied upon as advice.

(a) hold their Red Hawk Shares as a revenue asset (i.e. trading entities or entities who acquired their Red Hawk Shares for the purposes of resale at a profit) or as trading stock;

(b) are partnerships or individuals who are partners of such partnerships;

(c) hold their shares as an asset in a business that is carried on through a permanent establishment in Australia;

(d) acquired their Red Hawk Shares pursuant to an employee share plan;

(e) are under a legal disability;

(f) are exempt from Australian income tax;

(g) are subject to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) (**ITAA 1997**) in relation to gains and losses on their Red Hawk Shares; or

(h) are subject to the Investment Manager Regime under Subdivision 842-I of the ITAA 1997 in respect of their Red Hawk Shares.

The Australian income tax implications for non-Australian tax resident Shareholders are also complex and will depend upon their own specific circumstances. Non-Australian tax resident Red Hawk Shareholders may also have tax implications in their country of residence.

The outline does not take into account or anticipate changes or proposed changes in the law (by legislation or proposed legislation, government announcements or judicial decision) or practice (by ruling or otherwise). The outline is also not exhaustive of all tax considerations which could apply in the circumstances of any given Red Hawk Shareholder.

This summary should not be a substitute for advice from an appropriate professional advisor having regard to each Red Hawk Shareholder's individual circumstances. All Red Hawk Shareholders are strongly advised to obtain and rely only on their own professional advice on the tax implications based on their own specific circumstances.

(a) Taxation on the disposal of Red Hawk Shares

If you accept the Offer, or if FMG proceeds to Compulsorily Acquire your Red Hawk Shares, the disposal of your Red Hawk Shares will be a Capital Gains Tax (**CGT**) event.

For Red Hawk Shareholders who accept the Offer, the date of the CGT event will be the date the contract to dispose of your Red Hawk Shares is formed, being the date the Offer is accepted and becomes unconditional (refer section 8 of the Bidder's Statement for more information in relation to CGT).

For Red Hawk Shareholders whose Red Hawk Shares are Compulsorily Acquired, the date of the CGT event should be the date when FMG becomes the owner of your Red Hawk Shares (refer section 8 of the Bidder's Statement).

(i) Australian tax resident Shareholders

You may make a capital gain or loss on the disposal of your Red Hawk Shares. You will make a capital gain to the extent that your capital proceeds from the disposal of a Red Hawk Share are more than your cost base for that Red Hawk Share. You will make a capital loss to the extent that your capital proceeds from the disposal of the Red Hawk Share are less than your reduced cost base for that Red Hawk Share. Your cost base for a Red Hawk Share generally includes

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your cost of acquisition of the Red Hawk Share and certain incidental costs of acquisition and disposal in respect of that Red Hawk Share that are not deductible to you. The reduced cost base of a Red Hawk Share is determined in a similar (but not identical) manner. There may be circumstances where the cost base or reduced cost base is determined differently. It is recommended that you seek tax advice to confirm the cost base or the reduced cost base of your Red Hawk Shares.

The capital proceeds should generally be the total cash consideration you receive for your Red Hawk Shares.

Any net capital gain in respect of an income year should be included in your assessable income for that income year. Broadly, your net capital gain in respect of an income year is calculated by aggregating all of your capital gains made in that income year and reducing that amount by your total amount of capital losses made in that income year and any net capital losses from prior years that can be utilised. The amount may be further reduced by other concessions, such as under the discount CGT rules (see below).

Capital losses may not be deducted against other income for income tax purposes but may be carried forward to offset against future capital gains (subject to the satisfaction of any applicable loss utilisation rules).

Individuals may be eligible for discount capital gains treatment in respect of a Red Hawk Share that has been held for at least 12 months at the time of the disposal of the Red Hawk Share, meaning the capital gain (after taking into account capital losses) will be reduced by 50%. Different rates apply for certain complying superannuation funds. Companies are not eligible for discount CGT treatment. You should seek specific tax advice on the availability of the CGT discount in your own circumstances.

(j) Non-Australian tax resident Shareholders

If you are not a resident of Australia for tax purposes, you will generally not be subject to Australian tax on any capital gain you make on the disposal of your Red Hawk Shares, unless:

(i) the Red Hawk Shares have been used at any time in carrying on business in Australia through an Australian permanent establishment; or

(ii) at the time of the disposal of your Red Hawk Shares, your Red Hawk Shares are "indirect Australian real property interests", meaning:

(A) you, together with your Associates, hold, or have held an interest of 10% or more in Red Hawk at the time of disposal or for at least 12 months during the 2 years preceding the disposal (**non-portfolio interest**); and

(B) more than 50% of the market value of Red Hawk's assets are attributable to direct or indirect interests in "taxable Australian real property" (as defined in the Tax Act) (being direct and indirect interests in real property, including leases of land situated in Australia and mining, quarrying or prospecting rights in respect of material situated in Australia) (**principal asset test**).

The Red Hawk Shares should not be indirect Australian real property interests as their underlying value is not principally derived from Australian real property.

You should contact your tax adviser to determine if any capital gain on the disposal of your Red Hawk Shares may be subject to tax in Australia.

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(k) Foreign resident capital gains tax withholding.

A foreign resident CGT withholding applies in Australia to any transaction involving the acquisition of the legal ownership of an asset that is an "indirect Australian real property interest" (refer above) from a "relevant foreign resident". The withholding tax rate is currently 15%.

Under these rules, a "relevant foreign resident" is any entity that, at the time the transaction is entered into:

(i) is known by the purchaser to be a foreign resident;

(ii) is reasonably believed by the purchaser to be a foreign resident;

(iii) is not reasonably believed by the purchaser to be an Australian resident, and either has an address outside Australia or the purchaser is authorised to provide a financial benefit relating to the transaction to a place outside Australia; or

(iv) has a connection outside Australia of a kind specified in the regulations.

Under these rules, FMG will be required to withhold 15% of the cash consideration payable under the Offer where it considers a Red Hawk Shareholder to be a "relevant foreign resident" and the Red Hawk Shares of the shareholder to be an "indirect Australian real property interest". However, FMG will not be required to withhold any amounts from the cash consideration payable to a Red Hawk Shareholder under these rules if FMG is provided with one of the following declarations by a Red Hawk Shareholder (unless FMG considers the declaration to be false):

(i) the Red Hawk Shareholder is an Australian tax resident (residency declaration); or

(ii) the Red Hawk Shares held by the Red Hawk Shareholder are not "indirect Australian real property interests" (interest declaration).

Any Red Hawk Shareholder who believes they may be impacted by the foreign resident CGT withholding rules or is unsure about whether they are able to make, and how to make, a residency declaration or an interest declaration, should seek their own professional tax advice prior to accepting the Offer.

(l) Duty

Under the respective transfer / stamp duty and landholder duty provisions of each of the Australian states and territories, no duty should be payable by the Red Hawk Shareholders on their sale of the Red Hawk Shares.

(m) GST

Under current GST legislation, no GST should be payable by Red Hawk Shareholders in respect of the disposal of their shares in Red Hawk, regardless of whether or not the Red Hawk Shareholder is registered for GST.

Red Hawk Shareholders may incur Australian GST on costs (such as third party brokerage and adviser fees) that relate to the Offer. Red Hawk Shareholders that are registered for Australian GST may be entitled to recover the Australian GST payable on the costs. However, in some circumstances, recovery of the Australian GST payable on the costs, or a portion thereof, may be restricted. This will depend on each Red Hawk Shareholder's individual circumstances, and it is recommended that professional tax advice be sought.

Red Hawk Shareholders should seek their own taxation advice, having regard to their own circumstances.

9.5 Interests of Directors

(a) Interests of Directors in securities in Red Hawk

As at the Last Practicable Date, the number and description of securities in Red Hawk in which each of the Directors has a Relevant Interest is set out in the table below.

Director	Number of Shares held	Options	Number of Shares Pending Issue	Number of Performance Rights
The Hon. Cheryl Edwardes, AO	24,948	-	-	-
Steven Michael	278,847	-	250,000[1]	4,000,000[2]
Rob Foster	-	-	-	-
Daniel Harris	-	-	-	-
Amy Jiang	-	-	-	-

Notes

1. In accordance with Mr Michael's employment contract commencing 2 March 2023, Mr Michael was issued 250,000 Red Hawk shares on 2 March 2024, and is entitled to be issued a further 250,000 Red Hawk shares on 2 March 2025.
2. Subject to performance and tenure based vesting hurdles and expiring on 2 March 2028. These Red Hawk Performance Rights immediately vest upon, amongst other matters, the sale by Red Hawk Shareholders (in one transaction or a series of connected transactions) to a third-party purchaser of all of the issued Red Hawk Shares.

As at the date of this Target's Statement, each Director intends to **ACCEPT** the Offer at both the Base Offer Price and, if relevant, the Increased Offer Price in respect of their Red Hawk Shares in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable, or not fair but reasonable, to Red Hawk Shareholders.

There have been no acquisitions or disposals of securities in Red Hawk by any Director in the four months ending on the day preceding the date of this Target's Statement.

As noted above, Steven Michael currently has 4,000,000 performance share rights and an unvested grant of 250,000 Red Hawk Shares to be issued on 2 March 2025 pursuant to the Michael Employment Agreement. Further information about the impact of the Offer on these interests are described below at Section 9.5(e).

(b) Interests and dealings in FMG

There have been no acquisitions or disposals of securities in FMG or any Related Body Corporate of FMG by Red Hawk, any associate of Red Hawk, or any of the Directors in the four months ending on the day preceding the date of this Target's Statement.

No Director has any interest in any contract entered into by FMG.

It is noted that both Todd (for whom Rob Foster is a nominee director) and OCJ (for whom Amy Jiang is a nominee director) have entered into Call Option Deeds with FMG, which gives FMG a 19.99% Relevant Interest in Red Hawk Shares. The Call Option Deeds cannot be exercised by FMG until the last 9 days of the Offer Period. See section 10.4 for further information.

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(c) Benefits to Directors

As a result of the Offer, no benefit (other than a benefit permitted by section 200F or 200G of the Corporations Act and compulsory superannuation entitlements) has been paid or will be paid to any Director, secretary, non-executive officer or executive officer in connection with the loss of, or their resignation from, their office.

Red Hawk also has ongoing employment terms for its employment contracts with its Managing Director and Chief Executive Officer, Chief Financial Officer and General Managers. These contracts will require termination payments to be made by Red Hawk if the employment agreements are terminated prior to the expiry of the respective terms, but no other termination payments.

In accordance with Red Hawk's constitution, the Red Hawk Board has approved the payment of special exertion fees by Red Hawk to each of Ms Cheryl Edwardes and Mr Daniel Harris in addition to their ordinary remuneration. The special exertion fees will be paid in recognition of Ms Edwardes' and Mr Harris' increased workload and time commitment as part of the IBC in responding to the Offer.

The payment of the special exertion fees is not conditional on the outcome of the Offer. The aggregate special exertion fees payable to these non-executive IBC Directors:

- $68,111 to Ms Edwardes; and
- $20,000 to Mr Harris.

(d) Conditional agreements

No agreement has been made between any of the Directors and any other person in connection with or conditional upon the outcome of the Offer.

(e) Effect of the Offer on Director long term incentives

Managing Director Steven Michael currently has 4,000,000 Red Hawk Performance Rights which remain unvested as at the date of this Target's Statement. Mr Michael's executive employment agreement dated 2 March 2023 (**Michael Employment Agreement**) provides that all Red Hawk Performance Rights that are unvested will immediately vest on a change of control event occurring. A change of control event includes:

- the sale by shareholders (in one transaction or a series of connected transactions) to a third party purchaser of all of the issued shares in Red Hawk provided that no sale or transfer undertaken is to effect a corporate reorganisation of the Group or any Group Company; or
- a sale to a third party purchaser of all (or substantially all) of the assets and business undertaking of Red Hawk (including by way of a sale of shares of the Company's directly or indirectly owned subsidiaries) but excluding a sale or transfer undertaken to effect a corporate reorganisation of the Group or any Group Company; or
- the announcement of a change of control event under the subparagraphs above which is deemed "in the best interest of shareholders" by a suitably qualified Independent Expert.

These Red Hawk Performance Rights will vest immediately upon all Red Hawk Shares being acquired by the Bidder as part of the Offer.

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In addition, the Michael Employment Agreement provides that Mr Michael will receive a one-off grant of 500,000 Red Hawk Shares to be issued in two separate tranches:

- firstly 250,000 Red Hawk Shares will be issued on the first anniversary of the Commencement Date (**Tranche 1**), and
- secondly 250,000 Red Hawk Shares will be issued on the second anniversary of the Commencement Date (**Tranche 2**).

The Tranche 1 Red Hawk Shares were issued on 2 March 2024.

The Tranche 2 Red Hawk Shares will be issued on the earlier of 2 March 2025 or upon all Red Hawk Shares being acquired by the Bidder as part of the Offer.

Mr Michael intends to accept the Offer in respect of his Red Hawk Performance Rights, once vested, and Tranche 2 Red Hawk Shares, once issued.

(f) Other interests of Directors

Steven Michael

As at the Last Practicable Date, Steven Michael holds 278,847 Red Hawk Shares that will be acquired by the Bidder as part of the Offer, and as a result, Steven Michael will receive $292,789.35 at the Base Offer Price, or $334,616.40 at the Increased Offer Price if the Increased Offer Condition is met.

The Michael Performance Rights will vest immediately on all Red Hawk Shares being acquired by the Bidder as part of the Offer or an independent expert opining the Offer is in the best interests of shareholders, and as a result, Steven Michael may receive $4,800,000 at the Increased Offer Price.

The Tranche 2 shares will be issued immediately on the earlier of 2 March 2025, or all Red Hawk Shares being acquired by the Bidder as part of the Offer, and as a result, Steven Michael will receive $262,500 at the Base Offer Price or $300,000 at the Increased Offer Price.

The Hon. Cheryl Edwardes, AO

Ms Edwardes currently holds 24,948 Red Hawk Shares that will be acquired by the Bidder as part of the Offer, and as a result, Ms Edwardes will receive $26,195.40 at the Base Offer Price or $29,938.60 at the Increased Offer Price.

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10 ADDITIONAL INFORMATION

10.1 Other material information

The Target's Statement is required to include all the information that Red Hawk Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- only to the extent to which it is reasonable for Red Hawk Shareholders and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any Director.

The Directors are of the opinion that the information that Red Hawk Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent with or superseded by information in this Target's Statement);
- the information contained in Target's releases to the ASX prior to the date of this Target's Statement; and
- the information contained in this Target's Statement (including the information contained in the forthcoming Independent Expert's Report).

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken to be endorsing, in any way, any or all of the statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- the nature of the Red Hawk Shares and the nature of the existing Target business;
- the matters that Red Hawk Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to Red Hawk Shareholders' professional advisers; and
- the time available to Red Hawk to prepare this Target's Statement.

10.2 Latest financial results and change of financial position

Red Hawk's last published audited financial statements are for the year ended 30 June 2024 as lodged with the ASX on 24 September 2024.

Except as disclosed in this Target's Statement and any announcement made by Red Hawk since 24 September 2024, the Directors are not aware of any material change to Red Hawk's financial position as disclosed in Red Hawk's audited financial statements for the year ended 30 June 2024 lodged with the ASX on 24 September 2024.

10.3 ASX disclosures by Red Hawk since 30 June 2024

Red Hawk is a disclosing entity under the Corporations Act and subject to regular reporting and disclosure obligations. Specifically, as an ASX-listed company, Red Hawk is subject to the ASX Listing Rules which require continuous disclosure of any information Red Hawk has that a reasonable person would expect to have a material or significant effect on the price or value of Red Hawk Shares.

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Since 30 June 2024, Red Hawk has made a number of announcements to the ASX that may be relevant to its financial position. A copy of each of these announcements may be obtained from the ASX. Copies of announcements by Red Hawk can also be obtained from Red Hawk's website at ***redhawkmining.com.au***

10.4 Substantial Shareholder Call Option Deeds

On 26 January 2025, FMG entered into Call Option Deeds with each of OCJ and Todd. As at 24 January 2025, Todd held 60.71% and OCJ held 21.20% of Red Hawk shares.

The Call Option Deeds grant FMG the right to acquire:

(a) up to 15% of Todd's voting power in Red Hawk; and

(b) up to 4.99% of OCJ's voting power in Red Hawk,

both at the Base Offer Price of $1.05 (**Call Options**).

The Call Options may only be exercised if FMG simultaneously exercises the other Call Option, unless the Red Hawk Shares the subject of that other Call Option have been accepted into the Offer, and are exercisable from the earlier of:

(a) the date a Competing Transaction is announced; and

(b) the date which is nine days prior to the end of the Offer Period.

FMG currently holds a 19.99% relevant interest in Red Hawk via the Call Option Deeds, and will have the right under the Call Option Deeds to acquire up to 19.99% interest in Red Hawk if OCJ or Todd do not accept the Offer or if a Competing Transaction is announced.

A **Competing Transaction** for these purposes generally means an offer, proposal, transaction or arrangement which would result in a person holding a relevant interest in 10% or more of Red Hawk Shares, acquiring control of Red Hawk, acquiring an interest in all or substantially all of Red Hawk's assets, or otherwise require FMG to abandon the Offer.

The Call Option Deeds will lapse and be of no further force and effect 2 days following the end of the Offer Period or earlier if the Call Option Deed is terminated.

Refer to section 9.2 of the Bidder's Statement for a summary of the Call Option Deeds.

10.5 Royalty Assignment to FMG

In 2005, Red Hawk and the Bidder entered into an agreement pursuant to which the Bidder agreed to pay a royalty on certain tenements which are now held by Fortescue (**Royalty Agreement**).

On 22 January 2025, FMG Procurement Services Pty Ltd (a Related Body Corporate of FMG) (**FMG Procurement**) and Red Hawk entered into a deed of assignment pursuant to which Red Hawk assigned the royalty payable by Fortescue pursuant to the Royalty Agreement to FMG Procurement for cash consideration of $3,000,000 (**Royalty Assignment**).

10.6 Material litigation

Red Hawk is not subject to any actual, pending or threatened litigation so far as the Directors are aware.

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10.7 *Impact of the Offer on employee arrangements – ZEPOs will vest immediately upon all Red Hawk Shares being acquired by the Bidder as part of the Offer*

At the discretion of the Board, Red Hawk provides a long term incentive (**LTI**) opportunity to Key Management Personnel and employees through the grant of zero exercise price options (**ZEPOs**). As at the Last Practicable Date, Red Hawk has on issue a total of 7,598,063 ZEPOs over Red Hawk Shares issued pursuant to the Red Hawk Employee Equity Incentive Plan to incentivise Key Management Personnel and employees. These ZEPOs expire as follows:

- 6,094,728 ZEPOs expire on 20 November 2028
- 1,153,335 ZEPOs expire on 2 February 2029
- 350,000 ZEPOs expire on 18 June 2029

The ZEPOs and performance rights vest into Red Hawk Shares, for no consideration, on achievement of various performance and tenure hurdles relating to share price, and the attainment of project and production milestones. All ZEPOs and performance share rights expire five years after the commencement date if not vested. If employment is terminated by either party for any reason, any ZEPOs and performance rights awarded which have not vested at the date of termination will be forfeited subject to Board approval.

It is important to note that all ZEPOs and performance share rights that are unvested will immediately vest on a change of control event. For the purposes of the Red Hawk Employee Equity Incentive Plan, a change of control event includes a takeover offer being made or declared unconditional, and the sale of all Red Hawk Shares to a third-party purchaser.

The following employees currently hold ZEPOs:

Name and title	Number of ZEPOs
Adam Hall – General Manager, Projects	1,000,000
Jeanette Hasleby – General Manager, ESG & Approvals	1,146,755
Matthew Owen – Chief Financial Officer	955,629
Andrew Whitehead – General Manager, Commercial	834,004
Total Key Management Personnel	**3,936,388**
Other employees	3,661,675
Total ZEPOs issued	**7,598,063**

10.8 *Other transactions with Key Management Personnel and their related parties*

During the year to 30 June 2024, $295,061 (2023: $134,578) was paid to FTI Consulting (Australia) Pty Ltd for financial advisory services, public relations and consulting services on a monthly retainer. FTI Consulting is an entity to which The Hon. Cheryl Edwardes, AO provides assistance in relation to complex approvals.

$20,000 (2023: $10,000) for advisory services was paid to PAC Partners Securities Pty Ltd which is a company that employs James Gurry. James Gurry resigned as a director of Red Hawk on 20 November 2023.

The above transactions are all entered into at arm's length terms.

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10.9 *Insurance and indemnities*

Red Hawk has entered into standard form of deeds of indemnity with its Directors against all liabilities which they may incur in the performance of their duties as Directors or officers of Red Hawk, except liability to Red Hawk or a Related Body Corporate, liability for a pecuniary penalty or compensation order under the Corporations Act, and liabilities arising from conduct involving a lack of good faith. Subject to the Corporations Act, Red Hawk is obliged to meet the full amount of all such liabilities in accordance with the terms of the deeds of indemnity. In addition, each Director is indemnified, as authorised by Red Hawk's constitution, against personal liability arising from their respective positions with Red Hawk and its related bodies corporate. Red Hawk holds a directors' and officers' insurance policy on behalf of current Directors and officers of Red Hawk and its subsidiaries.

10.10 *Disclosure of adviser interests*

No adviser of Red Hawk has a legal or beneficial interest in any Red Hawk Shares or other securities as at the date of this Target's Statement.

10.11 *JORC reporting*

The information in this Target's Statement relating to Red Hawk's estimates of Mineral Resources and Ore Reserve Statements is extracted from the ASX announcements dated 26 July 2024 (*DSO Mineral Resource Upgrade – Eagle Deposit)*, 21 June 2024 (*DSO Mineral Resource Update – Delta Deposit)* and 1 May 2024 (*Blacksmith PFS Delivers Robust Economics and Maiden Ore Reserve*) which were prepared in accordance with the guidelines of the JORC Code (2012) and are available to view on Red Hawk's website ***redhawkmining.com.au/investor-centre*** Red Hawk confirms that it is not aware of any new information or data that materially affects the information included in these announcements and that all material assumptions and technical parameters underpinning the estimates of Mineral Resources and Ore Reserve statements in the announcements continue to apply and have not materially changed.

Red Hawk confirms that the form and context in which the relevant competent persons' findings are presented have not been materially modified from the original market announcement.

10.12 *Consents*

Each of the persons listed below has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to the inclusion of the statements in this Target's Statement that are specified below in the form and context in which the statements are included and to all references to in this Target's Statement to those statements in the form and context in which they are included:

Name	Named as
Each Red Hawk Director specified in Section 6.2	Director
Barrenjoey Advisory Pty Limited	Barrenjoey
Computershare Investor Services Pty Limited	Computershare
Peloton Legal Pty Ltd	Peloton Legal
BDO Corporate Finance Australia Pty Ltd	BDO or Independent Expert
SRK Consulting (Australasia) Pty Ltd	SRK or Technical Mining Expert

Each person named above as having given its consent to the inclusion of a statement or to being named in this Target's Statement:

(a) does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Target's Statement with the consent of that person; and

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Target's Statement with the consent of that party.

In addition, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by statements fairly representing a statement by an official person, or statements from a public official document or a published book, journal or comparable publication.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement contains share price data sourced from IRESS without its consent.

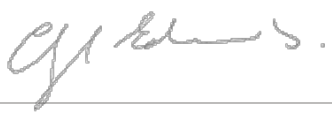
10.13 Date of Target's Statement

This Target's Statement is dated 28 January 2025, which is the date on which it was lodged with ASIC.

10.14 Approval of Target's Statement

This Target's Statement has been approved by a resolution passed by the Directors.

Signed for and on behalf of Red Hawk



The Hon. Cheryl Edwardes, AO
Independent Non-Executive Chair
Red Hawk Mining Limited

28 January 2025



Steven Michael
Managing Director and Chief Executive Officer
Red Hawk Mining Limited

28 January 2025

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11 GLOSSARY

11.1 Definitions

ABN means Australian Business Number.

ACN means Australian Company Number.

AEDT means Australian Eastern Daylight Time

AIFRS means Australian equivalent to International Financial Reporting Standards.

Announcement Date means the date of the announcement of the Offer by Red Hawk and FMG, being 28 January 2025.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691).

ASX Listing Rules means the listing rules of the ASX.

AWST means Australian Western Standard Time.

Barrenjoey means Barrenjoey Advisory Pty Limited, corporate advisor to Red Hawk.

Base Offer Price means $1.05 per Red Hawk Share, which will apply to all Red Hawk shareholders if the Increased Offer Condition is not met.

Bid Condition means no occurrence of any event referred to in sections 652C(1) or 652C(2) of the Corporations Act Between the Announcement Date and the end of the Offer Period (each inclusive) as described further in sections 2 and 10.7 of the Bidder's Statement.

Bid Implementation Deed means the bid implementation deed dated 26 January 2025 between Red Hawk and FMG and announced to the ASX on 28 January 2025

Bidder's Statement means the bidder's statement in relation to the Offer, prepared by FMG and dated 28 January 2025

Board means the Board of Directors.

Business Days means a day that is not a Saturday, Sunday or public holiday and on which banks are open for business generally in Western Australia, Australia.

Call Option Deeds means each of the call option deeds executed between FMG and OCJ, and FMG and Todd dated 26 January 2025.

CGT means Capital Gains Tax.

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Competing Proposal means any bona fide expression of interest, offer or proposal by a third party in respect of a transaction under which, if the transaction were completed, a person (whether alone or together with one or more Associates) would:

(a) directly or indirectly, acquire, or have a right to acquire, a legal, equitable or economic interest or Relevant Interest in 10% or more of all of the voting shares in the Red Hawk (whether by way of acquisition of existing shares or the issue of new shares);

(b) acquire Control of the Red Hawk; or

(c) otherwise acquire or merge with the Red Hawk (including by takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure or other synthetic merger or any other transaction or arrangement with similar effect).

Compulsory Acquisition or **Compulsorily Acquire** means the compulsory acquisition process in respect of the Red Hawk Shares held by Red Hawk Shareholders that do not accept the Offer under Part 6A.1 and/or Part 6A.2 of the Corporations Act that is expected to occur after successful completion of the Offer (as described in Section 5.12).

Computershare means Computershare Investor Services Pty Limited, share register service provider to Red Hawk.

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

DFS means Definitive Feasibility Study.

Directors means the current directors of Red Hawk.

DSO means direct shipping ore.

Exclusivity Period means the period starting on the date of the Bid Implementation Deed and ending on the first to occur of:

(a) termination of the Bid Implementation Deed;

(b) the end of the Offer Period; and

(c) the end of the Offer Period, and 12 months after the date of the Bid Implementation Deed.

FID means Final Investment Decision.

FMG or **Bidder** means FMG Pilbara Pty Ltd (ACN 106 943 828).

FMG Procurement means FMG Procurement Services Pty Ltd (ACN 166 797 244).

Fortescue means Fortescue Ltd (ACN 002 594 872) (ASX: FMG).

Group means Red Hawk and its Related Bodies Corporate, and each member of the Group is a Group Company.

IBC or **Independent Board Committee** means the Independent Board Committee established by Red Hawk for the purposes of responding to the Offer, comprising The Hon. Cheryl Edwardes, AO (Chair), Mr Steven Michael and Mr Daniel Harris.

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Increased Offer Condition means FMG obtaining a Relevant Interest in 75% or more of all Red Hawk Shares by 7.00pm AEDT on or before the date that is 7 days after the Offer is open for acceptance.

Increased Offer Price means $1.20 per Red Hawk Share, which will apply if the Increased Offer Condition is met.

Independent Expert or **BDO** means BDO Corporate Finance Australia Pty Ltd (ACN 050 038 170) engaged by Red Hawk to prepare the Independent Expert's Report.

Independent Expert's Report means the report prepared by the Independent Expert as to whether the Offer is fair and reasonable.

Independent Technical Report means the report prepared by the Technical Mining Expert relating to the technical mining aspects contained in the Independent Technical Report.

ITAA 1997 means the *Income Tax Assessment Act 1997* (Cth).

Last Practicable Date means the last practicable trading date on the ASX prior to the finalisation of this Target's Statement, being 24 January 2025.

LTI means long term incentive.

OCJ means OCJ Investment (Australia) Pty Ltd.

MRE means Mineral Resource Estimate.

Offer means the takeover offer by FMG for Red Hawk Shares under Chapter 6 of the Corporations Act as described in the Bidder's Statement.

Offer Price means the consideration offered under the Offer. As at the date of this Target's Statement, it is the Base Offer Price, which may increase to the Increased Offer Price if the Increased Offer Condition is met.

Offer Period has the same meaning given in the Bidder's Statement.

Option means an option to subscribe for a Red Hawk Share.

Option holder means a holder of Options.

Peloton Legal means Peloton Legal Pty Ltd, legal adviser to Red Hawk.

PFS means Pre-Feasibility Study

Relevant Interest has the same meaning as in the Corporations Act.

Red Hawk means Red Hawk Mining Limited (ACN 091 118 044) (ASX:RHK).

Red Hawk Options means an option to acquire a Red Hawk Share.

Red Hawk Performance Rights means a right to acquire a Red Hawk Share subject to the satisfaction of vesting conditions.

Red Hawk Share means an ordinary fully paid share in Red Hawk.

Red Hawk Shareholder means a registered holder of Red Hawk Shares.

Related Body Corporate has the same meaning given in section 50 of the Corporations Act.

Shareholder Information Line means the telephone lines maintained by Red Hawk for the purposes of assisting Red Hawk Shareholders with queries in relation to the Offer.

Superior Proposal means a written bona fide Competing Proposal which the Red Hawk Directors determine is:

- reasonably capable of bring completed, taking into account all aspects of the Competing Proposal, including its conditions; and
- more favourable to Red Hawk Shareholders than the Offer, taking into account all terms and conditions of the Competing Proposal.

Target's Statement means this booklet.

Technical Mining Expert or **SRK** means SRK Consulting (Australasia) Pty Ltd (ACN 074 271 720) engaged by BDO to assist BDO with preparing the technical mining aspects contained in the Independent Expert's Report.

Todd means TIO (NZ) Limited.

Voting Power has the meaning given in section 610 of the Corporations Act.

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11.2 Interpretation

Unless the context otherwise requires:

(a) headings used in this Target's Statement are inserted for convenience and do not affect the interpretation of this Target's Statement;

(b) words or phrases defined in the Corporations Act have the same meaning in this Target's Statement;

(c) a reference to a section is a reference to a section of this Target's Statement;

(d) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

(e) the singular includes the plural and vice versa;

(f) a word importing the singular includes the plural and vice versa, and a word of any gender includes the corresponding words of any other gender;

(g) the word including or any other form of that word is not a word of limitation;

(h) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;

(i) a reference to a document or a provision of a document is to that document or provision as varied, novated, ratified or replaced from time to time;

(j) a reference to this agreement is to this agreement as varied, novated, ratified or replaced from time to time;

(k) the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency;

(l) if the day on which a party must do something under this document is not a Business Day, the party must do it on the next Business Day;

(m) a reference to time is to AWST; and

(n) Australian dollars, dollars, A$ or $ is a reference to the lawful currency of the Commonwealth of Australia.

ANNEXURE A: INDEPENDENT EXPERT'S REPORT

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IDEAS | PEOPLE | TRUST

Red Hawk Mining Limited

Independent Expert's Report

26 January 2025

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FINANCIAL SERVICES GUIDE

Dated: 26 January 2025

This Financial Services Guide (**FSG**) helps you decide whether to use any of the financial services offered by BDO Corporate Finance Australia Pty Ltd (**BDO Corporate Finance, we, us, our**).

The FSG includes information about:

- Who we are and how we can be contacted
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No: 247420
- Remuneration that we and/or our staff and any associates receive in connection with the financial services
- Any relevant associations or relationships we have
- Our complaints handling procedures and how you may access them.

FINANCIAL SERVICES WE ARE LICENSED TO PROVIDE

We hold an Australian Financial Services Licence which authorises us to provide financial product advice to retail and wholesale clients about securities and certain derivatives (limited to old law securities, options contracts, and warrants). We can also arrange for customers to deal in securities, in some circumstances. Whilst we are authorised to provide personal and general advice to retail and wholesale clients, we only provide *general* advice to retail clients.

Any general advice we provide is provided on our own behalf, as a financial services licensee.

GENERAL FINANCIAL PRODUCT ADVICE

Our general advice is typically included in written reports. In those reports, we provide general financial product advice that is prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

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We charge fees for providing reports. These fees are negotiated and agreed to with the person who engages us to provide the report. Fees will be agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. In this instance, the Company has agreed to pay us approximately $120,000 for preparing the Report.

Except for the fees referred to above, neither BDO Corporate Finance, nor any of its directors, employees, or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of general advice.

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To make a formal complaint, please use the Complaints Form. For more on this, including the Complaints Form and contact details, see the **BDO Complaints Policy** available on our website.

BDO Corporate Finance is a member of AFCA (Member Number 11843). Where you are unsatisfied with the resolution reached through our Internal Dispute Resolution process, you may escalate this complaint to the Australian Financial Complaints Authority (**AFCA**) using the below contact details:

Australian Financial Complaints Authority
GPO Box 3, Melbourne VIC 3001
Email: info@afca.org.au
Phone: 1800 931 678
Fax: (03) 9613 6399
Interpreter service: 131 450
Website: http://www.afca.org.au

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CONTACT DETAILS

You may provide us with instructions using the details set out at the top of this FSG or by emailing - cf.ecp@bdo.com.au

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Table of contents

1.	Introduction	1
2.	Summary and opinion	2
3.	Scope of the Report	5
4.	Outline of the Offer	6
5.	Profile of Red Hawk	7
6.	Profile of Fortescue	15
7.	Economic analysis	16
8.	Industry analysis	17
9.	Valuation approach adopted	20
10.	Valuation of a Red Hawk share prior to the Offer	24
11.	Valuation of the Offer Consideration	37
12.	Is the Offer fair?	38
13.	Is the Offer reasonable?	39
14.	Conclusion	42
15.	Sources of information	42
16.	Independence	42
17.	Qualifications	43
18.	Disclaimers and consents	43

Appendix 1 – Glossary and copyright notice

Appendix 2 – Valuation Methodologies

Appendix 3 - Independent Specialist Report prepared by SRK

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26 January 2025

The Directors
Red Hawk Mining Limited
Ground Floor, 23 Ventnor Avenue
West Perth WA 6005

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 26 January 2025, Red Hawk Mining Limited (**'Red Hawk'** or **'the Company'**) entered into a bid implementation deed (**'BID'**) with FMG Pilbara Pty Ltd (**'FMG'**), a wholly owned subsidiary of Fortescue Limited (collectively, **'Fortescue'**), in relation to an off-market takeover bid to acquire all the ordinary shares on issue in Red Hawk.

Under the terms of the BID, for each Red Hawk share accepted into the Offer, the non-associated shareholders of Red Hawk (**'Shareholders'**) will receive $1.05 in cash (**'Base Offer Price'**). However, the Offer Consideration must be increased to $1.20 in cash if Fortescue has a relevant interest in 75% or more of all Red Hawk shares on or before the date that is seven days after the Offer is open for acceptance (**'Increased Offer Price'**). The Base Offer Price and the Increased Offer Price are collectively referred to as the **'Offer Consideration'**.

Accordingly, depending on the level of acceptances of the Offer on or before the date that is seven days after the Offer is open for acceptance, Shareholders will receive either $1.05 in cash, or the increased $1.20 in cash for each Red Hawk share accepted into the Offer.

The Offer is to be open from 28 January 2025 to 3 March 2025 (unless extended or withdrawn) (**'Offer Period'**) and is conditional only on there being no occurrence of any event referred to in sections 652C(1) or 652C(2) of the *Corporations Act 2001* (Cth) (**'Corporations Act'**). As set out in the BID, Fortescue will free the Offer of these conditions within 14 days of receiving a relevant interest of at least 50.1% of Red Hawk shares.

Fortescue has entered into call option deeds with TIO (NZ) Limited, a substantial shareholder of the Company, in respect of 15% of Red Hawk shares, and OCJ Investment (Australia) Pty Ltd, another substantial shareholder of the Company, in respect of 4.99% of Red Hawk shares. Accordingly, Fortescue currently holds a relevant interest in 19.99% of Red Hawk shares.

All figures in our Report are quoted in Australian dollars (**'AUD'** or **'$'**) unless otherwise stated.

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2. Summary and opinion

2.1 Requirement for the report

The directors of Red Hawk have requested that BDO Corporate Finance Australia Pty Ltd ('**BDO**') prepare an independent expert's report ('**our Report**') to express an opinion as to whether the Offer is fair and reasonable to Shareholders.

Our Report is prepared pursuant to section 640 of the Corporations Act and relevant Corporations Regulations, and is to be included in the Target's Statement for Red Hawk, in order to assist Shareholders in their decision on whether to accept the Offer.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('**ASIC**') Regulatory Guide 111 'Content of expert reports' ('**RG 111**'), Regulatory Guide 112 'Independence of experts' ('**RG 112**'), Regulatory Guide 170 'Prospective financial information' ('**RG 170**'), and Information Sheet 214: Mining and resources: Forward-looking statements ('**IS 214**').

In arriving at our opinion, we have assessed the terms of the Offer as outlined in the body of this report. We have considered:

- How the value of a Red Hawk share prior to the Offer (on a controlling interest basis), compares to the value of the Offer Consideration.
- The likelihood of an alternative offer being made to Red Hawk.
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Offer.
- The position of Shareholders should the Takeover not proceed.

2.3 Opinion

We have considered the terms of the Offer as outlined in the body of this Report and have concluded that, in the absence of a superior offer, the Offer is fair and reasonable to Shareholders.

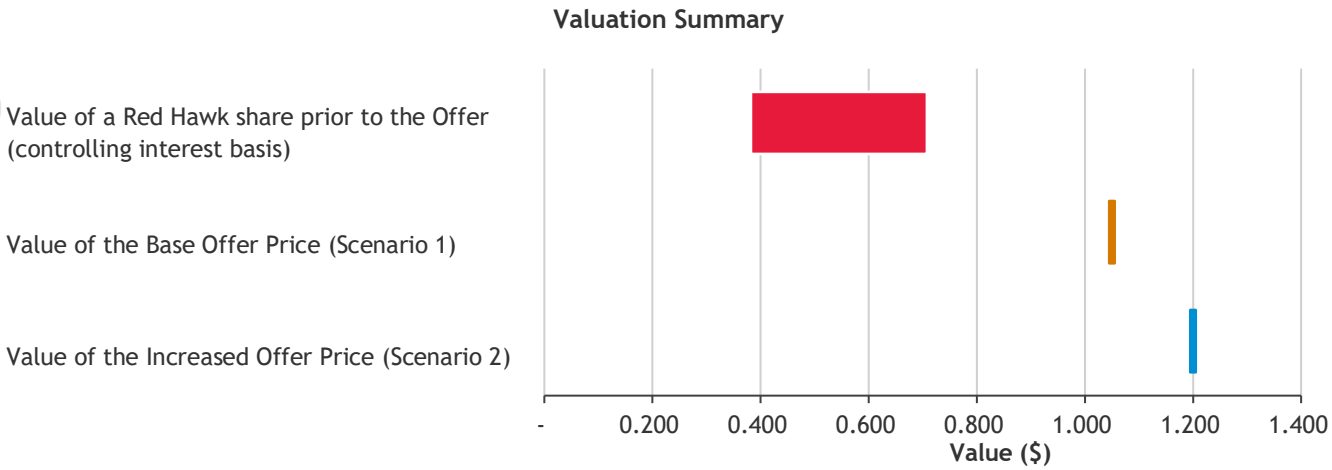
2.4 Fairness

In Section 12, we compared the value of a Red Hawk share prior to the Offer (on a controlling interest basis), to the value of the Offer Consideration, as detailed below.

Fairness assessment	Ref.	Low $	Preferred $	High $
Value of a Red Hawk share prior to the Offer (controlling interest basis)	10	0.382	0.544	0.708
Value of the Base Offer Price under Scenario 1	11	1.050	1.050	1.050
Value of the Increased Offer Price under Scenario 2	11	1.200	1.200	1.200

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

The above pricing indicates that, in the absence of a superior offer, the Offer is fair for Shareholders. We consider the Offer to be fair for Shareholders because the value of the Offer Consideration under both scenarios is greater than the entire assessed valuation range of a Red Hawk share prior to the Offer (on a controlling interest basis).

2.5 Reasonableness

We have considered the analysis in Section 13 of this Report, in terms of the following:

- Advantages and disadvantages of the Offer.
- Other considerations, including the position of Shareholders if the Takeover does not proceed and the consequences of not accepting the Offer.

In our opinion, the position of Shareholders if the Offer is accepted is more advantageous than the position if the Offer is not accepted. Accordingly, in the absence of a superior proposal, we consider that the Offer is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.1.1	The Offer is fair	13.2.1	Shareholders will forego the opportunity to participate in any potential upside of Red Hawk's mineral assets
13.1.2	The Offer Consideration provides certainty of value to Shareholders	13.2.2	Shareholders will lose exposure to the iron ore industry
13.1.3	The Takeover removes the uncertainty of funding required for the development of the Blacksmith Project		

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ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.1.4	The only condition of the Offer is that there are no prescribed occurrences		

Other key matters we have considered include:

Section	Description
13.3	Alternative proposal
13.4	Consequences of not accepting the Offer
13.5	Other considerations

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3. Scope of the Report

3.1 Purpose of the Report

Fortescue has prepared a Bidder's Statement in accordance with Section 636 of the Corporations Act. Under section 633 item 10 of the Corporations Act, Red Hawk is required to prepare a Target Statement in response to the Bidder's Statement.

Section 640 of the Corporations Act requires the Target Statement to include an expert's report to shareholders if:

- The bidder's voting power in the target is 30% or more, or
- The bidder and the target have a common director or directors.

Further, the Corporations Act requires the expert to be someone other than an associate of the Bidder or Target.

There are no common directors of Red Hawk and Fortescue, nor is Fortescue's voting power in Red Hawk greater than 30%. Accordingly, there is no requirement for our Report pursuant to Section 640.

Notwithstanding the fact that there is no legal requirement to engage an independent expert to report on the Offer, the directors of Red Hawk have requested that BDO prepare this report as if it were an independent expert's report pursuant to Section 640 and to provide an opinion as to whether the Offer is fair and reasonable to Shareholders.

3.2 Regulatory guidance

Neither the Australian Securities Exchange (**'ASX'**) Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Offer is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism used to effect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Offer is a control transaction as defined by RG 111. Therefore, we have assessed the Offer as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction it is inappropriate for the expert to apply a discount on the basis that the shares being acquired represent a minority or portfolio interest as such the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

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Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between value of a Red Hawk share prior to the Offer (on a controlling interest basis) and the value of the Offer Consideration (fairness – see Section 12 'Is the Offer fair?').
- An investigation into other significant factors to which Shareholders might give consideration, prior to accepting the Offer, after reference to the value derived above (reasonableness – see Section 13 'Is the Offer reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('**APES 225**').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Offer

On 26 January 2025, the Company entered into a BID with Fortescue, in relation to an off-market takeover bid to acquire all the ordinary shares on issue in Red Hawk.

Under the terms of the BID, for each Red Hawk share accepted into the Offer, Shareholders will receive the Base Offer Price. However, the Offer Consideration must be increased to the Increased Offer Price, if Fortescue has a relevant interest in 75% or more of all Red Hawk shares on or before the date that is seven days after the Offer is open for acceptance.

Accordingly, depending on the level of acceptances of the Offer on or before the date that is seven days after the Offer is open for acceptance, Shareholders will receive either the Base Offer Price, or the Increased Offer Price for each Red Hawk share accepted into the Offer.

The Offer is to be open from 28 January 2025 to 3 March 2025 (unless extended or withdrawn), and is conditional only on there being no occurrence of any event referred to in sections 652C(1) or 652C(2) of the Corporations Act. As set out in the BID, Fortescue will free the Offer of these conditions within 14 days of receiving a relevant interest of 50.1% of Red Hawk shares.

Fortescue has entered into call option deeds with TIO (NZ) Limited, a substantial shareholder of the Company, in respect of 15% of Red Hawk shares, and OCJ Investment (Australia) Pty Ltd, another substantial shareholder of the Company, in respect of 4.99% of Red Hawk shares. Accordingly, Fortescue currently holds a relevant interest in 19.99% of Red Hawk shares.

Further information on the Offer is contained in the Bidder's Statement and the Target's Statement.

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5. Profile of Red Hawk

5.1 Overview

Red Hawk is an ASX-listed company focused on the exploration and development of its iron ore assets located in the Pilbara region of Western Australia ('**WA**'). The Company's flagship asset is its 100% owned Blacksmith Iron Ore Project ('**Blacksmith Project**'), located in the Western Pilbara district of WA. Red Hawk also holds a retention licence for the Anvil Iron Ore Project ('**Anvil Project**'), which is also located in the Western Pilbara district of WA.

The current directors of Red Hawk are:

- Cheryl Edwardes – Independent Non-Executive Chair
- Steven Michael – Managing Director
- Rob Foster - Non-Executive Director
- Daniel Harris – Independent Non-Executive Director
- Amy Jiang – Non-Executive Director.

The Company was formerly known as Flinders Mines Limited and changed its name to Red Hawk Mining Limited in 2023. The Company was incorporated in 2000 and listed on the ASX in 2002. The Company's head office is located in West Perth, WA.

5.2 Blacksmith Project

The Blacksmith Project is a 112 square kilometre ('**km^2**') mining lease (M47/1451) located approximately 170 kilometres ('**km**') southeast of Karratha and 70 km north-northwest of Tom Price in the Pilbara region of WA. The Blacksmith Project comprises seven iron ore deposits, namely Delta, Paragon, Blackjack, Champion, Badger, Ajax, and Eagle, which are all prospective for hematite and goethite, and are anticipated to be mined via an open pit method.

The Blacksmith Project is proximal to several major iron ore projects and significant road, rail, and power infrastructure. In addition, the Blacksmith Project is located approximately 446 km from the Utah Point Bulk Handling Facility in Port Hedland ('**Utah Point**'), being the only multi-user bulk commodity berth in the Pilbara.

Between 2008 and 2017, exploration activity at the Blacksmith Project included extensive geological mapping, sampling, drilling and resource estimation. Drilling campaigns comprised approximately 3,500 reverse circulation ('**RC**') drill holes covering a total of approximately 200 km of drilling, ultimately leading to the completion of a Mineral Resource estimate ('**MRE**') in 2017 for the Blacksmith Project. The work also involved metallurgical test work, environmental and heritage surveys and securing a mining lease.

Between 2020 and 2022, the exploration activity completed at the Blacksmith Project was conducted through a farm-in agreement between Red Hawk and BBI Group Pty Ltd ('**BBIG**') ('**FIA**'), whereby BBIG committed to spend $15 million per annum over a four year period on feasibility studies supporting a 50 million tonnes ('**Mt**') per annum ('**Mtpa**') iron ore operation for the then named Pilbara Iron Ore Project, which comprised both the Blacksmith Project and the Anvil Project. In September 2022, BBIG terminated the FIA, which resulted in Red Hawk receiving a termination payment of $11.67 million.

On 6 September 2023, the Company announced a Joint Ore Reserves Committee ('**JORC**') compliant direct shipping ore ('**DSO**') MRE for the Delta and Paragon deposits of 100.3 Mt at an average grade of 60.1% Fe

(comprising 96.1 Mt in the Indicated category at 60.1% Fe and 4.3 Mt in the Inferred category at 59.8% Fe), following geological re-interpretation of the Delta and Paragon deposits. The Company highlighted that these deposits would form the basis of a scoping study to be released the following month. Subsequently, on 9 October 2023, the Company released the results of the scoping study on a 3 Mtpa DSO project with a 20-year life of mine (**'LOM'**), based on the DSO MRE from the Delta and Paragon deposits announced in September 2023.

On 16 October 2023, the Company announced a DSO MRE upgrade for the Champion and Blackjack deposits of an additional 73.5 Mt at an average grade of 59.9% Fe (comprising 69.2 Mt in the Indicated category at 59.9% Fe and 4.3 Mt in the Inferred category at 59.7% Fe), bringing the total DSO MRE for the Blacksmith Project to 173.8 Mt at an average grade of 60.0% Fe (comprising 165.2 Mt in the Indicated category at 60.0% Fe and 8.6 Mt at 59.8% Fe in the Inferred category).

On 8 February 2024, the Company announced that it had established the Pilbara Advisory Committee (**'PAC'**) to provide key guidance to the Company on developing the Blacksmith Project. Specifically, the PAC will advise on local engagement with stakeholders, native title groups, project advocacy with local communities and decision makers, and provide advice to the Company's board and key management.

On 11 March 2024, the Company announced that it had entered into a haulage partnership with MGM Bulk Pty Ltd (**'MGM Bulk'**) for the haulage of iron ore from the Blacksmith Project to Utah Point (**'Haulage Agreement'**). The Haulage Agreement enables the Company and MGM Bulk to work collaboratively through the pre-feasibility study (**'PFS'**) and definitive feasibility study (**'DFS'**) phases to develop and optimise the transport and logistics strategy, specifically focusing on maximising productivity and reducing unit operating costs. Under the Haulage Agreement, MGM Bulk has the exclusive right to enter into a haulage services agreement on terms equivalent to those contained in the DFS, and will be responsible for providing a fleet of 150-tonne ultra-quad trucks and associated loading, along with other equipment and infrastructure.

In May 2024, the Company completed a PFS, which highlighted an economically viable open pit project producing up to 5 Mtpa DSO with a 23-year LOM. The PFS considered the development of the four deposits that had undergone geological re-interpretation at that time, being Delta, Paragon, Blackjack, and Champion, with a combined DSO MRE of 174 Mt at an average grade of 60.0% Fe (comprising 165.2 Mt in the Indicated category at 60.1% Fe and 8.6 Mt at 59.8% Fe in the Inferred category). Based on the mine plan in the PFS, mining activity was expected to commence at the Delta and Paragon deposits, before transitioning to the Blackjack and Champion deposits, with production increasing from 1.2 Mtpa to 5 Mtpa over a five year ramp-up period.

The PFS also included a JORC compliant maiden Probable Ore Reserve for the Blacksmith Project, comprising 46.0 Mt at an average grade of 60.5% Fe. The Ore Reserve is located entirely within the Delta deposit, highlighting the Delta deposit's capability to produce approximately 86% of the Blacksmith Project's DSO across the first 13 years of production. The PFS also considered developing a staging facility at Whim Creek, approximately 125 km east of Karratha and 115 km west of Utah Point, which would include a stockpile yard, capacity management functions, and camp accommodation.

On 18 June 2024, the Company announced an update to the DSO MRE for the Delta deposit following a drilling and geophysical program. The update converted 77% of the Delta DSO to the Measured category, and updated the total Delta DSO MRE to 86.3 Mt at an average grade of 60.1% Fe (comprising 66.6 Mt in the Measured category at 60.2% Fe, 15.9 Mt in the Indicated category at 60.1% Fe, and 3.7 Mt in the Inferred category at 59.9% Fe).

On 26 July 2024, the Company announced a DSO MRE for the Eagle deposit of 71.1 Mt at an average grade of 57.4% Fe (comprising 70.9 Mt in the Indicated category at 57.4% Fe and 0.2 Mt in the Inferred category

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at 59.7% Fe). This resulted in the total DSO MRE for the Blacksmith Project increasing to 243 Mt at an average grade of 59.3% Fe (comprising 66.6 Mt in the Measured category at 60.2%, 168.2 Mt in the Indicated category at 58.9%, and 8.6 Mt in the Inferred category at 59.8% Fe). The Blacksmith Project's most updated JORC-compliant MRE and Ore Reserve estimate, can be found in the Independent Specialist Report ('**ISR**') prepared by SRK Consulting (Australasia) Pty Ltd ('**SRK**') in Appendix 3 of our Report.

On 4 September 2024, the Company announced that it had received notification from Pilbara Ports that an annual throughput allocation of 1 Mtpa at Utah Point is expected to become available for allocation in 2026. The forecast throughput allocation is consistent with the Company's PFS, which has export volume of 1.2 Mt in the initial year, increasing to 5 Mtpa over five years. The Company securing the forecast throughput allocation is subject to several milestones and timeframes, including the Company confirming financial investment decision and execution of a definitive agreement between Red Hawk and Pilbara Ports.

In its September 2024 quarterly activities report, the Company announced that the first three stages of the Manuwarra Red Dog Highway upgrade have been completed by Main Roads WA, with the final stage currently underway. The Manuwarra Red Dog Highway connects Karratha to Tom Price and is a critical component of the Blacksmith Project's haulage strategy. A 23 km mine access road will be constructed by the Company to connect the Blacksmith Project with the Manuwarra Red Dog Highway.

In addition, the Company announced that MGM Bulk had completed a successful trial of ultra-quad road trains along the North West Coastal Highway between Port Hedland and Karratha. Following the trial, the Company and MGM Bulk are investigating alternative trucking strategies that may eliminate the need for the Whim Creek staging facility that was considered in the PFS. The alternative currently being considered includes accommodating all truck drivers in Karratha and establishing a smaller laydown yard within 30 km of Utah Point, which would result in a reduction in capital costs.

Following the completion of the PFS and several upgrades to the Blacksmith Project's DSO MRE, the Company intends to commence a DFS for the Blacksmith Project, focusing on reducing capital and operating costs, mainly relating to haulage, and increasing export volumes. The Company is currently investigating transport and export strategies, including an alternative long-term port solution in closer proximity to Karratha to enhance the value of the Blacksmith Project.

5.3 Anvil Project

The Anvil Project comprises a retention licence (R47/21) and is located to the immediate southwest of the Blacksmith Project. Originally, the Anvil Project and the Blacksmith Project both formed the Pilbara Iron Ore Project, however, the Company currently classifies the two projects separately.

The Anvil Project has a JORC-compliant MRE, which can be found in the ISR prepared by SRK in Appendix 3 of our Report.

The Company has not recently reported any exploration or development updates for the Anvil Project as the Company continues to focus on the development of the Blacksmith Project.

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5.4 Flinders Royalty

On 29 March 2005, FMG and Flinders Diamonds Limited (now Red Hawk Mining Limited), entered into a mining rights agreement (**'Mining Rights Agreement'**). Under the Mining Rights Agreement, the Company granted FMG an exclusive licence to explore for and mine iron ore on the following tenements located in the Pilbara: E47/1011, E47/1013, E47/1016 and E47/1306.

Under the Mining Rights Agreement, FMG was required to pay the Company a royalty calculated based on the iron ore produced and sold from the tenements (**'Flinders Royalty'**). On 22 January 2025, the Company sold the Flinders Royalty for cash consideration of $3.0 million.

5.5 Recent corporate events

Canegrass Vanadium Project

The Canegrass Vanadium Project (**'Canegrass Project'**) is a battery minerals exploration project comprising six granted exploration licences which are prospective for vanadium and titanium. The Canegrass Project is located approximately 60 km southeast of Mt Magnet in the Murchison region of WA.

In November 2022, the Company, through its wholly owned subsidiary, Flinders Canegrass Pty Ltd (**'Flinders Canegrass'**), entered into a FIA with Viking Mines Limited (**'Viking Mines'**), whereby Viking Mines could earn up to a 99% interest in the Canegrass Project by spending $4 million on exploration activities over 54 months and making staged cash payments for a total consideration of $1.25 million.

In August 2023, Viking Mines announced the completion of stage 1 of the FIA after spending $1 million on exploration. Following the completion of stage 1, Viking Mines acquired a 25% interest in the Canegrass Project for consideration of $225,000.

On 5 September 2024, Viking Mines announced that it would secure 100% ownership of the Canegrass Project by completing Stage 2 of the FIA, increasing its interest to 49%, and acquiring the remaining 51% via the acquisition of Flinders Canegrass. In addition to a payment of $275,000 to complete stage 2 of the FIA, Flinders Canegrass was acquired by Viking Mines via a binding share sale agreement which involved the following consideration:

- $175,000 in cash.
- 33,333,333 shares in Viking Mines
- 15 million options exercisable at $0.02 with a three-year expiry.

During the September 2024 quarter, the transaction completed resulting in the Company fully divesting its interest in the Canegrass Project and receiving the consideration.

Capital raisings

On 27 November 2023, the Company announced the conclusion of its non-renounceable entitlement offer to raise up to $6.30 million (before costs), on the basis of 1 new share for every 12 shares held, at an issue price of $0.45 per new share (**'2023 Entitlement Offer'**). The Company announced that it had raised a total of $5.71 million (before costs), resulting in the issue of 12.69 million new shares. The funds raised from the 2023 Entitlement Offer were used by the Company to advance the Blacksmith Project, including diamond drilling at the Delta and Paragon deposits, progressing the Blacksmith Project PFS, and heritage and environmental programs.

On 12 March 2024, the Company announced an equity raising through a non-renounceable entitlement offer to raise up to $12.5 million (before costs), on the basis of 3 new shares for every 26 shares held, at an issue price of $0.60 per new share (**'2024 Entitlement Offer'**). On 14 March 2024, the Company

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announced the conclusion of the institutional component of the offer which raised $10.2 million (before costs), resulting in the issue of 16.93 million new shares. The Company's two eligible institutional shareholders, TIO (NZ) Limited and OCJ Investment (Australia) Pty Ltd committed to take up their full entitlements, totalling approximately $10.2 million.

On 12 April 2024, the Company announced the conclusion of the retail component of the 2024 Entitlement Offer, which raised $0.96 million (before costs, resulting in the issue of 1.61 million new shares). The 2024 Entitlement Offer raised a total of $11.12 million (before costs), representing 88.7% of the new shares available under the 2024 Entitlement Offer. The funds raised from the 2024 Entitlement Offer were used by the Company to advance the Blacksmith Project, including completion of a PFS and for general working capital purposes.

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5.6 Historical Statements of Financial Position

Historical Statements of Financial Position	Audited as at 30-Jun-24	Audited as at 30-Jun-23	Audited as at 30-Jun-22
	$'000s	$'000s	$'000s
CURRENT ASSETS			
Cash and cash equivalents	6,807	6,116	4,198
Trade and other receivables	44	192	34
Other current assets	290	451	12,022
TOTAL CURRENT ASSETS	**7,141**	**6,759**	**16,254**
NON-CURRENT ASSETS			
Right-of-use-asset	258	315	-
Plant and equipment	192	107	-
Exploration and evaluation	86,745	79,486	78,315
Other non-current assets	129	-	-
TOTAL NON-CURRENT ASSETS	**87,324**	**79,908**	**78,315**
TOTAL ASSETS	**94,465**	**86,667**	**94,569**
CURRENT LIABILITIES			
Trade and other payables	1,771	797	561
Loans and borrowings	-	-	1,261
Provisions	900	334	3,459
Lease liabilities	133	103	-
TOTAL CURRENT LIABILITIES	**2,804**	**1,234**	**5,281**
NON-CURRENT LIABILITIES			
Provisions	506	1,280	-
Deferred tax liability	-	-	18,683
Lease liabilities	132	213	-
TOTAL NON-CURRENT LIABILITIES	**638**	**1,493**	**18,683**
TOTAL LIABILITIES	**3,442**	**2,727**	**23,964**
NET ASSETS	**91,023**	**83,940**	**70,605**
EQUITY			
Contributed equity	176,980	160,694	160,694
Reserves	645	150	30,000
Accumulated losses	(86,602)	(76,904)	(120,089)
TOTAL EQUITY	**91,023**	**83,940**	**70,605**

Source: Red Hawk's audited financial statements for the years ended 30 June 2022, 30 June 2023 and 30 June 2024

We note that the Company's auditor highlighted a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern in its audit reports for the years ended 30 June 2023 and 30 June 2024. The Company's auditor outlined that the ability to continue as a going concern is dependent on the Company securing additional funding, which may be achieved via a capital raise, project investment or through asset sales.

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Commentary on Historical Statements of Financial Position

- Cash and cash equivalents increased from $4.20 million as at 30 June 2022 to $6.12 million as at 30 June 2023, which was primarily the result of the $11.67 million termination payment received from BBIG under the FIA, which is further detailed in Section 5.2 of our Report. This was partially offset by payments for exploration activities of $4.46 million and payments to suppliers and employees of $4.09 million. Cash and cash equivalents increased from $6.12 million as at 30 June 2023 to $6.81 million as at 30 June 2024, which was primarily the result of the $16.95 million funds raised under the 2023 and 2024 Entitlement Offers, which are further detailed in Section 5.5 of our Report. This was partially offset by payments to suppliers and employees of $7.86 million and payments for exploration activities of $7.79 million.
- Other current assets decreased from $12.02 million as at 30 June 2022 to $0.45 million as at 30 June 2023, due to the receipt of the $11.67 million termination payment from BBGI in accordance with the FIA, which is further detailed in Section 5.2 of our Report. The termination payment was initially classified as a receivable under other current assets.
- Exploration and evaluation assets of $86.75 million as at 30 June 2024 predominantly relates to capitalised exploration expenditure at the Company's Blacksmith Project.
- The increase in contributed equity from $160.69 million as at 30 June 2023 to $176.98 million as at 30 June 2024 was the result of the ordinary shares issued in relation to the 2023 Entitlement Offer and the 2024 Entitlement Offer, which are further detailed in Section 5.5 of our Report.

5.7 Historical Statements of Profit or Loss and Other Comprehensive Income

Historical Statements of Profit or Loss and Other Comprehensive Income	Audited for the year ended 30-Jun-24 $'000s	Audited for the year ended 30-Jun-23 $'000s	Audited for the year ended 30-Jun-22 $'000s
Finance income	196	211	15
Other income	18	50	912
Administrative and other expenses	(9,848)	(4,238)	(3,244)
Impairment of exploration and evaluation expenditure	-	(1,498)	-
Finance costs	(64)	(23)	(74)
(Loss) before income tax	**(9,698)**	**(5,498)**	**(2,391)**
Income tax benefit	-	18,683	-
(Loss) / profit for the year	**(9,698)**	**13,185**	**(2,391)**
Other comprehensive income	-	-	-
Other comprehensive (loss) / income for the year attributable to owners of the Company	**(9,698)**	**13,185**	**(2,391)**

Source: Red Hawk's audited financial statements for the years ended 30 June 2022, 30 June 2023 and 30 June 2024

Commentary on Historical Statements of Profit or Loss and Other Comprehensive Income

- Administrative and other expenses increased from $4.24 million for the year ended 30 June 2023 to $9.85 million for the year ended 30 June 2024. The increase was largely the result of an increase in salary and wages (including directors' fees), from $1.26 million for the year ended 30 June 2023 to $6.02 million for the year ended 30 June 2024.

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- Impairment of exploration and evaluation expenditure of $1.49 million for the year ended 30 June 2023 relates to the impairment of the Canegrass Project's exploration and evaluation assets, with the net book value of $0.80 million as at 30 June 2024 being consistent with the expected consideration from the remaining settlement from Viking Mines in accordance with the FIA, which is further detailed in Section 5.5 of our Report.
- The income tax benefit of $18.68 million for the year ended 30 June 2023 relates to the recognition of a deferred tax asset. In accordance with the Group's accounting policies, consolidated group tax losses were recognised as a deferred tax asset to the extent that they would now offset the deferred tax liability of $18.68 million in PIOP Mine Co Pty Ltd following the Company rejoining the tax consolidated group after the termination of the FIA on 3 September 2022.

5.8 Capital structure

The share structure of Red Hawk as at 23 January 2025 is outlined below:

	Number
Total ordinary shares on issue	199,811,479
Top 20 shareholders	**178,409,634**
Top 20 shareholders - % of shares on issue	89.29%

Source: Management of Red Hawk

The range of shares held in Red Hawk as at 23 January 2025 is as follows:

Range of shares held	No. of ordinary shareholders	No. of ordinary shares	Percentage of issued shares (%)
1 - 1,000	397	195,539	0.10%
1,001 - 5,000	906	2,185,120	1.09%
5,001 - 10,000	273	1,976,776	0.99%
10,001 - 100,000	332	9,959,732	4.98%
100,001 - and over	62	185,494,312	92.83%
Total	**1,970**	**199,811,479**	**100.00%**

Source: Management of Red Hawk

The ordinary shares held by the most significant shareholders as at 23 January 2025 are detailed below:

Name	No. of ordinary shares	Percentage of issued shares (%)
TIO (NZ) Limited	121,314,459	60.71%
OCJ Investment (Australia) Pty Ltd	42,364,983	21.20%
Subtotal	**163,679,442**	**81.92%**
Others	36,132,037	18.08%
Total ordinary shares on Issue	**199,811,479**	**100.00%**

Source: Management of Red Hawk

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The options, performance rights and share rights on issue in Red Hawk as at 23 January 2025 are outlined below:

Description	No. of options/rights	Exercise price (A$)	Expiry date
ZEPOs 1	6,094,728	-	20-Nov-28
ZEPOs 2	1,013,335	-	02-Feb-29
ZEPOs 3	140,000	-	02-Feb-29
ZEPOs 4	350,000	-	18-Jun-29
Share Rights	250,000	-	02-Mar-28
Performance rights	4,000,000	-	31-Mar-28
Total number of options, performance rights and share rights	**11,848,063**	**-**	

Source: Management of Red Hawk

We note that the Company has 4,000,000 performance rights, 250,000 share rights and 7,598,063 zero exercise price options on issue as at the date of our Report. The performance rights and options will vest on achievement of various performance and tenure hurdles relating to the Company's share price, and the achievement of project and production milestones. We note that these performance rights, share rights and options will immediately vest on a change of control event.

6. Profile of Fortescue

Fortescue is a global leader in the iron ore industry, primarily focused on sustainable exploration, development, and production of iron ore in Australia. Fortescue has been listed on the ASX since March 2003 and is headquartered in Perth, Australia.

Fortescue operates predominantly in the Pilbara region of WA, where it has established three major mining hubs, namely the Chichester Hub, the Solomon Hub, and the Western Hub. These hubs are connected by an extensive 760 km rail network to the Herb Elliott Port in Port Hedland, which facilitates the shipment of approximately 190 Mtpa of iron ore.

In addition, Fortescue actively explores for a range of other commodities across several continents, including copper, lithium and rare earths throughout Australia, South America, Kazakhstan, Canada, Portugal and Zambia.

Rail and port infrastructure

Fortescue operates an extensive infrastructure network, including one of the largest privately-owned heavy-haul railways in the world, which spans over 700 km from its Pilbara mining hubs to Port Hedland. The rail system is highly efficient and fully integrated with Fortescue's mining operations. These facilities ensure cost efficient logistics and export operations that junior miners are unable to replicate.

Cash balance

Based on Fortescue's most recent quarterly production report as at 31 December 2024, Fortescue has a cash and cash equivalents balance of US$3.4 billion (A$5.48 billion) and net debt of US$2.0 billion (A$3.2 billion), which have been translated from USD to AUD at an exchange rate of AUD/USD = 0.62 as at 21 January 2025. This shows that Fortescue will not be subject to funding risk in completing the Takeover.

Further details on Fortescue can be found on the company's website (https://www.fortescue.com).

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7. Economic analysis

Red Hawk is primarily exposed to the risks and opportunities of the Australian market through its operations in Australia and listing on the ASX. As such, we have presented an analysis on the Australian economy to the extent that it relates to considerations for our assessment.

Overview

At the December 2024 Monetary Policy Decision meeting, the Reserve Bank of Australia ('**RBA**') left the cash rate unchanged at 4.35%. Since the November 2023 meeting, the RBA has kept interest rates at the highest level since April 2022. The current monetary policy is aimed at returning inflation to the RBA's target of 2-3% within a reasonable timeframe, noting that indicators such as a strengthening of the labour market and growing labour and non-labour costs pose upside risks to inflation. Over the twelve months to September 2024, the trimmed mean consumer price index ('**CPI**') was 3.5%, as forecast, but still above the 2.5% midpoint of the inflation target. In line with the November 2024 Statement of Monetary Policy, the RBA's forecasts indicate that inflation will not return sustainably to the midpoint of the target until 2026.

The inflation forecast reflects resilient consumer demand, combined with the RBA's assessment that the economy is weaker than previously forecast based on less capacity to meet economic demand. In addition, indicators of household consumption and economic activity appear to be slowing with a gradual rise in the unemployment rate, which is at 4.1% in October 2024, up from the trough of 3.5% in late 2022.

Economic recovery appears to be slower than estimated, headlined by disruptions to the economic position of Australia's main trading partners. In China, property woes have led to weaker consumption and commodity prices such as iron ore. Public authorities in China have responded to the weak outlook for economic activity by implementing more expansionary policies, although the impact of these measures remains to be seen. In the United States, economic growth has been robust however there remains uncertainty about the inflation and growth outlook following Donald Trump's recent victory in the US presidential election.

Based on the most recent data, household and public consumption led to a strengthening of domestic demand, although the net effect of import growth and softer exports have had a negative effect on gross domestic product ('**GDP**') growth. Over the twelve months to September 2024, GDP growth was 0.8%. Outside of the COVID-19 pandemic, this is the slowest pace of growth since the early 1990s.

Since late 2022, equity prices in Australia have continued to increase, following suit from the US equity market. The rise in equity prices has largely been driven by increased expectations of future earnings growth, most notably in the technology sector, although recently, markets have seen significant pullbacks due to lower than expected earnings of some large technology companies and scepticism over the ability to convert investment in artificial intelligence into earnings. More recently, global equities were significantly set back by a rise in interest rates by the Bank of Japan as the policy setters looked to support a struggling Yen, causing a sell off of both Japanese and global equities, including in Australia.

Among other major economies around the world, the rebound from the COVID-19 pandemic waned throughout 2022 which contributed to a significant slowdown in the global economy. In Australia, as in many advanced economies, persistent systemic inflation and energy prices have weighed on demand.

Outlook

The economic outlook remains highly uncertain, and according to the RBA, recent data indicates that the process of returning inflation to target is unlikely to be smooth and may take longer than previously expected. To date, medium-term inflation expectations have been consistent with the inflation target and the RBA emphasised the importance of this remaining the case. While headline inflation has declined

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substantially, the RBA still considers underlying inflation, which is more indicative of inflation momentum, to be too high. Services price inflation remains high, as observed overseas, but it is expected to gradually decline as domestic inflationary pressures moderate and growth in labour and non-labour costs ease.

Conditions in the labour market are expected to further ease to align broadly with full employment conditions that can be sustained over time without contributing to inflationary pressures in the coming years. Nominal wage growth is expected to remain strong in the near term and then gradually decline in line with labour market easing.

Economic growth in Australia is forecast to remain subdued as earlier interest rate hikes and inflation continue to weigh on consumption, albeit at a gradual pace. Growth is expected to gradually increase from late 2024 as inflation declines and household income pressure eases. However, the full impact of policy tightening on household consumption is uncertain and seems to be lagging behind. Household consumption is expected to experience growth to levels seen pre-pandemic by around mid-2025 supported by increases in real income growth due to tax cuts and declining inflation.

Considering that economic growth of Australia's trading partners has been slower than expected, domestic growth expectations have been pushed out. However, there remains a high level of uncertainty around the Chinese economic outlook and the implications of the conflicts in Ukraine and the Middle East, which may have significant implications for supply chains.

Source: www.rba.gov.au Statement by the Reserve Bank Board: Monetary Policy Decision dated 10 December 2024 and prior periods, Statement on Monetary Policy 5 November 2024 and prior periods, Minutes of the Monetary Policy Meeting of the Reserve Bank Board 24 September 2024 and prior periods.

8. Industry analysis

Red Hawk operates in the iron ore mining industry with a primary focus on developing its iron ore assets to production. As such, we have presented an overview of the global iron ore industry.

Iron is the fourth most abundant mineral in the earth's crust and is the world's most used metal. It can be economically extracted from rocks known as iron ores, most commonly as the minerals hematite (Fe_2O_3) and magnetite (Fe_3O_4), and combined with a small amount of carbon or other elements to be made into steel. Approximately 98% of the world's iron ore production is used to make steel, which is due to its relatively low cost and desirable properties, and is the global primary metal in structural engineering, automobiles and other general industrial applications.

Iron ore mining requires scale, therefore the commercial development of iron ore deposits is largely constrained by the position of the iron ore relative to its market and the cost of establishing proper transportation infrastructure such as ports and railways. The viability of a deposit is further influenced by the type and grade of ore.

Hematite is an iron oxide mineral, with pure hematite mineral containing 69.9% Fe. Australia's hematite ores average from 56% Fe to 62% Fe. Goethite is an iron bearing hydroxide mineral most commonly formed by the weathering of other iron-rich minerals. Australian goethite iron ores average from 54% Fe to 60% Fe. High grade iron ore preparation involves a relatively simple crushing and screening process before being exported. We note that the Blacksmith Project DSO MRE contains hematite and goethite ore.

Magnetite is an iron oxide mineral containing 72.4% Fe in its pure form. Magnetite iron ores typically occur in sedimentary rocks, including banded iron formations as detrital grains. While the iron ore content of pure magnetite is higher than hematite and goethite, the presence of impurities and gangue material results in a lower ore grade, making it more costly to produce the concentrates.

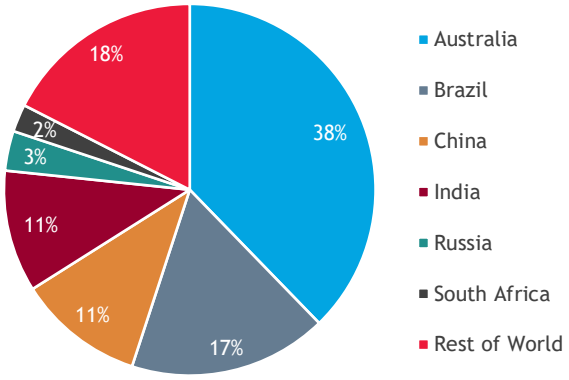
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Iron ore production and reserves

In 2023, an estimated 2.5 billion tonnes of usable iron ore was mined. Australia is the world's largest iron ore producer, accounting for 38% of global estimated production, followed by Brazil, China and India as shown in the chart below:

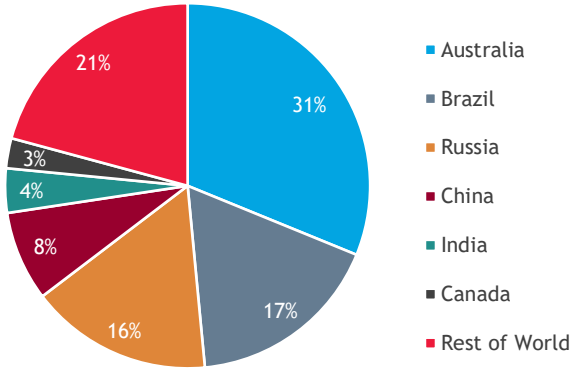
Iron ore production by country (usable ore) in 2023



Source: USGS

According to the United States Geological Survey ('**USGS**'), Australia also holds approximately 31% of global iron ore reserves, followed by Brazil and Russia, which hold 17% and 16% of global reserves, respectively. The chart below illustrates global iron ore reserves by country in 2023:

Iron ore reserves by country (2023)



Source: USGS

Iron ore prices

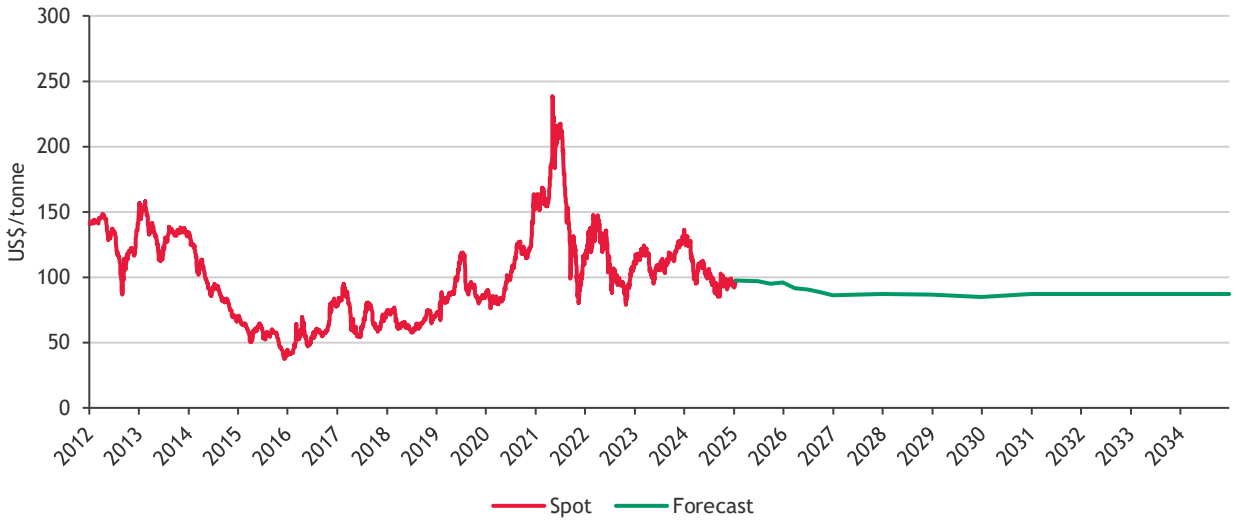
Iron ore pricing is directly influenced by its iron content (grade) and impurity levels, which determine its suitability for steelmaking. Higher-grade ores, typically above the benchmark of 62% Fe, are more valuable as they yield higher metal recovery and require less energy and raw materials to process. Grade adjustments are typically linear, with higher iron content directly correlating to higher prices due to increased efficiency in steel production. However, pricing is also impacted by quality discounts applied to ores with higher levels of impurities, such as silica, alumina, phosphorus, and sulphur. These impurities reduce productivity, generate more waste and potentially compromise the quality of the finished steel product.

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As a result, ores with significant impurities face disproportionately higher discounts compared to ores with minimal impurities. This dual pricing mechanism reflects the market's emphasis on both maximising metallurgical efficiency and minimising operating costs. The impact of these factors on iron ore pricing is further amplified in markets with stringent environmental regulations or high demand for quality inputs, such as China.

A summary of the nominal iron ore spot price, based on the 62% Fe export dry metric tonne ('**DMT**'), fine ore cost and freight ('**CFR**') Australia to China, from January 2012 through to January 2025 and Consensus Economics' long-term forecast for iron ore (fine) – China CFR DMT to 2034 is set out below.

Iron Ore Spot and Forecast Price



Source: Bloomberg and Consensus Economics Survey dated 20 December 2024

With the onset of the COVID-19 pandemic in 2020, investors began to look towards safe haven assets amidst the uncertainty of the global economy. The price of many commodities fell, although iron ore prices remained relatively stable, decreasing to a yearly low of US$76/t in February 2020. The back half of 2020 marked the beginning of increases in the iron ore price, largely due to strong Chinese demand and global supply pressures, with prices peaking in late December 2020 at US$164/t.

Through early 2021, the iron price continued to increase on the back of an infrastructure and property boom in China, resulting in an increase in demand for the commodity. It is also reported that decreasing steel inventories at Chinese mills were providing additional upward pressure on prices. In early May 2021, the price of iron ore reached an all-time high of US$238/t. This record price was driven by the aggressive infrastructure-focused stimulus program in China, which resulted in increased demand for steel. Meanwhile, global seaborne supply of iron ore was constrained due to prolonged COVID-19 related disruptions and the sustained closure of Vale S.A.'s iron ore mines in Brazil.

Subsequently, iron ore prices decreased to lows of US$85/t in mid-November 2021 due to a slowdown in demand from China to reduce steel output to those levels observed in 2020. This was on the back of China's commitment to reduce national steel output as part of its international climate pledge. In addition, global concerns regarding the financial stability of one of China's largest property developers placed further downwards pressures on the iron ore price.

As the Chinese government imposed strict lockdown measures to combat increasing COVID-19 cases, iron ore prices decreased to US$79/t in November 2022, although recovered by increasing to US$112/t by the

end of the year. Expectations and sentiment surrounding China increasing steel mill production to support the real estate market and an acceleration in major global economies, supported these price increases.

Iron ore prices stabilised in the first half of 2023 as COVID-19 cases in China declined and the Chinese Government introduced incentives to boost the property sector and steel output. Over the second half of 2023, iron ore prices increased following the Chinese government implementing two rate cuts and approving a 1 trillion Yuan (A$210 billion) support package for the struggling property sector.

In May 2024, Beijing announced the support package which was in the form of bond issuances and other measures to aid the struggling property sector. Over the period from June to December 2024, the iron ore price averaged US$96.

The outlook for iron ore demand is forecast to be relatively subdued over the next decade as China's economic growth plateaus. In particular, China's construction industry continues to struggle despite Beijing's efforts to provide economic assistance which directly impacts iron ore prices. However, with other highly populated economies such as those in India and Southeast Asia still requiring a significant amount of steel to facilitate increasing urbanisation and industrial expansion, this could partly offset declining Chinese demand.

According to Consensus Economics, the medium-term forecast iron ore price from 2027 to 2029 is expected to range between US$85/t and US$87/t, with a long-term nominal forecast (2030-2034) of approximately US$87/t.

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings (**'FME'**)
- Discounted cash flow (**'DCF'**)
- Quoted market price basis (**'QMP'**)
- Net asset value (**'NAV'**)
- Market based assessment, such as a Resource Multiple.

A summary of each of these methodologies is outlined in Appendix 2 of our Report.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

It is possible for a combination of different methodologies to be used together to determine an overall value, where separate assets and liabilities are valued using different methodologies. When such a combination of methodologies is used, it is referred to as a 'sum-of-parts' valuation (**'Sum-of-Parts'**).

The approach using Sum-of-Parts involves separately valuing each asset and liability of the company. The value of each asset may be determined using different methodologies as described above. The component parts are then valued using the NAV methodology, which involves aggregating the estimated fair market value of each component part.

9.1 Valuation of a Red Hawk share prior to the Offer

In our assessment of the value of a Red Hawk share prior to the Offer, we have chosen to employ the following methodologies:

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- Sum-of-Parts as our primary methodology, which estimates the fair market value of a company by assessing the realisable value of each of its component parts. The value of each component part may be determined using different methodologies and the component parts are then aggregated using the NAV methodology. The value derived from this methodology reflects a control value.
- QMP as our secondary methodology, which represents the value that a Shareholder may receive for a Red Hawk share if it were sold on market prior to the announcement of the Offer. The value derived from this methodology reflects a minority interest value. Given our valuation assessment of a Red Hawk share prior to the Offer is on a controlling interest basis, we have applied a premium for control to our QMP value.
- We considered the application of a resource multiple approach, however SRK utilised this approach for their valuation of Red Hawk's mineral assets. Given we appointed a technical specialist to conduct this valuation, we have not used resource multiples as a cross check valuation approach.

We considered employing the DCF methodology to value the Blacksmith Project, based on the forecast cash flow model provided to us by the Company (**'Model'**). We reviewed the Model to assess its integrity and mathematical accuracy, and the reasonableness of the economic assumptions underpinning the Model. In addition, we instructed SRK, an independent technical specialist, to review the Model and assess the reasonableness of the technical assumptions underpinning the Model.

We made the following adjustments to the Model:

- Adjusted iron ore prices to reflect BDO's assessed forecast iron ore pricing, based on consensus forecasts from Consensus Economics, and forecast AUD/USD exchange rates, based on consensus forecasts from Consensus Economics and Bloomberg.
- Converted cash flows from a real basis to a nominal basis, using BDO's assessed forecast inflation rates over the life of mine, based on consensus forecasts from Bloomberg and BDO analysis.
- Adjusted the discount rate.
- Adjusted the technical assumptions underpinning the Model to reflect SRK's recommendations.

Following the above adjustments to the Model, we arrived at an adjusted model for the Blacksmith Project (**'Adjusted Model'**).

Based on our analysis and current economic assumptions, the Adjusted Model indicates that operating the Blacksmith Project does not represent the highest and best use of the Blacksmith Project. This was largely driven by the following:

- SRK's recommendations relating to the technical assumptions in the Model, which included delays to the mine schedule, and increases to mining costs, capital expenditure, and rehabilitation costs.
- BDO's assessed economic inputs in the Model, which included current consensus forecast iron ore prices, AUD/USD exchange rates, inflation rates and our assessed discount rate over the life of mine.

The net present value of the cash flows derived from the Adjusted Model was lower than the value ascribed by SRK for the Blacksmith Project (comprising the Mineral Resource), which was performed using alternative valuation methodologies, as contained in the ISR in Appendix 3. Therefore, the highest and best use value of the Blacksmith Project is derived from employing a market-based valuation, which represents the value that could be obtained in the market by selling the Blacksmith Project as a resource.

It is not uncommon for a market-based valuation approach, such as comparable transaction multiples, to result in a valuation higher than the net present value of cash flows derived under a DCF approach. This is

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largely because a DCF valuation represents forecast cash flows using forecast inputs as at the valuation date. In the context of an IER, the expert must have reasonable grounds in accordance with RG 170 and IS 214 for the assumptions underpinning a DCF valuation.

We note that in accordance with RG 111, our assessment of market value does not incorporate special value, being value available to a particular bidder. An income based approach may be appropriate under the ownership of a particular purchaser given access to infrastructure, such as rail and/or economies of scale, however we do not consider this to be available to general market participants.

Therefore, whilst we have considered the DCF approach, we have not relied on it to inform our view of the value of the Blacksmith Project. Our preferred approach is to rely on the valuations performed by SRK in valuing the Blacksmith Project, with the various valuation approaches detailed in the ISR in Appendix 3.

We have employed the Sum-of-Parts methodology in estimating the fair market value of a Red Hawk share prior to the Offer, by aggregating the fair market values of its underlying assets and liabilities. We have considered the following component parts in our valuation of Red Hawk prior to the Offer:

- The value of the Blacksmith Project, having reliance on the valuation performed by SRK.
- The value of the Anvil Project, having reliance on the valuation performed by SRK.
- The value of other assets and liabilities not included in the other components of the Sum-of-Parts valuation.
- Transaction costs incurred by Red Hawk as part of the Takeover process borne by Red Hawk regardless of whether the Takeover proceeds.

We have chosen these methodologies for the following reasons:

- The core value of Red Hawk lies in the future cash flows to be generated from the Blacksmith Project. As discussed above, we considered employing the DCF methodology to value the Blacksmith Project. However, based on the Adjusted Model, the highest and best use values of the Blacksmith Project are derived from employing a market-based valuation based on the Mineral Resource of the Blacksmith Project, which was performed by SRK using various valuation approaches detailed in its ISR in Appendix 3. However there are other assets and liabilities of Red Hawk that are not suited to the valuation approach used to value the Company's mineral assets. Where different approaches are used to value different component parts of a business, a Sum-of-Parts approach is the most appropriate valuation methodology to employ.
- We have adopted QMP as our secondary approach. The QMP basis is a relevant methodology to consider because the shares of Red Hawk are listed on the ASX, therefore reflecting the value that a Shareholder will receive for a share sold on the market. This means there is a regulated and observable market where the shares of Red Hawk can be traded. However, in order for the QMP methodology to be considered appropriate, the listed shares should be liquid, and the market should be fully informed of the Company's activities. We have analysed the liquidity of Red Hawk shares in assessing whether application of the QMP methodology is appropriate.
- The FME methodology is most commonly applicable to profitable businesses with steady growth histories and forecasts. Further, the FME methodology is not considered to be appropriate for valuing finite life assets, such as mining assets. Therefore, we do not consider the application of the FME approach to be appropriate.

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Independent Technical Specialist

In performing our valuation of a Red Hawk share, we have relied on the ISR prepared by SRK, which includes an assessment of the market value of the Blacksmith Project, comprising the Mineral Resource and exploration potential.

SRK's ISR has been prepared in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuation of Mineral Assets (2015 Edition) (**'VALMIN Code'**) and the JORC Code. We are satisfied with the valuation methodologies adopted by SRK, which we believe are in accordance with industry practices and are compliant with the requirements of the VALMIN Code.

The specific valuation methodologies used by SRK are referred to in the respective sections of our Report and further detailed in the ISR contained in Appendix 3.

9.2 Valuation of the Offer Consideration

Under the terms of the BID, for each Red Hawk share accepted into the Offer, Shareholders will receive $1.05 in cash (Base Offer Price). However, the Offer Consideration must be increased to $1.20 in cash if Fortescue has a relevant interest in 75% or more of all Red Hawk shares on or before the date that is seven days after the Offer is open for acceptance (Increased Offer Price).

As a result, there is uncertainty as at the date of our Report, as to the exact amount of cash that Shareholders will receive for each Red Hawk share accepted into the Offer. Therefore, we have conducted our assessment of the value of the Offer Consideration under the following scenarios:

- Fortescue has a relevant interest of less than 75% of all Red Hawk shares at 7:00pm AEDT on the date that is seven days after the Offer is open for acceptance, resulting in Shareholders receiving the Base Offer Price, being $1.05 in cash for each Red Hawk share accepted into the Offer (**'Scenario 1'**).
- Fortescue has a relevant interest in 75% or more of all Red Hawk shares on or before the date that is seven days after the Offer is open for acceptance, resulting in Shareholders receiving the Increased Offer Price, being $1.20 in cash for each Red Hawk share accepted into the Offer (**'Scenario 2'**).

Given the Offer Consideration is in the form of cash, no valuation methodology is required.

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10. Valuation of a Red Hawk share prior to the Offer

10.1 Sum-of-Parts valuation

We have employed the Sum-of-Parts methodology in estimating the fair market value of a Red Hawk share prior to the Offer (on a controlling interest basis), by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the following:

- The value of the Blacksmith Project
- The value of the Anvil Project
- The value of other assets and liabilities not included in the other components of the Sum-of-Parts valuation
- Transaction costs.

Our Sum-of-Parts valuation of Red Hawk prior to the Offer is set out in the table below:

Valuation of a Red Hawk share prior to the Offer	Ref.	Low $'000	Preferred $'000	High $'000
Value of the Blacksmith Project	10.1.1	61,800	89,200	116,900
Value of the Anvil Project	10.1.2	11,600	16,600	21,600
Value of other assets and liabilities	10.1.3	3,104	3,104	3,104
Transaction costs	10.1.4	(230)	(230)	(230)
Total value of Red Hawk prior to the Offer (control)		**76,274**	**108,674**	**141,374**
Number of shares on issue prior to the Offer	10.1.5	199,811,479	199,811,479	199,811,479
Value per Red Hawk share prior to the Offer (control)		**0.382**	**0.544**	**0.708**

Source: BDO analysis

Based on the above, we have assessed the value of a Red Hawk share prior to the Offer (on a controlling interest basis) to be in the range of $0.382 and $0.708, with a preferred value of $0.544.

10.1.1. Valuation of the Blacksmith Project

In performing our valuation of the Blacksmith Project, we have relied on the ISR prepared by SRK. We instructed SRK to provide an independent market valuation of the Blacksmith Project, which includes the Mineral Resource and the exploration potential of the Blacksmith Project.

SRK considered various valuation methodologies when valuing the Blacksmith Project, including the comparable market transactions approach as the primary valuation methodology, and the yardstick approach as the secondary valuation methodology. As discussed in the ISR, SRK has elected to adopt the assessed values implied by the comparable transactions analysis to form its valuation range.

The range of values for the Blacksmith Project as determined by SRK is set out below:

Value of the Blacksmith Project	Low $'000	Preferred $'000	High $'000
Mineral Resource	60,800	86,900	112,700
Exploration potential	1,000	2,300	4,200
Total value of the Blacksmith Project	**61,800**	**89,200**	**116,900**

Source: ISR prepared by SRK

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10.1.2. Valuation of the Anvil Project

In performing our valuation of the Anvil Project, we have relied on the ISR prepared by SRK. We instructed SRK to provide an independent market valuation of the Anvil Project, which includes the Mineral Resource.

SRK considered various valuation methodologies when valuing the Anvil Project, including the comparable market transactions approach as the primary valuation methodology, and the yardstick approach as the secondary valuation methodology. As detailed in the ISR, SRK has valued the Anvil Project at between $11.6 million and $21.6 million, with a preferred value of $16.6 million.

For further information on SRK's approach and conclusions, refer to the ISR which is included as Appendix 3 of our Report.

10.1.3. Valuation of other assets and liabilities

The other assets and liabilities of Red Hawk represent the assets and liabilities that have not been specifically addressed elsewhere in our Sum-of-Parts valuation.

The table below represents a summary of the assets and liabilities identified:

Other assets and liabilities	Notes	Audited as at 30-Jun-24 $'000	Adjusted $'000
CURRENT ASSETS			
Cash and cash equivalents	a	6,807	4,293
Trade and other receivables		44	44
Other current assets	b	290	625
TOTAL CURRENT ASSETS		**7,141**	**4,962**
NON-CURRENT ASSETS			
Right-of-use asset		258	258
Plant and equipment	c	192	-
Exploration and evaluation	d	86,745	-
Other non-current assets	e	129	129
TOTAL NON-CURRENT ASSETS		**87,324**	**387**
TOTAL ASSETS		**94,465**	**5,349**
CURRENT LIABILITIES			
Trade and other payables	f	1,771	1,680
Provisions	g	900	273
Lease liabilities		133	133
TOTAL CURRENT LIABILITIES		**2,804**	**2,086**
NON-CURRENT LIABILITIES			
Provisions	g	506	27
Lease liabilities		132	132
TOTAL NON-CURRENT LIABILITIES		**638**	**159**
TOTAL LIABILITIES		**3,442**	**2,245**
NET ASSETS		**91,023**	**3,104**

Source: Red Hawk's audited financial statements for the year ended 30 June 2024, management accounts as at 31 November 2024 and 31 December 2024 and BDO analysis

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We have not undertaken a review of Red Hawk's unaudited management accounts in accordance with Australian Auditing and Assurance Standard 2405 *Review of Historical Financial Information* and do not express an opinion on this financial information. However, nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

We have been advised that there have not been any significant changes to the net assets of Red Hawk since 30 June 2024, and that the above assets and liabilities represent their fair market values apart from the adjustments detailed below. Where the above balances differ materially from the audited position at 30 June 2024, we have obtained supporting documentation to validate the adjusted values used.

We note the following in relation to the above valuation of Red Hawk's other assets and liabilities:

Note a) Cash and cash equivalents

We have adjusted the audited cash and cash equivalents position as at 30 June 2024 to reflect the cash balance of the Company as at 31 December 2024. We have obtained bank statements to support the bank balance and have verified this against the Company's quarterly cash flow report announced on 22 January 2025.

In addition, on 23 January 2025, the Company sold the Flinders Royalty for cash consideration of $3.0 million. Therefore, we have adjusted the cash balance to reflect this, as set out below:

Cash and cash equivalents	$'000
Cash and cash equivalents as at 31 December 2024	1,293
Add: Cash consideration from sale of Flinders Royalty	3,000
Adjusted cash and cash equivalents as at 31 December 2024	**4,293**

Source: Red Hawk's management accounts as at 31 December 2024, management of Red Hawk and BDO analysis

Note b) Other current assets

We have adjusted the book value of other current assets of $0.29 million as at 30 June 2024 to reflect a more recent valuation.

Based on the Company's management accounts as at 31 December 2024, the book value of other current assets was $0.62 million, of which $0.23 million related to the 16.7 million shares and 15 million options in Viking Mines held by the Company. The Company received 33.3 million shares and 15 million options in Viking Mining as consideration for the sale of the Canegrass Project, which is further detailed in Section 5.5 of our Report. Management have advised that 16.6 million shares in Viking Mining were sold in November 2024 for cash consideration of $0.15 million, which has been reflected in our adjusted cash and cash equivalents position.

These adjustments are set out in the table below:

Other current assets	$'000
Book value of other current assets as at 31 December 2024	624
Less: Book value of Viking Mining shares and options as at 31 December 2024	(228)
Add: Market value of 16.7 million Viking Mining shares	151
Add: Value of 15 million Viking Mining options	78
Adjusted other current assets	**625**

Source: Red Hawk's management accounts as at 31 December 2024 and BDO analysis

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Set out below are our valuations for the shares and options in Viking Mining currently held by Red Hawk. For the purposes of our valuation assessment, we have adopted the preferred valuation points of both in our valuation of the Company's other assets and liabilities.

Viking Mining shares

We have adjusted the value of the Viking Mining shares held by Red Hawk to reflect Viking Mining's recent QMPs on the ASX. We have assessed the value of the holding at a recent date because the Takeover is between Red Hawk and Fortescue and is unlikely to have an impact on the market value of Red Hawk's holding in Viking Mining. Following the sale of 16.6 million Viking Mining shares in November 2024, the Company currently holds 16.7 million Viking Mining shares. Given that Red Hawk is a minority shareholder of Viking Mining, we do not have access to the underlying records of the company. Therefore, in the absence of an alternative approach and given that the value of this investment relative to the overall value of Red Hawk is not material, we have relied on the QMP approach.

In our analysis of the QMPs of Viking Mining shares, we have considered the volume-weighted average price (**'VWAP'**) for 10-, 30-, 60- and 90-day periods to 21 January 2025, as set out below.

Share price per unit	21-Jan-25	10 days	30 days	60 days	90 days
Closing price	$0.0090				
VWAP		$0.0088	$0.0084	$0.0095	$0.0096

Source: Bloomberg and BDO analysis

Our assessment is that the value of a Viking Mining share based on market pricing is $0.009. Our valuation of Red Hawk's holding in Viking Mining is set out below:

Market value of Viking Mining shares	
Number of Viking Mining shares held by Red Hawk	16,733,333
QMP value of a Viking Mining share ($/share)	0.009
Total market value of the Viking Mining shares held by Red Hawk ($'000)	**150.60**

Source: Bloomberg and BDO analysis

Based on the above, our valuation of Red Hawk's shareholding in Viking Mining based on the QMP methodology is $0.151 million.

Viking Mining options

The Viking Mining options are unlisted and therefore there is no regulated and observable market on which they are traded. In addition, the Viking Mining options do not have any vesting conditions attached. Options without vesting conditions can be exercised at any time up to the expiry date, and as such are more suitably valued using the Black-Scholes option pricing model. Therefore, we have used the Black-Scholes option pricing model to value the Viking Mining options.

Under AASB 2 *Share-based Payment* and option valuation theory, no discount is made to the fundamental value derived from the option valuation model for unlisted options over listed shares.

We have made the following assumptions in performing our valuation of the Viking Mining options:

Assumption	Description
Valuation date	We have valued the Viking Mining options as at 21 January 2025, being a recent date prior to the date of our Report.

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Assumption	Description
Value of the underlying share	We have adopted an underlying value of a Viking Share, based on our assessment of a Viking Mines share as determined above. The value we have adopted as the underlying value of a Viking Mines share is $0.009.
Exercise price	The exercise price is the price at which the underlying ordinary shares will be issued. According to the terms of the options, each option will be exercisable at $0.02, which we have used as an input in our option pricing model.
Life of the Options	For the purpose of valuing the options, we have estimated an exercise date as the expiry date, being 5 September 2027.
Volatility	Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time. The recent volatility of the share price of Viking Mines was calculated for one, two and three-year periods, using historical data extracted from Bloomberg. For the purpose of our valuation, we have used a future estimated volatility level of 125% for the share price of Viking Mines.
Risk-free rate of interest	We have used the Australian Government bond rate as at the Valuation Date, as a proxy for the risk-free rate over the life of the options. The 3-year Australian Government bond rate as at the Valuation Date was 4.033%, which we have used as an input in our option pricing model.
Dividend yield	Viking Mines is currently unlikely to pay a dividend during the life of the options. Therefore, we have assumed a dividend yield of nil in our option pricing model.

Based on the assumptions adopted above, our conclusion as to the value of the options is set out below:

Item	Input
Valuation date	21-Jan-25
Underlying security spot price	$0.009
Exercise price	$0.020
Expiry date	05-Sep-27
Life of the options (years)	2.62
Share price volatility	125%
Risk-free rate	4.033%
Dividend yield	Nil
Number of options	15,000,000
Valuation per option	$0.0052
Total value of the options	**$78,000**

Source: BDO analysis

Based on the above, our valuation of the Viking Mining options held by Red Hawk is $0.078 million.

Note c) Plant and equipment

We have adjusted the book value of plant and equipment of $0.19 million as at 30 June 2024 to nil, as it is reflected in SRK's valuation of the Blacksmith Project, which has been valued separately in Section 10.1.1 of our Report.

Note d) Exploration and evaluation

We have adjusted the book value of exploration and evaluation of $86.75 million as at 30 June 2024 to nil, as it is reflected in SRK's valuation of the Blacksmith Project and the Anvil Project, which have been valued separately in Sections 10.1.1 and 10.1.2 of our Report.

Note e) Tax losses

Given that we are not valuing the mineral assets on an income based approach, we have not attributed any value to the tax losses. We have insufficient reasonable grounds to determine if and when the tax losses may be utilised. Although an acquirer may place some value on it, it will be depending on tax loss testing and future profitable operations. Based on the above, we have not attributed any value to the tax losses. This is consistent with the accounting treatment of the Company not capitalising tax losses on the balance sheet.

Note f) Trade and other payables

We have adjusted the book value of trade and other payables of $1.77 million as at 30 June 2024 to $1.68 million based on the Company's management accounts as at 31 December 2024. We have obtained a payables listing as support for the adjusted trade and other payables balance. We note that this has been adjusted in accordance with our cash adjustment.

Note g) Provisions (current and non-current)

The book value of current provisions and non-current provisions of $0.90 million and $0.51 million, as at 30 June 2024, predominantly comprised rehabilitation provisions in relation to the Company's mineral assets, which are accounted for separately in SRK's valuation of the Blacksmith Project and the Anvil Project, which have been valued separately in Sections 10.1.1 and 10.1.2 of our Report. Therefore, we have adjusted the current and non-current provisions balances as at 30 June 2024 to reflect only the provisions that do not relate to rehabilitation, which comprises employee leave provisions.

10.1.4. Transaction costs

In performing our valuation of Red Hawk, we have reflected the transaction costs that are expected to be incurred by Red Hawk subsequent to 31 December 2024, regardless of whether the Takeover proceeds.

The transaction costs to be incurred by Red Hawk regardless of whether the Takeover proceeds have been estimated to be $0.44 million as detailed in the Target's Statement. Of these costs, management have estimated $0.23 million to be incurred subsequent to 1 January 2025.

We have not considered the transaction costs that have been incurred by Red Hawk prior to 31 December 2024, as these costs are reflected in the adjusted cash position and payables position as determined in Section 10.1.3 above.

10.1.5. Number of shares on issue prior to the Offer

As detailed in Section 4 of our Report, the number of Red Hawk shares on issue as at the date of our Report is 199,811,479, which we have used in our Sum-of-Parts valuation.

We note that the Company has 4,000,000 performance rights, 250,000 share rights, and 7,598,063 zero exercise price options on issue as at the date of our Report. The performance rights and options will vest on achievement of various performance and tenure hurdles relating to the Company's share price, the achievement of project and production milestones. The performance rights, share rights and zero exercise price options will immediately vest on a change of control event.

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However, prior to the announcement of the Offer, these rights and options have not vested, therefore we have not included these in the number of shares on issue prior to the Offer. Furthermore, we consider there to be insufficient reasonable grounds for us to determine the timing and likelihood of the vesting conditions being achieved. Therefore, we have not reflected the resulting dilution in our valuation of a Red Hawk share prior to the Offer.

10.2 QMP valuation

To provide a comparison to the valuation of Red Hawk in Section 10.1, we have also assessed the QMP of a Red Hawk share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.43 suggests that when considering the value of a company's shares for the purposes of a control transaction, the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- Control over decision making and strategic direction.
- Access to underlying cash flows.
- Control over dividend policies.
- Access to potential tax losses.

Under the Offer, Fortescue seeks to obtain 100% of Red Hawk and therefore should pay a premium for control.

Therefore, our calculation of the QMP of a Red Hawk share including a premium for control has been prepared in two parts. The first part is to calculate the QMP of a Red Hawk share on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a QMP value that includes a premium for control.

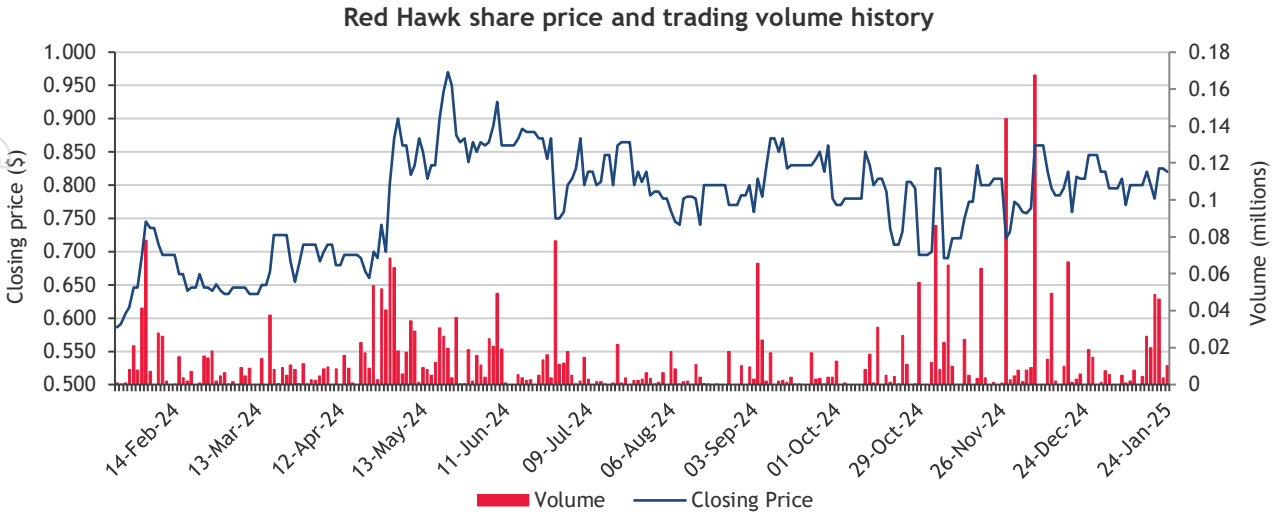
Minority interest value

Our analysis of the QMP of a Red Hawk share is based on the pricing prior to the announcement of the Offer. This is because the value of a Red Hawk share after the announcement may include the effects of any change in value as a result of the Offer. However, we have considered the value of a Red Hawk share following the announcement of the Offer when we have considered reasonableness in Section 13.

We have assessed the QMP of a Red Hawk share over the period from 24 January 2024 to 24 January 2025. The following chart provides a summary of the closing share price movements and trading volume over the 12 months to 24 January 2025 which provides sufficient trading history in the lead up to the announcement of the Offer.

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Source: Bloomberg and BDO analysis

The daily price of a Red Hawk share over the period from 24 January 2024 to 24 January 2025 ranged from a low of $0.590 on 24 January 2024 to a high of $0.970 on 21 May 2024. The largest day of single trading over the assessed period was 6 December 2024, when 167,484 shares were traded.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		$ (movement)			$ (movement)		
31/10/2024	Quarterly Activities and Cashflow Report	0.695	▶	0.0%	0.825	▲	18.7%
05/09/2024	VKA: VIKING MOVES TO 100% OWNERSHIP OF CANEGRASS PROJECT	0.783	▼	3.4%	0.870	▲	11.2%
04/09/2024	Red Hawk Notified of Forecasted Port Capacity at Utah Point	0.810	▲	6.6%	0.870	▲	7.4%
02/08/2024	Appointment of Joint Company Secretary	0.780	▼	1.3%	0.745	▼	4.5%
26/07/2024	DSO MINERAL RESOURCE UPGRADE EAGLE DEPOSIT	0.805	▼	1.8%	0.790	▼	1.9%
24/07/2024	Quarterly Activities and Cashflow Report	0.800	▼	7.5%	0.820	▲	2.5%
21/06/2024	Delta Deposit DSO Mineral Resource Update (Revised)	0.870	▼	1.1%	0.870	▶	0.0%
18/06/2024	Delta Deposit DSO Mineral Resource Update	0.880	▼	0.6%	0.870	▼	1.1%
03/05/2024	Blacksmith Pre-Feasibility Study Webinar Presentation	0.900	▲	3.4%	0.815	▼	9.4%
01/05/2024	Blacksmith Pre-Feasibility Study Results Webinar	0.800	▲	14.3%	0.860	▲	7.5%
01/05/2024	Blacksmith Pre-Feasibility Study and Maiden Ore Reserve	0.800	▲	14.3%	0.860	▲	7.5%
24/04/2024	Quarterly Activities and Cashflow Report	0.700	▲	6.1%	0.700	▶	0.0%
12/04/2024	Results of Retail Entitlement Offer	0.680	▶	0.0%	0.695	▲	2.2%
20/03/2024	Presentation - Global Iron Ore & Steel Forecast Conference	0.725	▶	0.0%	0.685	▼	5.5%
19/03/2024	Retail Entitlement Offer opens and dispatch of Offer Booklet	0.725	▲	8.2%	0.725	▶	0.0%

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		$ (movement)			$ (movement)		
14/03/2024	Successful Completion of Institutional Entitlement Offer	0.650	▲	1.6%	0.725	▲	11.5%
12/03/2024	$12.5m Entitlement Offer to fund Blacksmith Iron Ore Project	0.640	▶	0.0%	0.650	▲	1.6%
11/03/2024	Half Yearly Report and Accounts	0.640	▼	1.5%	0.650	▲	1.6%
11/03/2024	Haulage Partnership with MGM Bulk	0.640	▼	1.5%	0.650	▲	1.6%
05/03/2024	DIAMOND DRILLING PROGRAM COMPLETED AT BLACKSMITH	0.650	▲	1.6%	0.650	▶	0.0%
08/02/2024	Brendon Grylls appointed to lead Pilbara Advisory Committee	0.715	▼	3.4%	0.700	▼	2.1%
24/01/2024	Quarterly Activities and Cashflow Report	0.590	▶	0.0%	0.620	▲	5.1%

Source: Bloomberg and BDO analysis

On 14 March 2024, the Company announced the successful completion of the institutional component of the 2024 Entitlement Offer, raising $10.2 million (before costs), resulting in the issue of 16.93 million new shares. Further details on the 2024 Entitlement Offer are included in Section 5.5 of our Report. On the day of the announcement, the share price increased by 1.6% to close at $0.650, before further increasing by 11.5% over the subsequent three-day trading period to close at $0.725.

On 1 May 2024, the Company announced the results of the PFS for the Blacksmith Project and the maiden Ore Reserve for the Delta deposit, which are further detailed in Section 5.2 of our Report. On the day of the announcement, the share price increased by 14.3% to close at $0.800, before further increasing by 7.5% over the subsequent three-day trading period to close at $0.860.

On 24 July 2024, the Company released its Quarterly Activities and Cashflow Report for the June 2024 quarter, which highlighted the results of the PFS, and DSO MRE upgrades for the Delta, Paragon, Blackjack and Champion deposits. On the day of the announcement, the share price decreased by 7.5% to close at $0.800, before increasing by 2.5% over the subsequent three-day trading period to close at $0.820.

On 26 July 2024, the Company announced a DSO MRE upgrade for the Eagle deposit at its Blacksmith Project following geological re-interpretation. On the day of the announcement, the share price decreased by 1.8% to close at $0.805, before further decreasing by 1.9% over the subsequent three-day trading period to close at $0.790.

On 4 September 2024, the Company announced a forecasted annual throughput allocation of 1 Mtpa at Utah Point, which was anticipated to become available in 2026. On the day of the announcement, the share price increased by 6.6% to close at $0.810, before further increasing by 7.4% over the subsequent three-day trading period to close at $0.870.

On 5 September 2024, the Company announced that Viking Mines had secured 100% ownership of the Canegrass Project, by completing Stage 2 of the FIA and acquiring the remaining stake via the acquisition of Flinders Canegrass, which is further detailed in Section 5.5 of our Report. On the day of the announcement, the share price decreased by 3.4% to close at $0.783, before increasing by 11.2% over the subsequent three-day trading period to close at $0.870.

On 31 October 2024, the Company released its Quarterly Activities and Cashflow Report for the September 2024 quarter, which highlighted the DSO MRE upgrade for the Eagle deposit at its Blacksmith Project,

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haulage route optimisation and forecasted port capacity at Utah Point. On the day of the announcement, the share price remained unchanged at $0.695, before increasing by 18.7% over the subsequent three days to close at $0.825.

To provide further analysis of the QMPs of a Red Hawk share, we have also considered the VWAP for 10-, 30-, 60- and 90-day periods to 24 January 2025.

Share price per unit	24-Jan-25	10 days	30 days	60 days	90 days
Closing price	$0.820				
VWAP		$0.806	$0.811	$0.782	$0.780

Source: Bloomberg and BDO analysis

The above VWAPs are prior to the date of the announcement of the Offer, to avoid the influence of any movements in the price of Red Hawk shares that have occurred since the Offer was announced.

An analysis of the volume of trading in Red Hawk shares for the period from 24 January 2024 to 24 January 2025, is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of issued capital
1 day	$0.820	$0.820	10,158	0.01%
10 days	$0.755	$0.825	169,277	0.08%
30 days	$0.755	$0.850	374,266	0.19%
60 days	$0.690	$0.860	1,024,452	0.51%
90 days	$0.650	$0.860	1,229,289	0.62%
180 days	$0.650	$0.970	1,993,276	1.00%
1 year	$0.586	$0.970	2,939,396	1.47%

Source: Bloomberg and BDO analysis

This table indicates that Red Hawk's shares display a low level of liquidity, with 1.47% of the Company's issued capital being traded in a twelve month period. RG 111.86 states that for the QMP methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company's securities.
- Approximately 1% of a company's securities are traded on a weekly basis.
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company.
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

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In the case of Red Hawk, we consider the market for Red Hawk's shares to be neither liquid, nor active, with significantly less than 1% of the Company's securities being traded on a weekly basis. Over the assessed twelve-month period, the week with the highest trading volume represented 0.12% of Company's current issued capital.

Notwithstanding the low levels of liquidity, our assessment is that a range of values for a Red Hawk share based on market pricing prior to the announcement of the Offer, is between $0.700 and $0.850.

Control premium

We have reviewed the control premiums on completed transactions, paid by acquirers of ASX-listed general mining companies and all ASX-listed companies over the 10-year period from January 2014 to December 2024. In assessing the appropriate sample of transactions from which to determine an appropriate control premium, we have excluded transactions where an acquirer obtained a controlling interest (20% and above) at a discount (i.e., less than a 0% premium) and at a premium in excess of 100%. We have summarised our findings below:

ASX-listed mining companies

Year	Number of transactions	Average deal value ($m)	Average control premium (%)
2024	12	480.74	38.35
2023	13	174.40	31.68
2022	8	2,099.20	24.85
2021	6	1,235.14	29.89
2020	7	447.29	34.04
2019	10	165.21	37.84
2018	7	95.56	30.41
2017	5	43.91	51.44
2016	10	72.40	44.15
2015	10	261.09	45.09
2014	14	87.54	44.09

Source: Bloomberg, BDO analysis

All ASX-listed companies

Year	Number of transactions	Average deal value ($m)	Average control premium (%)
2024	42	965.15	28.76
2023	35	421.28	27.41
2022	39	3,199.03	23.39
2021	28	1,095.24	35.17
2020	16	367.97	40.43

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Year	Number of transactions	Average deal value ($m)	Average control premium (%)
2019	29	4,165.55	32.83
2018	26	1,571.79	30.07
2017	24	1,168.71	36.75
2016	28	490.46	38.53
2015	28	948.39	33.53
2014	35	394.93	38.31

Source: Bloomberg and BDO analysis

The mean and median of the entire data sets comprising control transactions from 2014 onwards for ASX-listed mining companies and all ASX-listed companies are set out below:

Entire data set metrics	ASX-listed mining companies		All ASX-listed companies	
	Deal value ($m)	Control premium (%)	Deal value ($m)	Control premium (%)
Mean	420.08	37.71	1,384.31	32.38
Median	55.31	32.94	132.66	28.04

Source: Bloomberg and BDO analysis

In arriving at an appropriate control premium to apply, we note that observed control premiums can vary due to the following:

- Nature and magnitude of non-operating assets.
- Nature and magnitude of discretionary expenses.
- Perceived quality of existing management.
- Nature and magnitude of business opportunities not currently being exploited.
- Ability to integrate the acquiree into the acquirer's business.
- Level of pre-announcement speculation of the transaction.
- Level of liquidity in the trade of the acquiree's securities.

When performing our control premium analysis, we consider completed transactions where the acquirer held a controlling interest, defined at 20% or above, pre-transaction or proceed to hold a controlling interest post-transaction in the target company.

We have removed transactions for which the announced premium was in excess of 100%. We have removed these transactions because we consider it likely that the acquirer in these transactions would be paying for special value and/or synergies in excess of the standard premium for control. Whereas the purpose of this analysis is to assess the premium that is likely to be paid for control, not specific value to the acquirer.

The table above indicates that the long-term average control premium by acquirers of ASX-listed general mining companies and all ASX-listed companies is approximately 37.71% and 32.38% respectively. However, in assessing the transactions included in the table above, we noted that control premiums appeared to be positively skewed.

In population where the data is skewed, the median often represents a superior measure of central tendency compared to the mean. We note that the median announced control premium over the assessed

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period was approximately 32.94% for ASX-listed general mining companies and 28.04% for all ASX-listed companies.

Based on the above, we consider an appropriate premium for control to be between 25% and 35%.

QMP including control premium

Applying a control premium to Red Hawk's QMP, results in the following QMP value including a premium for control:

QMP valuation of a Red Hawk share	Low $	High $
QMP	$0.700	$0.850
Control premium	25%	35%
QMP valuation including a premium for control	**$0.875**	**$1.148**

Source: BDO analysis

Therefore, our valuation of a Red Hawk share based on the QMP methodology and including a premium for control is between $0.875 and $1.148, with our preferred QMP value of a Red Hawk share being a rounded midpoint value of $1.012. We have selected a midpoint between the low and high values as the preferred value, as there is no reason for us to select a value on either end of the above assessed range.

10.3 Assessment of the value of a Red Hawk share prior to the Offer

The results of the valuations performed are summarised in the table below:

Valuation of a Red Hawk share prior to the Offer	Ref.	Low $	Preferred $	High $
Sum-of-Parts (controlling interest basis)	10.1	0.382	0.544	0.708
QMP (controlling interest basis)	10.2	0.875	1.012	1.148

Source: BDO analysis

We consider the Sum-of-Parts approach to be the most appropriate methodology to value Red Hawk, as the core value of the Company lies in its Blacksmith Project and the Anvil Project, both of which have been independently valued by SRK, an independent technical specialist, in accordance with VALMIN and ASIC's Regulatory Guides. Further, the QMP approach is only appropriate where there is a liquid and active market for the company's shares. Given that our liquidity analysis in Section 10.2 indicates that Red Hawk's shares display a low level of liquidity, we do not consider it appropriate to consider the QMP of Red Hawk shares in our assessment of the value of a Red Hawk share prior to the Offer. As a result, our valuation range has been solely informed by the values derived under the Sum-of-Parts approach.

The difference in the valuation results under our two valuation approaches are explained by the following:

- As determined by our liquidity analysis in Section 10.2, Red Hawk's shares display a low level of liquidity. This is likely attributable to the free float of the Company's shares being at a relatively low level, due to the existence of two substantial shareholders of the Company over the assessed period, namely TIO (NZ) Limited and OCJ Investment (Australia) Pty Ltd, which collectively hold approximately 82% of the Company's issued capital as at the date of our QMP analysis. Therefore, the market price of Red Hawk's shares may not reflect the underlying value of the Company.

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- The assumptions made by SRK in assessing the value of Red Hawk's mineral assets may be less optimistic than those made by the market, including the classification of the Company's Mineral Resource.
- SRK is bound by the requirements of VALMIN and other industry codes, as well as guidance from ASIC's Regulatory Guides when assessing the value of Red Hawk's mineral assets. In contrast, market participants are not constrained or governed by these codes and therefore may be basing their valuations on different technical and economic assumptions.
- As set out in our Report and the SRK report, the Company is exposed to risks around development of the Blacksmith Project, specifically relating to haulage options, port access and funding. Given these development risks, and the commonly held view that optimisation of an iron ore project requires scale and infrastructure, the market price of Red Hawk may incorporate the likelihood of receiving a takeover premium from a large iron ore company in the future.

Based on the results above we consider the value of a Red Hawk share to be between $0.382 and $0.708 with a preferred value of $0.544.

11. Valuation of the Offer Consideration

Under the terms of the BID, for each Red Hawk share accepted into the Offer, Shareholders will receive $1.05 in cash (Base Offer Price). However, the Offer Consideration must be increased to $1.20 in cash if Fortescue has a relevant interest in 75% or more of all Red Hawk shares on or before the date that is seven days after the Offer is open for acceptance (Increased Offer Price).

As detailed in Section 9.2 of our Report, there is uncertainty as at the date of our Report, as to the exact amount of cash that Shareholders will receive for each Red Hawk share accepted into the Offer. Therefore, we have conducted our assessment of the value of the Offer Consideration under the following scenarios:

- **Scenario 1:** Fortescue has a relevant interest of less than 75% of all Red Hawk shares at 7:00pm AEDT on the date that is seven days after the Offer is open for acceptance, resulting in Shareholders receiving the Base Offer Price, being $1.05 in cash for each Red Hawk share accepted into the Offer.
- **Scenario 2:** Fortescue has a relevant interest in 75% or more of all Red Hawk shares on or before the date that is seven days after the Offer is open for acceptance, resulting in Shareholders receiving the Increased Offer Price, being $1.20 in cash for each Red Hawk share accepted into the Offer.

Therefore, the value of the Offer Consideration is $1.05 under Scenario 1, and $1.20 under Scenario 2.

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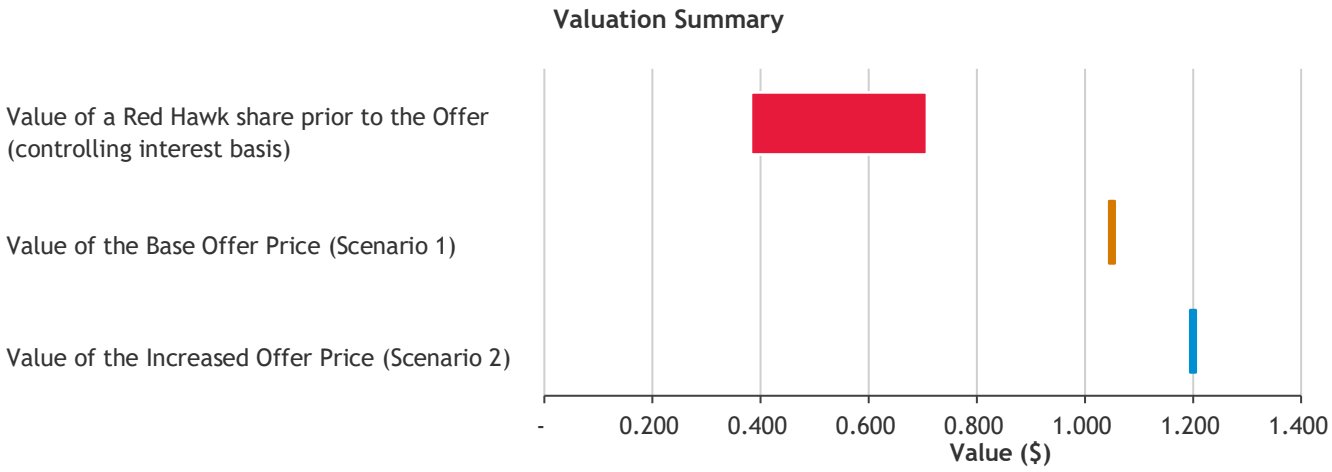
12. Is the Offer fair?

The value of a Red Hawk share prior to the Offer (on a controlling interest basis) and the value of the Offer Consideration under both scenarios, are compared below:

Fairness assessment	Ref.	Low $	Preferred $	High $
Value of a Red Hawk share prior to the Offer (controlling interest basis)	10	0.382	0.544	0.708
Value of the Base Offer Price under Scenario 1	11	1.050	1.050	1.050
Value of the Increased Offer Price under Scenario 2	11	1.200	1.200	1.200

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

The above pricing indicates that, in the absence of a superior offer, the Offer is fair for Shareholders. We consider the Offer to be fair for Shareholders because the value of the Offer Consideration under both scenarios is greater than the entire assessed valuation range of a Red Hawk share prior to the Offer (on a controlling interest basis).

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13. Is the Offer reasonable?

We have considered the analysis below, in terms of the following:

- Advantages and disadvantages of the Offer.
- Other considerations, including the position of Shareholders if the Takeover does not proceed and the consequences of not accepting the Offer.

In our opinion, the position of Shareholders if the Offer is accepted is more advantageous than the position if the Offer is not accepted. Accordingly, in the absence of a superior proposal, we consider that the Offer is reasonable for Shareholders.

13.1 Advantages of accepting the Offer

We have considered the following advantages in our assessment of whether the Offer is reasonable.

13.1.1. The Offer is fair

As set out in Section 12, the Offer is fair. RG 111.12 states that an offer is reasonable if it is fair.

13.1.2. The Offer Consideration provides certainty of value to Shareholders

The Offer Consideration is in the form of cash. Therefore, Shareholders will receive cash for exiting their investment in Red Hawk, offering certainty in their returns and providing the opportunity to utilise the cash received for other purposes, such as alternative investments.

However, we note that this may not be considered an advantage by those Shareholders who acquired their Red Hawk shares at a price higher than the Offer Consideration, or those Shareholders who do not wish to access alternative investments.

13.1.3. The Takeover removes the uncertainty of funding required for the development of the Blacksmith Project

If Shareholders accept the Offer, this removes the uncertainty surrounding the funding required for the development of the Blacksmith Project. Based on discussions with management of Red Hawk, funding for the development of the Blacksmith Project would likely be sourced from a combination of debt (in the form of an offtake arrangement or prepayment facility) and equity.

Based on discussions with management, we understand that the Company was in advanced discussions with various third parties for potential offtake arrangements and prepayment facilities. Management have provided us with term sheets between the Company and these parties. The terms and counterparties to these facilities have not been disclosed for commercial reasons.

As detailed in Section 5.5 of our Report, the Company's 2024 Entitlement Offer raised a total of $11.12 million (before costs), representing 88.7% of the new shares available under the 2024 Entitlement Offer and an implied shortfall of 11.3%. We note that the quantum of funds required to be raised for the development of the Blacksmith Project would be substantially greater than the funds sought under the 2024 Entitlement Offer. Therefore, given there was a shortfall of 11.3% under the 2024 Entitlement Offer, the Company would likely need to conduct a placement with its institutional shareholders or third parties in order to raise the required capital via an equity raising.

Alternatively, the Company may need to conduct an entitlement offer or rights issue with existing shareholders at a significant discount to the Company's share price, in order for existing shareholders to

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take up their respective entitlements. We note that this would result in dilution for those existing shareholders who choose not to participate or are not willing to take up their full entitlement.

Therefore, if Shareholders accept the Offer and the Takeover proceeds, this will remove the uncertainty surrounding the funding required for the development of the Blacksmith Project, and Shareholders will be able to crystallise the value of their investment in Red Hawk based on the current status of the Blacksmith Project and its progress to date.

13.1.4. The only condition of the Offer is that there are no prescribed occurrences

The only condition of the Offer is that it is subject to there being no occurrence of any event referred to in sections 652C(1) or 652C(2) of the Corporations Act. As set out in the BID, Fortescue will free the Offer of these conditions within 14 days of receiving a relevant interest of 50.1% of Red Hawk shares.

Further, a takeover offer can often be subject to a minimum acceptance condition. However, the Offer is not subject to a minimum acceptance condition. Therefore, Shareholders are free to accept the Offer regardless of whether other Shareholders decide to accept the Offer. This provides Shareholders with a high level of certainty that if they accept the Offer, it will be binding.

13.2 Disadvantages of accepting the Offer

We have considered the following disadvantages in our assessment of whether the Offer is reasonable.

13.2.1. Shareholders will forego the opportunity to participate in any potential upside of Red Hawk's mineral assets

If Shareholders accept the Offer, they will exit their investment in Red Hawk. As a result, Shareholders will forego the opportunity to participate in any potential upside in the value of Red Hawk's mineral assets and the value of the Company. Specifically, Shareholders will not be able to access any returns generated by the Company's assets, namely the Blacksmith Project and the Anvil Project.

13.2.2. Shareholders will lose exposure to the iron ore industry

Shareholders may be holding their shares in Red Hawk to maintain exposure to the iron ore industry through the Company's Blacksmith Project and Anvil Project. By accepting the Offer, Shareholders will exit their investment in Red Hawk and lose exposure to this industry.

In addition, there are limited ASX-listed companies comparable to Red Hawk in terms of stage of development of iron ore assets. Therefore, Shareholders may not be able to replace this investment with a similar alternative investment.

13.3 Alternative proposal

Based on discussions with the management of Red Hawk, we understand that the Company considered a potential joint venture or sale of a project level interest in the Blacksmith Project with Fortescue. However, management have advised that this did not progress into formal discussions or term sheets with Fortescue.

We are unaware of any alternative proposal that might offer the Shareholders of Red Hawk a premium over the value resulting from the Offer.

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13.4 Consequences of not accepting the Offer

Red Hawk will need additional time to secure funding for the development of the Blacksmith Project and will create the potential for future dilution of existing Shareholders' interests in the Company

If the Offer is not accepted, the Company will need additional time to secure funding for the development of the Blacksmith Project. As discussed above, this will require further fundraising activities which may include raising capital from existing Shareholders in the form of an entitlement offer or rights issue, which could be dilutive if Shareholders choose not to participate or do not take up their entitlements. Therefore, if the Takeover does not proceed, this will create the potential for future dilution of existing Shareholders' interests in the Company.

Implications of Fortescue receiving different levels of acceptances

Section 6 of the Target's Statement details the various implications of Fortescue receiving different levels of acceptances, which are summarised below:

- If Fortescue acquires a relevant interest of more than 50%, but less than 90% of Red Hawk shares, Shareholders will become minority shareholders in Red Hawk. Specifically, Fortescue will be able to cast the majority of votes at a general meeting of Red Hawk shareholders, and in the event that Fortescue acquires a relevant interest of more than 75% of Red Hawk shares, Fortescue will be able to pass special resolutions at shareholder meetings.
- If Fortescue acquires a relevant interest in less than 50% of Red Hawk shares, Shareholders who do not accept the Offer will remain a shareholder of the Company.
- If Fortescue receives less than 90% acceptances, Fortescue intends to appoint directors to the Board of Red Hawk commensurate with its economic interest, subject to all applicable laws and regulatory requirements, to implement the objectives and strategies of Fortescue.

Shareholders' investment in Red Hawk may be compulsorily acquired

In accordance with Part 6A.1 of the Corporations Act, if Fortescue acquires a relevant interest in 90% or more of Red Hawk shares, it will become entitled to proceed to compulsorily acquire any outstanding Red Hawk shares it does not own. Further, it is possible that, even if Fortescue is not entitled to proceed to compulsory acquisition under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6A.2 of the Corporations Act.

Per the Bidder's Statement, Fortescue intends to exercise its compulsory acquisition rights. Further details of Fortescue's intentions upon acquiring 90% or more of Red Hawk shares are contained within the Bidder's Statement.

Transaction costs will be incurred by Red Hawk

If the Takeover does not proceed, transaction costs of approximately $0.44 million will have been incurred by the Company with no achieved outcome.

13.5 Other considerations

The Offer Consideration is uncertain as at the date of our Report

The amount of cash to be received by Shareholders for each Red Hawk share accepted into the Offer is dependent on the level of acceptances of the Offer on or before the date that is seven days after the Offer is open for acceptance. This varying level of cash receivable is another consideration for Shareholders in choosing whether or not to accept the Offer.

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Should Fortescue have a relevant interest in 75% or more of all Red Hawk shares on or before the date that is seven days after the Offer is open for acceptance (Scenario 2), the Offer Consideration must be increased from $1.05 in cash (Base Offer Price) to $1.20 in cash (Increased Offer Price) and is therefore more valuable to Shareholders compared to the Offer Consideration under Scenario 1. Notwithstanding the above, and as concluded in our fairness assessment in Section 12 of our Report, we consider the Offer to be fair for Shareholders under both scenarios.

Taxation implications

Shareholders are directed to section 8 of the Bidder's Statement for tax implications of the Offer for Shareholders. We emphasise that the taxation circumstances of each Shareholder can differ significantly and individual shareholders are advised to obtain their own specific taxation advice.

14. Conclusion

We have considered the terms of the Offer as outlined in the body of this Report and have concluded that, in the absence of a superior offer, the Offer is fair and reasonable to Shareholders.

15. Sources of information

This report has been based on the following information:

- Target's Statement on or about the date of this Report
- Bidder's Statement on or about the date of this Report
- Audited financial statements of Red Hawk for the years ended 30 June 2022, 30 June 2023 and 30 June 2024
- Unaudited management accounts of Red Hawk for the period ended 31 December 2024
- The Blacksmith Model provided by Red Hawk
- Independent Specialist Report of Red Hawk's mineral assets performed by SRK
- S&P Capital IQ
- Bloomberg
- Consensus Economics
- Share registry information
- Announcements made by Red Hawk available through the ASX
- Information in the public domain
- Discussions with Directors and Management of Red Hawk.

16. Independence

BDO Corporate Finance Australia Pty Ltd is entitled to receive a fee of approximately $120,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance Australia Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance Australia Pty Ltd has been indemnified by Red Hawk in respect of any claim arising from BDO Corporate Finance Australia Pty Ltd's reliance on information provided by Red Hawk, including the non-provision of material information, in relation to the preparation of this report.

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Prior to accepting this engagement BDO Corporate Finance Australia Pty Ltd has considered its independence with respect to Red Hawk, Fortescue and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance Australia Pty Ltd's opinion it is independent of Red Hawk, Fortescue, and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance Australia Pty Ltd, have had within the past two years any professional relationship with Red Hawk, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Red Hawk and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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17. Qualifications

BDO Corporate Finance Australia Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance Australia Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investments Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Ashton Lombardo and Adam Myers of BDO Corporate Finance Australia Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Ashton Lombardo is a member of the Australian Institute of Chartered Accountants, is a CA BV Specialist and is member of the committee established to develop and maintain the VALMIN Code. Ashton has over thirteen years of experience in Corporate Finance and has facilitated the preparation of numerous independent expert's reports and valuations. Ashton has a Bachelor of Economics and a Bachelor of Commerce from the University of Western Australia and has completed a Graduate Diploma of Applied Corporate Governance with the Governance Institute of Australia.

Adam Myers is a member of Chartered Accountants Australia & New Zealand and the Joint Ore Reserves Committee. Adam's career spans over 25 years in the audit and corporate finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

18. Disclaimers and consents

This report has been prepared at the request of Red Hawk for inclusion in the Target's Statement which will be sent to all Red Hawk shareholders. Red Hawk engaged BDO Corporate Finance Australia Pty Ltd to prepare an independent expert's report to consider Fortescue's off-market takeover offer to acquire all the fully paid ordinary shares on issue in Red Hawk.

BDO Corporate Finance Australia Pty Ltd hereby consents to this report accompanying the above Target's Statement. Apart from such use, neither the whole nor any part of this report, nor any reference thereto

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may be included in or with, or attached to any document, circular resolution, statement, or letter without the prior written consent of BDO Corporate Finance Australia Pty Ltd.

BDO Corporate Finance Australia Pty Ltd takes no responsibility for the contents of the Target's Statement other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance Australia Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Fortescue. BDO Corporate Finance Australia Pty Ltd provides no warranty as to the adequacy, effectiveness, or completeness of the due diligence process.

The opinion of BDO Corporate Finance Australia Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The forecasts provided to BDO Corporate Finance Australia Pty Ltd by Red Hawk and its advisers are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO Corporate Finance Australia Pty Ltd cannot provide any assurance that the forecasts will be representative of results that will actually be achieved.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Offer, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the shareholders of Red Hawk, or any other party.

BDO Corporate Finance Australia Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Red Hawk. The valuer engaged for the mineral asset valuation, SRK, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation are appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance Australia Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the end of the offer period.

Yours faithfully

BDO CORPORATE FINANCE AUSTRALIA PTY LTD



Ashton Lombardo
Director



Adam Myers
Director

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Appendix 1 – Glossary of Terms

Reference	Definition
2023 Entitlement Offer	Non-renounceable entitlement offer completed by Red Hawk on 27 November 2023
2024 Entitlement Offer	Non-renounceable entitlement offer completed by Red Hawk on 12 April 2024
Adjusted Model	BDO adjusted Model for the Blacksmith Project
Anvil Project	Anvil Iron Ore Project
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Base Offer Price	$1.05 in cash
BBIG	BBI Group Pty Ltd
BDO	BDO Corporate Finance Australia Pty Ltd
BID	Bid implementation deed between Red Hawk and FMG
Blacksmith Project	Blacksmith Iron Ore Project
Canegrass Project	Canegrass Vanadium Project
CFR	Cost and freight
Company	Red Hawk Mining Limited
Corporations Act	The Corporations Act 2001 (Cth)
CPI	Consumer price index
DCF	Discounted cash flow
DFS	Definitive feasibility study
DMT	Dry metric tonne

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Reference	Definition
DSO	Direct shipping ore
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FIA	Farm-in agreement
Flinders Canegrass	Flinders Canegrass Pty Ltd
Flinders Royalty	The royalty payable by FMG to the Company under the Mining Rights Agreement
FME	Future Maintainable Earnings
FMG	FMG Pilbara Pty Ltd
Fortescue	Fortescue Limited and its wholly owned subsidiaries
FY	Financial year
GDP	Gross domestic product
Haulage Agreement	Haulage of iron ore from Red Hawk's Blacksmith Project to Utah Point
Increased Offer Price	$1.20 in cash
IS 214	Information Sheet 214: Mining and resources: Forward-looking statements
ISR	Independent Specialist Report prepared by SRK
JORC	Joint Ore Reserves Committee
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition)
km^2	Square kilometres
km	Kilometres
LOM	Life of mine
MGM Bulk	MGM Bulk Pty Ltd
Mining Rights Agreement	The mining rights agreement between FMG and the Company entered into on 29 March 2005

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Reference	Definition
Model	Forecast cash flow model of the Blacksmith Project provided to us by the Company
Mt	Million tonnes
Mtpa	Million tonnes per annum
NAV	Net asset value
Offer	Fortescue's off-market takeover offer to acquire all the fully paid ordinary shares on issue in Red Hawk
Offer Consideration	$1.05 cash, however the Offer Consideration must be increased to $1.20 in cash if Fortescue has a relevant interest in 75% or more of all Red Hawk shares on or before the date that is seven days after the Offer is open for acceptance.
Offer Period	28 January 2025 to 3 March 2025
PAC	Pilbara Advisory Committee
PFS	Pre-feasibility study
QMP	Quoted market price
RBA	Reserve Bank of Australia
Red Hawk	Red Hawk Mining Limited
Regulations	Corporations Act Regulations 2001 (Cth)
Report	This Independent Expert's Report prepared by BDO
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
RG 170	Prospective financial information
Scenario 1	Fortescue has a relevant interest of less than 75% of all Red Hawk shares at 7:00pm AEDT on the date that is seven days after the Offer is open for acceptance, resulting in Shareholders receiving $1.05 in cash for each Red Hawk share accepted into the Offer.
Scenario 2	Fortescue has a relevant interest in 75% or more of all Red Hawk shares on or before the date that is seven days after the Offer is open for acceptance, resulting in Shareholders receiving $1.20 in cash for each Red Hawk share accepted into the Offer.
Shareholders	Shareholders of Red Hawk

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Reference	Definition
SRK	SRK Consulting (Australasia) Pty Ltd
Sum-of-Parts	Sum-of-Parts valuation
t	Tonne
Takeover	Fortescue's off-market takeover offer to acquire all the fully paid ordinary shares on issue in Red Hawk
USGS	United States Geological Survey
Utah Point	Utah Point Bulk Handling Facility
VALMIN Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition)
Viking Mines	Viking Mines Limited
VWAP	Volume-weighted average price
WA	Western Australia
WACC	Weighted average cost of capital

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Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted market price basis*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

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3 *Capitalisation of future maintainable earnings*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax or earnings before interest, tax, depreciation and amortisation. The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

5 *Market-based assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

The resource multiple is a market based approach which seeks to arrive at a value for a company by reference to its total reported resources and to the enterprise value per tonne/lb/oz of the reported resources of comparable listed companies. The resource multiple represents the value placed on the resources of comparable companies by a liquid market.

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Appendix 3 – Independent Specialist Report

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Final

Independent Specialist Report on the mineral assets of Red Hawk Mining Ltd

Prepared for BDO Corporate Finance Australia Pty Ltd



SRK Consulting (Australasia) Pty Ltd ■ BDO038 ■ 24 January 2025

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Final

Independent Specialist Report on the mineral assets of Red Hawk Mining Ltd

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File Name:
BDO038_Red Hawk Independent Specialist Report_Rev6.docx

Suggested Citation:
SRK Consulting (Australasia) Pty Ltd. 2025. Independent Specialist Report on the mineral assets of Red Hawk Mining Ltd. Final. Prepared for Prepared for BDO Corporate Finance Australia Pty Ltd: Perth, WA. Project number: BDO038. Issued 24 January 2025.

Cover Image:
Pilbara, Western Australia

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Acknowledgments

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Disclaimer: The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by Red Hawk Mining Ltd (Red Hawk or the Company). The opinions in this Report are provided in response to a specific request from BDO Corporate Finance Australia Pty Ltd (BDO) to do so. SRK has exercised all due care in reviewing the supplied information. While SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

Contents

Useful Definitions vii

Executive Summary ix

1 Introduction 1
1.1 Scope of work 1
1.2 Site visit 2
1.3 Reporting standard 2
1.3.1 Legal matters 3
1.3.2 Effective Date 3
1.4 Project team 3
1.5 Limitations, reliance on information, declaration and consent 4
1.5.1 Limitations 4
1.5.2 Statement of SRK independence 5
1.5.3 Indemnities 5
1.5.4 Consent 5
1.5.5 Practitioner consent 6
1.5.6 Consulting fees 6
1.5.7 Units of measure and currency 6

2 Overview of Red Hawk Mining Limited 7

3 Blacksmith Project 8
3.1 Tenure 9
3.2 Royalties and agreements 10
3.2.1 Royalties 10
3.2.2 Agreements 10
3.3 Project history 11
3.4 Geology and Mineral Resource 13
3.4.1 Geological setting 13
3.4.2 Exploration data 16
3.4.3 Mineralisation 17
3.4.4 Metallurgical testing 25
3.4.5 Mineral Resource estimate 26
3.4.6 Exploration potential 29
3.4.7 Opportunities and risks 30
3.5 Mining and Ore Reserve 32
3.5.1 Introduction 32
3.5.2 Current project status 32
3.5.3 Life of mine plan and inventory 32
3.5.4 Ore Reserves 33
3.5.5 Life of mine plans 34
3.5.6 Project development and timing 34
3.5.7 Open pit geotechnical and pit designs 34
3.5.8 Project financial model 35
3.5.9 Risks 36
3.5.10 Opportunities 37
3.6 Infrastructure and logistics 37
3.6.1 Mine infrastructure 37
3.6.2 Logistics 38

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3.7 Environmental, social and governance 40
3.7.1 Introduction 40
3.7.2 Red Hawk's approach to ESG 41
3.7.3 Environmental and social context 41
3.7.4 Mineral, land and water access rights 43
3.7.5 Environmental approvals 46
3.7.6 Mine closure planning and cost estimations 50
3.7.7 Summary of potential ESG risks 52

4 Anvil Project 53
4.1 Tenure 53
4.2 History 53
4.3 Geology and Mineral Resource 54
4.3.1 Geological setting 54
4.3.2 Exploration data 54
4.3.3 Mineralisation 54
4.3.4 Mineral Resource estimate 56
4.3.5 Exploration potential 58
4.3.6 Opportunities and risks 58

5 Other considerations 59
5.1 Iron ore market 59
5.2 Previous valuations 60

6 Valuation 61
6.1 Valuation methodology 61
6.2 Valuation basis 63
6.2.1 Mineral Resources 64
6.2.2 Exploration potential 65
6.3 Comparable transactions valuation 66
6.4 Yardstick multiples 71
6.5 Peer group analysis 73
6.6 Valuation summary 74
6.7 Discussion on valuation ranges 75

References 78

Tables

Table 1.1: Details of the qualifications and experience of the project team 4
Table 3.1: Blacksmith Project tenure 9
Table 3.2: Summary of previous exploration activities 11
Table 3.3: Stratigraphic units characterised by CSA Global at Blacksmith 21
Table 3.4: Comparison of Blacksmith DSO fines product to other Pilbara iron ore fines products 25
Table 3.5: Summary of the Blacksmith Project Mineral Resources by deposit 27
Table 3.6: Summary of the Blacksmith Project Mineral Resources above the water table by deposit 28
Table 3.7: Blacksmith Project DSO Ore Reserves as at April 2024 33
Table 3.8: Granted environmental approvals – Blacksmith Project 49
Table 4.1: Anvil Project tenure 53
Table 4.2: Summary of Anvil exploration and resource definition drilling history 54
Table 4.3: Summary of the Anvil Project Mineral Resources 57

Table 6.1: Suggested valuation approaches according to Development status 62
Table 6.2: Mineral Resources summary 65
Table 6.3: Exploration potential 66
Table 6.4: Resource based multiple transaction analysis 66
Table 6.5: Comparable transactions valuation of Red Hawk's Mineral Resources and exploration potential 70
Table 6.6: Market transaction in situ values versus spot prices 72
Table 6.7: Yardstick multiples 72
Table 6.8: Yardstick valuation of Red Hawk's Mineral Resources and exploration potential 73
Table 6.9: Peer group analysis 73
Table 6.10: Peer group valuation 74
Table 6.11: Valuation summary 75

Figures

Figure 2.1: Locations of the Red Hawk mineral assets 7
Figure 3.1: Pannawonica climate statistics 8
Figure 3.2: Layout of the tenure at the Blacksmith Project 10
Figure 3.3: Stratigraphy of the Hamersley Group 15
Figure 3.4: Blacksmith Project drill hole collars 16
Figure 3.5: Blacksmith Project deposits, ore types, drill hole collars and tenure (M47/1451-I) 18
Figure 3.6: Diamond drill core photography of Dales Gorge Member hardcap ore type 19
Figure 3.7: Diamond drill core photography of canga ore type 20
Figure 3.8: Typical cross sections 22
Figure 3.9: Outcrop examples of canga ore type 23
Figure 3.10: Outcrop examples of Dales Gorge Member ore type 24
Figure 3.11: Target locations identified by CSA Global 30
Figure 3.12: Road haulage from the mine to the port 39
Figure 3.13: Flora and fauna species of conservation significance within the project area 42
Figure 3.14: Land use within the project area 46
Figure 3.15: Project development scope covered under the existing primary approvals 47
Figure 4.1: Anvil deposit areas and drill hole collar locations 55
Figure 4.2: Anvil geological units and descriptions 56
Figure 5.1: Iron ore price CFR China, 62% Fe 59
Figure 6.1: Project value curve 68
Figure 6.2: Iron ore transaction implied multiples, between 2017 and 2024 69
Figure 6.3: In situ values versus spot prices, selected metals and minerals 71

Appendices

Appendix A Comparable transactions

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Useful Definitions

This list contains definitions of symbols, units, abbreviations, and terminology that may be unfamiliar to the reader.

ASX	Australian Securities Exchange
AusIMM	Australasian Institute of Mining and Metallurgy
A$	Australian dollars
A$/t	Australian dollars per tonne
BDO	BDO Corporate Finance Australia Pty Ltd
BIF	banded ironstone formation
CFR	Cost and Freight (Incoterms)
Company	Red Hawk Mining Limited
CP	Competent Person
DCCEEW	Department of Climate Change, Energy, the Environment and Water (Commonwealth)
DCF	discounted cash flow
DD	diamond drilling
DEMIRS	Department of Energy, Mines, Industry Regulation and Safety
DFS	definitive feasibility study
DISR	Department of Industry, Science and Resources (Commonwealth)
DMT	dry metric tonnes
DSO	direct shipping ore
EPA	Environmental Protection Authority
EP Act	*Environmental Protection Act 1986* (WA)
EPBC Act	*Environment Protection and Biodiversity Conservation Act 1999* (Cth)
ESG	environmental, social and governance
EV	Enterprise Value
FS	feasibility study
GL/a	gigalitres per annum
GWL	groundwater well licence
ha	hectares
H2	second half
IER	Independent Expert Report
ILUA	Indigenous Land Use Agreement
ISR	Independent Specialist Report
IVSC	International Valuation Standards Council
JORC 2012	*Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC), December 2012
JV	joint venture

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k	thousand
kL	kilolitres
km	kilometres
km^2	square kilometres
kt	kilotonnes
L	litres
LOI	loss on ignition
LOM	life of mine
m	metres
M	million
m^3	cubic metre
MCP	Mine Closure Plan
MEE	multiples of exploration expenditure
MRDH	Manuwarra Red Dog Highway
Mt	million tonnes
Mtpa	million tonnes per annum
MTR	metal transaction ratio
NPV	net present value
PFS	pre-feasibility study
PIOPMC	PIOP Mine Co. Pty Ltd
Q4	fourth quarter
RC	reverse circulation
RD	relative density
Red Hawk	Red Hawk Mining Limited or the Company
RIWI Act	*Rights in Water and Irrigation Act 1914* (WA)
ROM	run of mine
RTIO	Rio Tinto Iron Ore
SME	SME Geotechnical
SRK	SRK Consulting (Australasia) Pty Ltd
t	tonnes
t/m^3	tonnes per cubic metre
tpa	tonnes per annum
US$	United States dollars
VALMIN Code	*Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets*, dated 2015
WA	Western Australia
WGAC	Wintawari Guruma Aboriginal Corporation

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Executive Summary

BDO Corporate Finance Australia Pty Ltd (BDO) has been engaged by Red Hawk Mining Limited (Red Hawk or the Company) to prepare an Independent Expert Report (IER or the BDO Report) commenting on the fairness and reasonableness of a proposed cash takeover bid from FMG Pilbara Pty Ltd, a wholly owned subsidiary of Fortescue Ltd.

BDO subsequently contacted SRK Consulting (Australasia) Pty Ltd (SRK) to prepare an Independent Specialist Report (Report) incorporating a technical assessment and valuation of certain mineral assets and providing its opinion on matters to which BDO is not a Specialist (SRK Scope).

Red Hawk's mineral assets to be considered by SRK are located in Western Australia's Pilbara region and include:

- Red Hawk's 100% interest in the the Blacksmith iron ore project
- Red Hawk's 100% interest in the Anvil iron ore project.

The Blacksmith Project is located approximately 70 km northwest of the Tom Price township in the Pilbara region of Western Australia. Blacksmith is nestled among many major third party held iron ore projects, including Mount Tom Price, Brockman, Solomon and Eliwana. Red Hawk's Blacksmith Project is estimated to contain a Measured, Indicated and Inferred direct ship ore (DSO) Mineral Resource of 243 Mt at 59.3% Fe contained within the Champion, Blackjack, Delta, Paragon and Eagle deposits. Further upside potential exists at the Ajax and Budget deposits where drilling has taken place.

In 2024, a pre-feasibility study (PFS) was completed defining an Ore Reserve of 46 Mt at an average grade of 60.5% Fe.

The Company's Anvil Project is situated approximately 5 km southwest of the Blacksmith Project and hosts an Inferred Mineral Resource of 176 Mt at 47.1% Fe.

In forming its overall opinion regarding the Market Value of Red Hawk's mineral assets, SRK has adopted the market approach using comparable transactions supported by peer analysis and yardstick methods, as secondary guides.

Based on its review of the available technical information, SRK has attributed a Market Value to the estimated Mineral Resources and exploration potential, given the valuation approach and methodologies adopted.

On this basis, SRK considers the current market is likely to pay between A$73 M and A$139 M for a 100% interest in the attributable Mineral Resources and exploration potential held by Red Hawk, with a preferred value of A$106 M.

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1 Introduction

BDO has been engaged by Red Hawk to prepare an IER providing an opinion on a proposed cash takeover bid for the entire issued capital of Red Hawk. The proposed takeover bid is from FMG Pilbara Pty Ltd, a wholly owned subsidiary of Fortescue Ltd.

BDO has subsequently instructed SRK to prepare an Independent Specialist Report (ISR) incorporating a technical assessment and valuation of Red Hawk's iron ore assets in Western Australia. SRK's scope of the work was established by BDO and is summarised in this ISR (or the Report). SRK's ISR is expected to form part of the BDO IER and will be provided to Red Hawk shareholders. SRK's ISR does not comment on the 'fairness and reasonableness' of any transaction between Red Hawk and any other parties.

The key mineral assets to be considered in this Report are collectively known as the Mineral Assets and comprise:

- a 100% interest in the Blacksmith iron ore project located approximately 70 km northwest of the Tom Price township in the Pilbara region of Western Australia
- a 100% interest in the Anvil iron ore project situated approximately 5 km southwest of the Blacksmith Project.

1.1 Scope of work

As instructed by BDO, SRK's scope of work comprises:

- An opinion regarding the reasonableness of all technical inputs to the Blacksmith Project financial model (the Model), including:
  - Mineral Resources and Ore Reserves incorporated into the Model including any conversion factors applied to the Mineral Resources
  - mining physicals (including tonnes of ore mined, quality, waste material and mine life)
  - production and operating costs (including but not limited to drilling, mining, waste, haulage, processing, transport (including road usage charges, port and shipping), general administration, marketing, fuel costs, contingencies and royalties or levies)
  - assumptions regarding quality discounts that have or should be applied to the forecast pricing
  - capital expenditure (including but not limited to pre-production costs, project capital costs, sustaining capital expenditure, salvage value, rehabilitation and contingency)
  - any other relevant technical assumptions not specified above.
- A valuation of any residual Mineral Resource not included in the Model and/or the exploration potential of the associated mineral tenure (that may include the Anvil Project).
- A written report summarising SRK's findings.

SRK's services excluded any work in relation to:

- marketing, commodity price and exchange rate assumptions adopted in the Model
- financial and/or corporate taxation analysis.

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As part of its investigations, SRK has made enquiries but not conducted any independent due diligence on the status of the associated mineral titles and issues relating to land access and environmental regulations. SRK is not qualified to make legal representations in this regard and therefore specifically disclaims responsibility for these aspects for the purpose of this review.

Following initial review, the original scope was modified by BDO to reflect the decision not to use the discounted cash flow approach. As such, the Mineral Resources, inclusive of the Ore Reserves, are valued using alternative methods in the modified scope of work.

1.2 Site visit

Given the development status of the Blacksmith Project, a site visit was warranted as per the requirements of the VALMIN Code (2015). SRK's nominated representative, Dr Mark Rieuwers, completed a site inspection of the Project from 28–29 November 2024.

1.3 Reporting standard

As noted previously, the Report has been prepared in accordance with the guidelines outlined in the *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets* (VALMIN Code, 2015), which incorporates the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (JORC Code, 2012).

A first draft of the Report was supplied to BDO and Red Hawk to check for material errors, factual accuracy and omissions before the final report was issued.

For the purposes of this Report, value is defined as 'market value', being the amount of money (or the cash equivalent or some other consideration) for which a mineral asset should change hands on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing, wherein the parties each acted knowledgeably, prudently and without compulsion.

The SRK Report does not comment on the 'fairness and reasonableness' of the proposed cash takeover bid involving the Company's mineral assets.

For this Report, SRK has classified the mineral assets of Red Hawk in accordance with the categories outlined in the VALMIN Code (2015), these being:

- **Early-stage Exploration Projects** – tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.
- **Advanced Exploration Projects** – tenure holdings where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.
- **Pre-development Projects** – tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for

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which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.

- **Development Projects** – tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a PFS.
- **Production Projects** – tenure holdings – particularly mines, borefields and processing plants that have been commissioned and are in production.

As discussed further in this Report, SRK has classified Red Hawk's Blacksmith Project as a Pre-development to Development Project, while the Anvil Project is classified as an Advanced Exploration Project.

SRK has used valuation approaches that are typically used for mineral assets at each of these respective stages. Additional details are provided in Section 6 of this Report.

1.3.1 Legal matters

SRK has not been engaged to comment on any legal matters. SRK notes that it is not qualified to make legal representations as to the ownership and legal standing of the mineral tenements that are the subject of this Report. SRK has not attempted to confirm the legal status of the tenements with respect to joint venture (JV) agreements, local heritage or potential environmental or land access restrictions. In accordance with section 7.2 of the VALMIN Code (2015), SRK has satisfied itself regarding the legal status of the Company's projects by reviewing the Western Australian (WA) TENGRAPH online website that outlines the status of the project tenures.

1.3.2 Effective Date

The Effective Date of this Report is 1 January 2025.

1.4 Project team

This Report has been prepared by a team of consultants from SRK's offices in Australia. Details of the qualifications and experience of the consultants who have conducted the work in this Report, who have extensive experience in the mining industry and are members in good standing of appropriate professional institutions, are set out in Table 1.1.

Table 1.1: Details of the qualifications and experience of the project team

Specialist	Position	Responsibility	Length and type of experience	Site inspection	Professional designation
Shaun Barry	Principal Consultant	Project manager, reporting and valuation	+30 years – 14 years in consulting specialising in valuation, financial modelling, sensitivity analyses, due diligence studies, IERs, optimisation studies, risk analysis, business and marketing strategy development; 9 years marketing; 7 years analyst; 2 years in operations.	No	BSc Hons, MSc Eng, MAusIMM(CP) MRICS
Mike Lowry	Principal Consultant	Geology	28 years – 6 years consulting specialising in Mineral Resource estimation and evaluation, 11 years in Mineral resource estimation, 9 years in operations (mine geology) and 2 years in exploration.	No	BSc Hons (Geology), GCert (Geostatistics) MAusIMM
Mark Rieuwers	Principal Consultant	Geology	17 years – 5 years in consulting specialising in geology and mineral exploration; 12 years in exploration, project development and mining roles.	Yes	BSc Hons, PhD, MAIG
Fraser McQueen	Principal Consultant	Mining	13 years of experience in consulting, specialising in open pit mine planning, operating and capital cost estimation and Ore Reserve estimates.	No	BEng, CEng, MIMMM
Ludovic Rollin	Senior Consultant	Environmental and social	14 years – 8 years in consulting specialising in environmental, social and governance studies and reviews; 6 years in environmental, social and health and safety operational management	No	BSc, MSc Eng, EUR ING (CP), MAusIMM
Jeames McKibben	Principal Consultant	Peer review	+30 years – 20 years in consulting specialising in valuation and corporate advisory; 2 years as an analyst; 8 years in exploration and project management roles.	No	MBA, BSc Hons, FAusIMM(CP), MAIG, MRICS

1.5 Limitations, reliance on information, declaration and consent

1.5.1 Limitations

SRK's opinion contained herein is based on information provided to SRK by Red Hawk throughout the course of SRK's investigations as described in this Report, which in turn reflects various technical and economic conditions at the time of writing. Such technical information as provided by Red Hawk was taken in good faith by SRK. SRK has not independently verified the stated Exploration Results, Mineral Resources and Ore Reserves by means of recalculation but instead

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has completed limited verification and review for the purposes of establishing whether they are reasonable in accordance with the purpose of this Report.

This Report includes technical information, which requires subsequent calculations to derive subtotals, totals, averages and weighted averages. Such calculations may involve a degree of rounding. Where such rounding occurs, SRK does not consider it to be material.

As far as SRK has been able to ascertain, the information provided by Red Hawk was complete and not incorrect, misleading or irrelevant in any material aspect. The information on which SRK has relied is noted throughout this report and in the References section at the back of this report.

1.5.2 Statement of SRK independence

Neither SRK, nor any of the authors of this Report, have any material present or contingent interest in the outcome of this Report, nor any pecuniary or other interest that could be reasonably regarded as capable of affecting their independence or that of SRK. SRK has no beneficial interest in the outcome of this Report capable of affecting its independence.

SRK has not previously prepared any public reports relating to the mineral assets or entities that are the subject of this report.

1.5.3 Indemnities

As recommended by the VALMIN Code (2015), Red Hawk has represented in writing to SRK that full disclosure has been made of all material information and that, to the best of its knowledge and understanding, such information is complete, accurate and true.

Red Hawk has advised SRK whether any of the information provided is deemed to be confidential and any restrictions as to its use. Where warranted, SRK confirms it has taken any such information into account in its value deliberations and has provided appropriate summary information and context to assist readers of its report without compromising the commercially sensitive nature of such information.

In line with the VALMIN Code (2015), Red Hawk has also provided SRK with an indemnity letter under which SRK is to be compensated for any liability and/or expenditure resulting from any additional work required which:

- results from SRK's reliance on information provided by Red Hawk, or from Red Hawk not providing material
- relates to any consequential extension of workload through queries, questions or public hearings arising from this report.

1.5.4 Consent

SRK consents to this Report being included, in full, in BDO's IER documents in the form and context in which it is provided, and not for any other purpose. SRK provides this consent on the basis that the technical assessment and valuation expressed in the Executive Summary and in the individual sections of this Report are considered with, and not independently of, the information set out in the complete Report.

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1.5.5 Practitioner consent

The information in this Report that relates to Technical Assessment and Valuation of the Mineral Assets is based on and fairly reflects information compiled by and conclusions derived by a team of consultants supervised by Mr Shaun Barry, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Barry is employed by SRK, an independent mining consultancy. Mr Barry has sufficient experience that is relevant to the Technical Assessment and Valuation of the Mineral Assets under consideration, the style of mineralisation and the types of deposit under consideration and to the activity being undertaken to qualify as a Practitioner as defined in the 2015 edition of the *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets*, and as a Competent Person as defined in the 2012 edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*. Mr Barry consents to the inclusion in the Report of the matters based on their information in the form and context in which it appears.

1.5.6 Consulting fees

SRK's estimated fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, SRK's knowledge of the assets and availability of data. The fee payable to SRK for this engagement is estimated at approximately A$80,000. The payment of this professional fee is not contingent upon the outcome of this Report.

1.5.7 Units of measure and currency

Throughout this report, measurements are in metric units and currency is in United States dollars (US$) or Australian dollars (A$) unless otherwise stated.

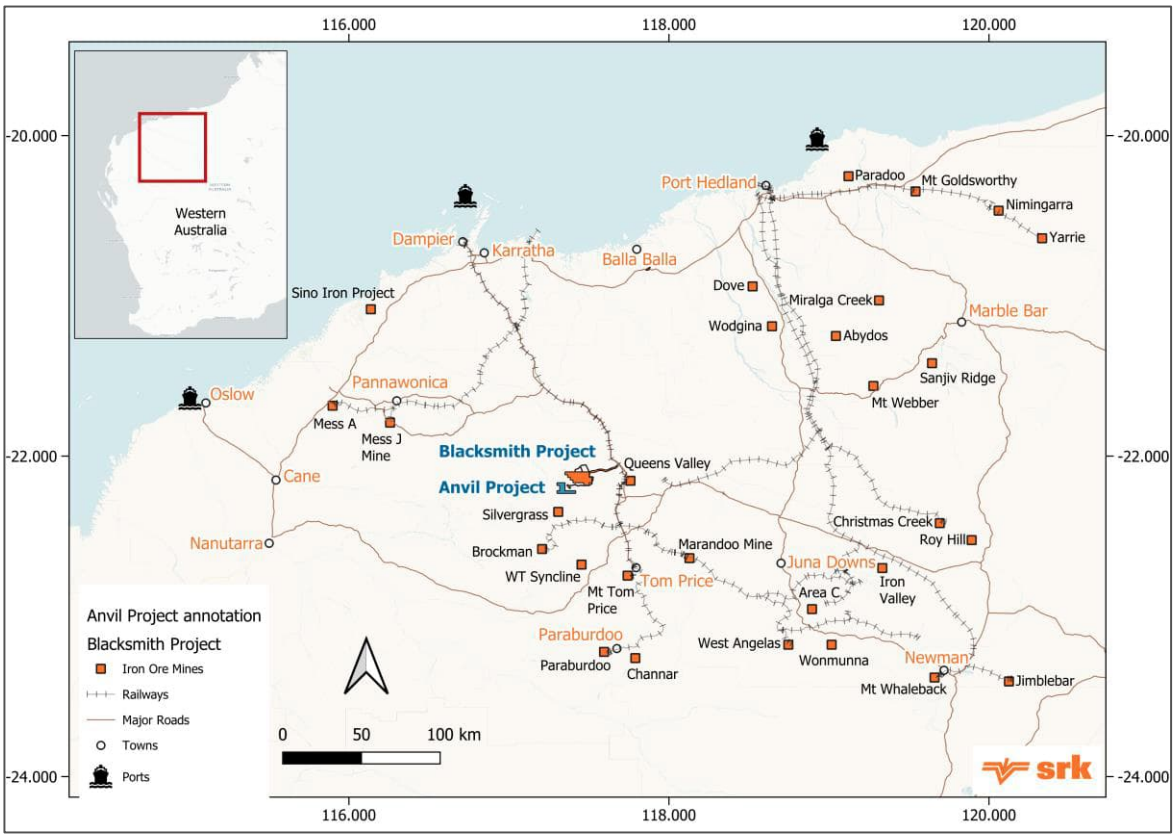
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2 Overview of Red Hawk Mining Limited

Red Hawk engages in mineral exploration and development with a focus on iron ore deposits in the Pilbara region of northwestern Western Australia. The Company explores for iron ore deposits. Its principal assets are the 100% owned Blacksmith and Anvil projects. The company has its headquarters in West Perth, Australia.

Figure 2.1 shows the locations of the projects in WA.

Figure 2.1: Locations of the Red Hawk mineral assets



Source: SRK

The Company was incorporated in 2000, at which time it was known as Flinders Diamonds Limited before changing its name to Red Hawk Mining Limited in July 2023.

Since 2008, more than 4,000 exploration holes have been drilled across both the Anvil and Blacksmith tenements.

The Company completed a scoping study on the Blacksmith Project in September 2023. In May 2024, the Blacksmith Pre-feasibility Study was completed and a maiden Ore Reserve declared at the project.

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3 Blacksmith Project

The Company's Blacksmith Project is located approximately 70 km northwest of the township of Tom Price in the Pilbara region of Western Australia (Figure 2.1). The Project is nestled among many major third party held iron ore mining operations and projects, including Mount Tom Price, Brockman, Solomon and Eliwana. In addition to these major iron ore operations and projects, the surrounding region is well supported by existing significant road, rail and power infrastructure (including gas pipelines).

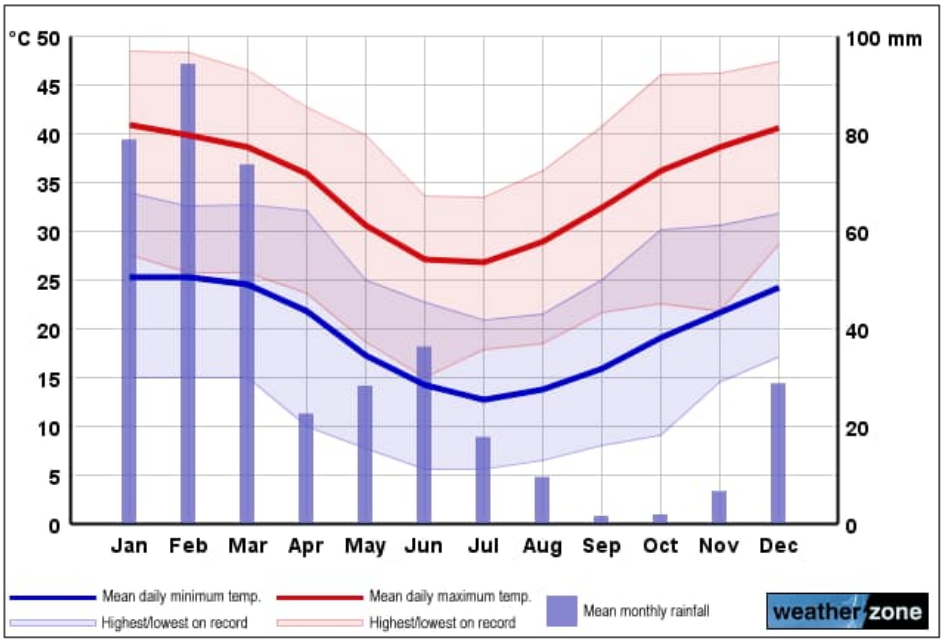
The Blacksmith Project is situated within the Shire of Ashburton. This region is renowned for its mining, agriculture and fishing, and for its rugged, and ancient landscape.

The main population centres in relative proximity to the project are the towns of Tom Price (the administrative centre of the Shire of Ashburton), Onslow, Pannawonica and Paraburdoo. In addition, Karratha (the administrative centre of the Shire of Karratha) is approximately 180 km north of the Project area.

The flora is dominated by spinifex grasses and acacia shrubs. The granite domes are largely characterised by an absence of vegetation, but typically show dense growth around the basal perimeter presumably arising due to rainwater run-off emanating from the granitic domes.

The region experiences a hot desert climate (Köppen climate classification), bordering on hot semi-arid climate. In summer, the days are very hot and the nights are warm. On average, there are 66.8 days per year where the temperature reaches 40°C. Precipitation is highly variable. The wet season lasts from December to March, in which storms and tropical cyclones cause rainfall. In winter, the days are warm and the nights are mild. The closest inland weather station that is representative of the climate at the subject property is Pannawonica, approximately 100 km north. Figure 3.1 illustrates the climate statistics recorded at Pannawonica.

Figure 3.1: Pannawonica climate statistics



Source: Weather zone, https://www.farmonlineweather.com.au/climate/station.jsp?lt=site&lc=5069

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3.1 Tenure

The Blacksmith Project tenure consists of a single granted mining lease, M47/1451-I (covering a total area of 112 km^2), as well as four miscellaneous licences (L) and four miscellaneous licence applications covering a combined total area of 147 km^2. The registered title holder for these tenements is PIOP Mine Co Pty Ltd, a wholly-owned subsidiary of Red Hawk.

SRK has completed a search of the Western Australian Government's TENGRAPH online register and has verified the details of the subject tenure as listed in Table 3.1. The layout of these tenements is illustrated in Figure 3.1.

Table 3.1: Blacksmith Project tenure

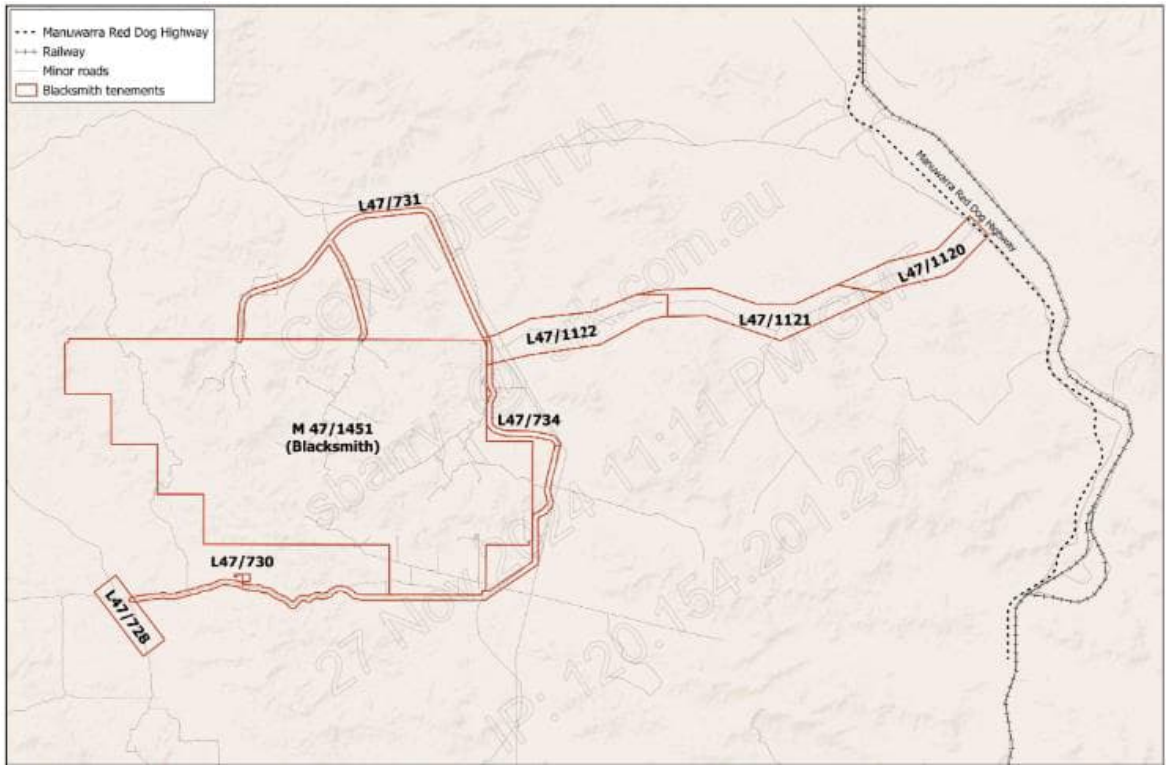
Tenement	Grant date	Expiry date	Area (km^2)	Annual rent (A$)	Actual exploration expenditure 2024 (A$)
M47/1451-I	26/03/2012	25/03/2033	111.45	290,030	6,945,609
L47/728	29/05/2015	28/05/2036	3.00	7,200	-
L47/730	29/05/2015	28/05/2036	0.09	240	-
L47/731	18/11/2019	17/11/2040	4.93	13,041	-
L47/734	29/05/2015	28/05/2036	4.19	10,080	-
L47/1120	Application	-	5.13	11,286	-
L47/1121	Application	-	7.91	17,402	-
L47/1122	Application	-	7.97	17,556	-
L47/1160	Application	-	2.67	6,432	-

Sources: Tengraph. https://www.dmp.wa.gov.au/Tengraph_online.aspx, December 2024

Three of the four miscellaneous licence applications (L47/1120, L47/1121 and L47/1122) relate to development for the access road to the mine site, while a further application, L47/1160, pertains to the haulage trucking staging facility known as Whim Creek situated on the North West Coastal Highway, approximately halfway between Karratha and Port Hedland.

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Figure 3.2: Layout of the tenure at the Blacksmith Project



Source: Red Hawk Mining (2024)>

3.2 Royalties and agreements

3.2.1 Royalties

State

Under the *Mining Act 1978*, royalties are payable on all minerals. In the case of bulk materials such as iron ore, an ad valorem or value-based rate of royalty, which applies under the Mining Regulations 1981, of 7.5% of the value of the iron ore is paid.

3.2.2 Agreements

In March 2024, Red Hawk entered into a haulage agreement with MGM Bulk Pty Ltd (MGM Bulk) to work collaboratively through the PFS and definitive feasibility study (DFS) phases to develop and optimise the transport and logistics strategy, focusing on maximising productivity and reducing unit operating costs. Following the completion of these studies, MGM Bulk has the exclusive right to enter into a Haulage Services Agreement on terms equivalent to those outlined in the DFS. MGM Bulk will be responsible for providing a fleet of 150 t ultra-quad trucks and drivers plus associated loading and other equipment and infrastructure.

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3.3 Project history

Towards the end of 2006, the primary exploration focus at the Blacksmith Project changed from diamonds to iron ore following the nearby discoveries of secondary iron ore deposits by Rio Tinto and Fortescue in close proximity to E47/882-I (now M47/1451-I).

The iron ore exploration history over the Blacksmith Project area since 2007 is summarised in Table 3.2.

Table 3.2: Summary of previous exploration activities

Year	Activities
2007	■ Consultant geologist Dr Richard Russell reviewed the previous iron ore tonnage estimate in E47/882-I in view of recent Fortescue drilling results. Reported results included: – CID – an upper limit of 340 Mt and a lower limit of 284 Mt – Canga – an upper limit of 50 Mt and a lower limit of 41 Mt. ■ This led Flinders Diamonds to change the emphasis of its exploration activities from diamonds towards developing an iron ore Inferred Mineral Resource.
2008	■ Geological mapping by Dr Richard Russell on E47/882 confirmed five (A–E) exploration targets, confirming an Exploration Target estimated at between 333 Mt and 380 Mt averaging between 45% and 60% Fe on E47/882-I. ■ 19 rock chip samples of CID and DID returned an average grade of 59.6% Fe and low deleterious elements. ■ Drilling was undertaken comprising 177 RC drill holes (9,065 m) over Targets C, D and E (eastern Blacksmith). Drilling was spaced at 500 m × 200 m. The objective was to test secondary iron enrichment identified by Dr Richard Russell.
2009	■ Drilling was undertaken comprising 491 RC (23,180 m) and 21 HQ diamond drill holes (1,086.3 m). ■ Area names were changed – Blackjack (B), Champion (C), Delta (D) and Eagle (E) ■ Recommendation to assess bedded iron formation (BID) targets. ■ An MRE was completed for the Blacksmith CIDs by Golder Associates on behalf of Red Hawk. ■ An Inferred Mineral Resource was reported consisting of 510 Mt (50% Fe cut-off) grading at 55.4% Fe, 4.6% Al_2O_3, 9.8% SiO_2, 0.07% P, and 5.7% LOI. The assumption was that all material modelled was CID. ■ Golder commented that the wide-spaced drilling provided limited geological control on the boundaries of the detrital channels.
2010	■ Drilling was undertaken comprising 755 RC drill holes (38,891 m) and 8 diamond drill holes (380.1 m). ■ Downhole geophysics surveying was completed and 259 drill holes were surveyed. ■ Red Hawk recognised that DID was overlying the CID. ■ A stream sampling geochemical program was conducted to test an anomalous circular geophysical feature interpreted to be related to a kimberlite intrusive body. Results were negative for diamonds. ■ An MRE of the Anvil and Blacksmith projects was completed by Golder on behalf of Red Hawk. ■ An Indicated and Inferred Mineral Resource was reported consisting of 747.6 Mt (50% Fe cut-off) grading at 55.4% Fe, 4.9% Al_2O_3, 10.0% SiO_2, 0.07% P and 5.0% LOI. The global estimate comprised CID and BID lithologies. ■ Golder noted that the wide-spaced drilling provided limited geological control on the boundaries of the detrital channels.
2011	■ Negotiations with joint venture partner, Prenti, resulted in Red Hawk acquiring 100% ownership of the iron ore within Blacksmith. ■ Drilling was undertaken comprising 1,189 RC drill holes. ■ Mineral Resource estimation was completed by Optiro.
2012	■ A mining lease was granted at Blacksmith. ■ Drilling comprising 35 diamond and 8 geotechnical drill holes.

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Year	Activities
	■ BID target generation. ■ Metallurgical testwork by AmmTec; physical characterisation of BID and DID. ■ Preliminary geotechnical investigation for the Delta pit completed by Peter O'Bryan & Associates.
2013	■ No exploration activities completed.
2014	■ A total of 887 RC drill holes (36,592 m) were completed with the objective being to upgrade the majority of the Mineral Resource to Indicated category. ■ In addition, drilling comprising 67 RC drill holes targeting the bedded resources of Blackjack, Champion, Delta and Paragon was completed ■ An initial bulk sample program was completed for the Delta deposit. ■ Metallurgical testwork by Nagrom. ■ MRE completed by Optiro. A total of 960 Mt (792 Mt as Indicated) grading at 55.8% Fe, 9.20% SiO_2, 4.60% Al_2O_3, 0.07% P and 5.60% LOI was reported. ■ Alliance agreement was signed with Rutila Resources providing Red Hawk with an avenue to transport and ship ore via the proposed rail and port infrastructure of the Balla Joint Venture.
2015	■ No exploration activities completed.
2016	■ No exploration activities completed. ■ An independent strategic review was conducted of the Blacksmith Project by Advisian, a global advisory firm and part of Worley Parsons Group. The review concluded that the Blacksmith resource potentially provides for the development of an iron ore mine; however, further understanding of mine planning and the metallurgy was required to confirm the ability for the mine to operate at an economic production rate.
2017–18	■ A total of 114 metallurgical and geotechnical drill holes (5,802 m) were completed between June and November 2017, with samples collected by diamond and sonic drilling techniques. ■ 13 hydrological drill holes were completed and installed with monitoring bores. ■ Four heritage surveys were undertaken. ■ Two environmental surveys were undertaken. ■ An update to the Blacksmith MRE was completed by Snowden, at the request of Red Hawk. A total of 1,307 Mt grading at 52.8% Fe, 13.90% SiO_2, 4.81% Al_2O_3, 0.066% P and 4.81% LOI was reported for Blacksmith, and 176 Mt grading at 47.1% Fe, 21.30% SiO_2, 6.05% Al_2O_3, 0.044% P and 4.13% LOI was reported for Anvil. ■ In March 2018, CSA Global completed a high-level technical due diligence of the geological interpretations underpinning the Snowden MREs at the request of Red Hawk.
2018–19	■ An archaeological and ethnographic survey was completed between 2 October 2018 and 12 October 2018 over M47/1451-1 and E47/1560-I. ■ Field reconnaissance and high-level targeting was undertaken.
2019–20	■ A review of all potential infrastructure solutions was completed as part of a proposed transaction. ■ A scoping study was undertaken to assess the mining potential using the Blacksmith Measured, Indicated and Inferred Mineral Resources of 1,484 Mt. ■ Commencement of a geological reinterpretation framework over Blacksmith to allow an improved geological classification of the Blacksmith detrital material. ■ A rehabilitation audit was undertaken on Anvil.
2020–21	■ Completion of a geological reinterpretation across Blacksmith and development of a geological logging guide. ■ Mine planning and design – mine planning for mining options assessments and planning and input into planning field programs including rehabilitation and future drilling. ■ Water monitoring – quarterly water level monitoring. ■ Ore processing design – review and design updates of processing plant designs and options assessment. ■ Blacksmith camp refurbishment. ■ Drill hole pad and access track rehabilitation.
2021–22	■ Drill hole pad and access track rehabilitation.

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Year	Activities
2023–24	■ CSA Global MRE update for Delta, Paragon, Champion, Blackjack and Eagle. A total of 243.4 Mt grading at 59.3% Fe, 5.45% SiO_2, 3.32% Al_2O_3, 0.088% P and 5.54% LOI was reported for Blacksmith. ■ Delta and Paragon MREs were used to inform the DSO scoping study released in early October 2023. ■ Champion and Blackjack MRE updates released in mid-October 2023. ■ Delta and Eagle MRE updates released in June and July 2024.

Sources: CSA Global (2023); SRK

Notes: BID – bedded iron deposit; CID – channel iron deposit; DID – detrital iron deposit; LOI – loss on ignition; MRE – Mineral Resource estimate; Optiro – Optiro Pty Ltd; RC – reverse circulation; Snowden – Snowden Mining Industry Consultants Pty Ltd.

3.4 Geology and Mineral Resource

3.4.1 Geological setting

The Blacksmith project lies in the central Hamersley Ranges, which constitute much of the high ground in the central part of the southern Pilbara region. Rocks at Blacksmith form part of the Hamersley Basin and comprise the 2629–2420 Ma Neoarchean to Paleoproterozoic Hamersley Group. The Hamersley Group is 2.5–3 km thick and contains the thickest and most extensive banded ironstone formations (BIF) in the world, making it arguably the most economically important stratigraphic unit in Australia, owing to its vast contained iron ore resources (Martin, 2021a). The Hamersley Group contains five major BIF units, of which two, the Marra Mamba Iron Formation and the Brockman Iron Formation host most of the iron ore mineralisation (including most of the exploited iron ore deposits) in the Hamersley province (ERM, 2024).

The Hamersley Group forms part of the Mount Bruce Supergroup which comprises the underlying 2780–2629 Ma Neoarchean Fortescue Group and overlying 2420–2208 Ma Proterozoic Turee Creek Group. In addition to the well-known BIF, the Hamersley Group also comprises dolomite, shale, rhyolite, tuffaceous volcaniclastic rocks, and local dolerite sills. Substantial iron bearing mineralisation also occurs as large channel systems that contain significant tonnages of DIDs in overlying detrital units – primarily as CIDs which occupy paleodrainage and Cenozoic detritals. The DID material is characterised by hematite-rich mineralisation that has been eroded from the surrounded BIF. It is mainly composed of detrital material of pisolitic and fragmental types. The overlying Cenozoic detritals have been divided into three units based on three distinct periods of sedimentation (Kneeshaw and Morris, 2014). These are, from oldest to youngest:

- CzD1 (Eocene to Oligocene) which occurs at the deepest part of the paleovalleys, generally on the West Angela Member/Marra Mamba Iron Formation contact. They are characterised by a bright red hematitic silt, but can also contain rare lumpy BIF fragments. CzD1 is not present within the Blacksmith tenures.
- CzD2 (Mid-Miocene) ranges from pedogenic fluvial gravel deposits with abundant fossil wood in confined paleochannels (CID) through to variable thickness clays/smectites with occasional goethite, lignite and calcrete horizons in broad paleovalleys. The CID defined within the Blacksmith Project belongs to this unit.

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- CzD3 (Pliocene to Quaternary) are colluvial deposits derived from the Brockman and Marra Mamba iron formations. Some of these deposits, which are eroded from mineralised surfaces, can result in economic mineable deposits. The majority of the Blacksmith iron mineralisation belongs to CzD3 (CSA Global, 2020a).

Figure 3.3 summarises the stratigraphy across the Hamersley Group.

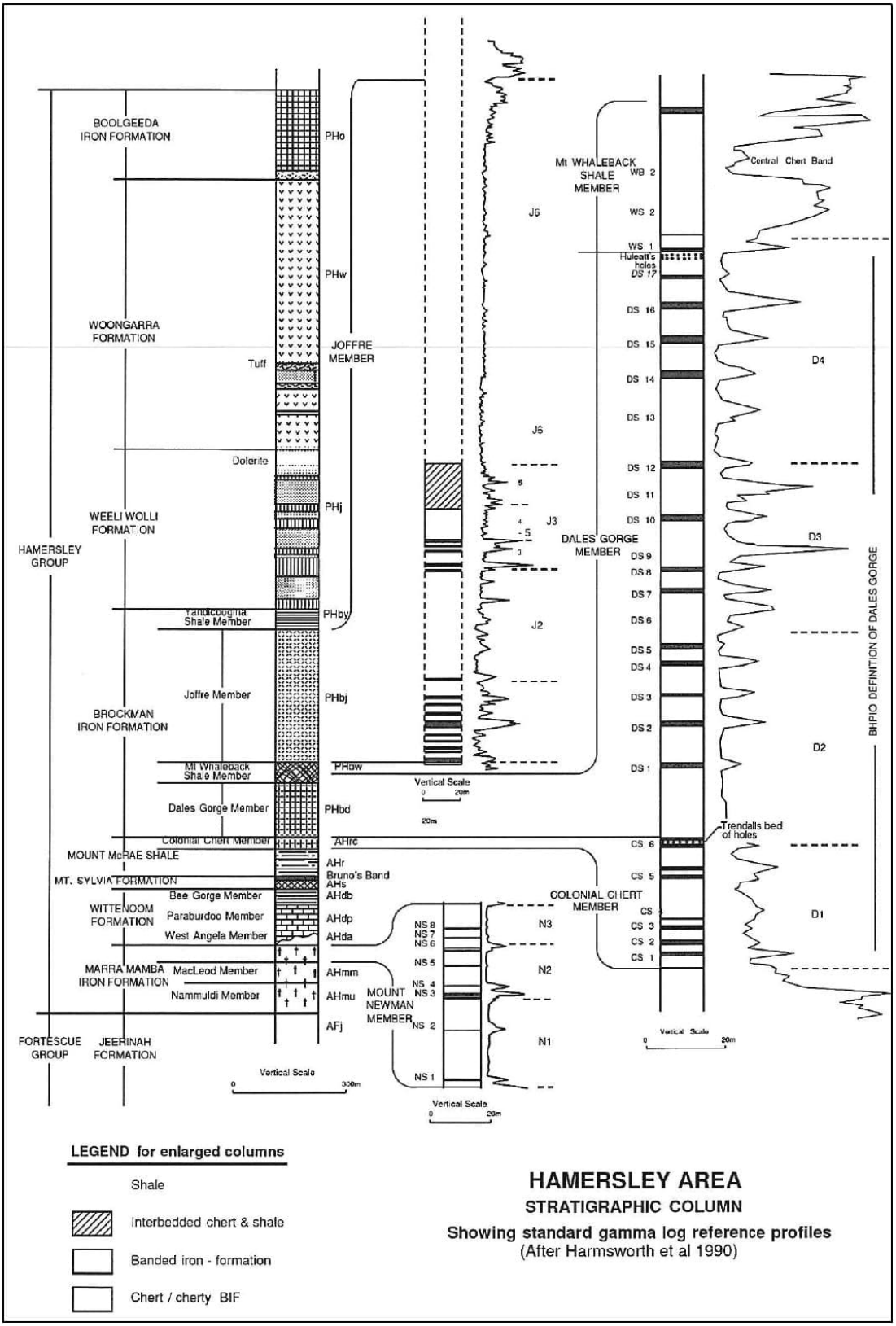
Bedrock lithologies at the Blacksmith Project include the Mount McRae Shale and various members of the Brockman Iron Formation. The Brockman Iron Formation is formally subdivided into four members: the lowermost Dales Gorge Member which is overlain – in stratigraphic order – by the Whaleback Shale Member, Joffre Member, and Yandicoogina Shale Member. At Blacksmith, the Yandicoogina Shale Member is absent. Dolerite sills are rare within the Brockman Iron Formation and appear to have been intruded exclusively into the middle Joffre Member in the western part of the southern Pilbara region (Martin, 2021b).

The 2494–2464 Ma basal Dales Gorge Member is the most economically important unit within the Brockman Iron Formation hosting large high-grade iron ore deposits such as at Mount Tom Price, Mount Whaleback, Paraburdoo, Channar, Jimblebar and Brockman. The Dales Gorge Member ranges from 120–180 m thickness and consists of 17 BIF macrobands and 16 shale macrobands that can be correlated with remarkable consistency throughout the central part of the southern Pilbara region (Martin, 2021c). The Dales Gorge Member is typically subdivided into four sub-members: D1 through to D4, based upon the shale content (Figure 3.3). Sub-members D1 and D3 contain a higher proportion of shale macrobands and when mineralised typically have lower iron grades and higher alumina grades than the D2 and D4 sub-members.

Structurally, the Blacksmith Project area is thought to belong to the relatively undeformed northwestern region of the Hamersley province. However, it is possible that 2215–2145 Ma Ophthalmian Orogeny (D2) folds continue to have local influence. In the southeast, these folds trend 90–110 degrees and are characterised by tight to close interlimb angles, southerly dipping axial planes and north-facing, overturned, thrusted north limbs. The majority of the large BIDs in the southeast region (e.g. Mount Tom Price and Mount Whaleback) are associated with Ophthalmian (D2) folds. Geological mapping is needed to verify if these folds (or folds in this style) are present in the project area.

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Figure 3.3: Stratigraphy of the Hamersley Group



Source: after Harmsworth et al. (1990)

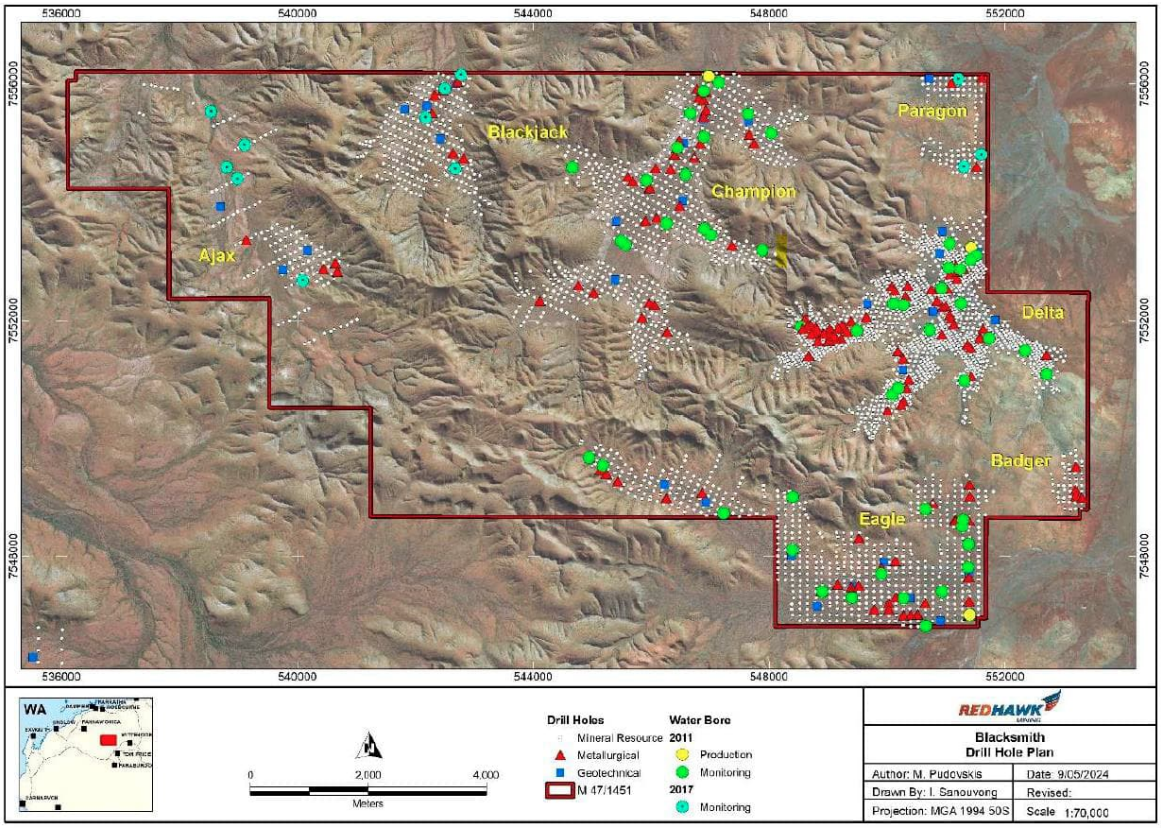
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3.4.2 Exploration data

Exploration data supporting the Blacksmith Mineral Resource estimates include RC (approximately 97% the drilling), diamond drilling (DD – drilled primary for metallurgical testwork) and sonic drilling (drilled primary as geotechnical holes used for in situ bulk density assessment only) completed between 2008 and 2024.

Drill holes were typically drilled vertically with nominal drill hole spacings varying from 50 m by 50 m to 100 m by 100–130 m to more than 100 m (Figure 3.4). While the DD and sonic drill holes were used to aid the geological modelling, only the RC holes were used to estimate the Mineral Resources.

Figure 3.4: Blacksmith Project drill hole collars



Source: CSA Global (2024)

The RC drill holes were sampled at 2 m intervals from a rig-mounted cone splitter. Samples were primarily sent to the Ultra Trace laboratory in Perth or the Amdel laboratory in Cardiff, New South Wales, where they were prepared and assayed for iron (Fe), silicon dioxide (SiO_2), aluminium oxide (Al_2O_3), titanium dioxide (TiO_2), manganese oxide (MnO), calcium oxide (CaO), phosphorous (P), sulfur (S), magnesium oxide (MgO), potassium oxide (K_2O), zinc, lead, copper, barium oxide (BaO), vanadium oxide, chromium, nickel, cobalt, and sodium oxide (Na_2O) via fused bead x-ray fluorescence. Thermogravimetric analysis was used to determine LOI at 425°C, 650°C and 1,000°C.

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In situ bulk density data for the Blacksmith Project is sparse. Historically the in situ bulk density data were collected using various methods, including:

- Archimedes' Principle using 15 cm of diamond drill hole core. The measurements were completed on uncoated core, plastic wrapped core, and wax coated core.
- Caliper measurements of 15 cm diamond drill whole core.
- Caliper measurements of 15 cm core from sonic drilling. The density measurements from sonic drilling were based on average caliper measurements of competent core sections along with the length and dry weight of the sonic core.
- Downhole gamma-gamma geophysical logging of drill holes.

A detailed analysis of the available in situ bulk density data by Snowden Associates in 2018 concluded that the downhole geophysical density measurements were not properly processed or calibrated and the caliper measured from the sonic drilling likely overestimated the in situ bulk density due to incorrect core diameter assumptions – both sets of data have since been excluded.

In August 2022, Surtech Systems geophysically logged 35 drill holes at the Badger (6 holes), Blackjack (4 holes), Champion (5 holes), Delta (7 holes), Eagle (9 holes) and Paragon (4 holes) deposits. However, 12 of these holes were blocked or contained excessive cavities and could not be logged. The logs included gamma, one-arm caliper, three-arm caliper, magnetic susceptibility and dual density data.

Between September 2023 and February 2024, Red Hawk drilled 20 diamond PQ3 (122 mm diameter) drill holes (METDD0160–METDD0180) for metallurgical purposes. Each drill hole was geophysically logged by Surtech Systems to capture gamma, three-arm caliper, and dual density data. An optical televiewer was also run on each drill hole to aid geological interpretation and geotechnical studies.

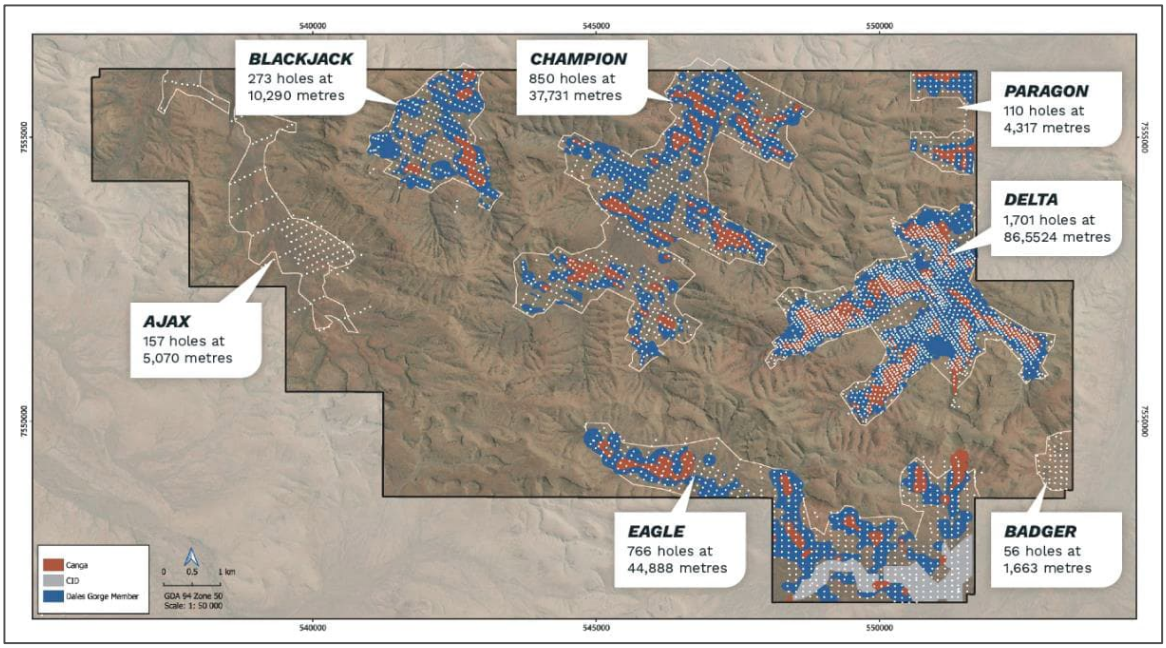
SRK considers that the drilling and sampling techniques used by Red Hawk are consistent with modern industry practices and are appropriate for iron ore exploration. However, SRK notes that a lack of geophysical data, including gamma (to aid geological interpretation) and caliper and dual-density data (to determine in situ bulk density) poses a risk to the project. This is considered in the valuation section 6.

3.4.3 Mineralisation

The Blacksmith Project contains seven deposits: Ajax, Blackjack, Badger, Champion, Delta, Eagle and Paragon (Figure 3.5). Mineralisation occurs as both BID and DID styles at each of the deposits.

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Figure 3.5: Blacksmith Project deposits, ore types, drill hole collars and tenure (M47/1451-I)



Source: Red Hawk Mining website

Notes: Fawn coloured polygon outlines the footprint of delineated paleovalley fill detrital mineralisation.

BID mineralisation at Blacksmith occurs within undifferentiated Dales Gorge Member units and represents approximately 32% of the Blacksmith Mineral Resources. The mineralisation has been interpreted as geothitic 'hardcap' style mineralisation which occurs as a highly altered weathering caprice that lies sub-parallel to the bedrock topography and typically varies in thickness between 10 m and 30 m.

The hardcap has a vuggy texture and retains remnant bedding features, however determination of the original sub-members can be problematic due to the highly weather and altered nature of the hardcap (Figure **3.6**). The hardcap weathering caraprace typically has very high iron and silica grade variability (i.e. the iron and silica grades vary greatly over short distances) and mineralisation can be very patchy and semi-continuous. The hardcap mineralisation at the Blacksmith Project is however unusually consistent with low iron and silica grade variability – i.e. along continuous mineralised zones, which may indicate that some of the BID mineralisation occurs within unweathered Dales Gorge Member units. The DID mineralisation typically grades between 50% and 60% Fe and has elevated phosphorus grades (>0.1% P).

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Figure 3.6: Diamond drill core photography of Dales Gorge Member hardcap ore type



Source: Red Hawk Mining (2024a)

DID mineralisation mostly comprises the overlying channel fill CzD3 detritals including cemented hematite canga (Figure 3.7), loose detritals (LZ), and pisolititc detritals (PZ). The mineralised LZ and PZ units typically have lower iron grade, and higher silica and alumina grades, than the other DID and BID mineralised units, but have low phosphorus grades. The canga mineralisation has the highest iron grade of any of the mineralised units, but also contains elevated silica and alumina grades, and lower phosphorus grade, when compared to the BID mineralisation. The CzD3 mineralisation represents approximately 50% of the Blacksmith Mineral Resources with the canga mineralisation comprising 30%.

The Eagle deposit is a large, mineralised BID and CID deposit, whereas smaller amounts of mineralised CID have been identified at the Champion and Delta deposits. The CID mineralisation has a lower iron grade compared to the other DID units and has elevated silica, alumina and phosphorus grades. The CID mineralisation represents approximately 19% of the Blacksmith Mineral Resources.

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Figure 3.7: Diamond drill core photography of canga ore type



Source: Red Hawk Mining (2024a)

Since late 2018, CSA Global (CSA Global, 2020a) has undertaken characterisation work that included redefining the CzD3 internal stratigraphy at Blacksmith to honour the geology, physical properties, chemistry and downhole geophysics, and has also completed cross-sectional interpretation of each deposit based on the newly reinterpreted geological units. The purpose of the geological reinterpretation of the Blacksmith lithologies was to refine and improve the confidence in the metallurgical regressions that underpinned the Blacksmith Mineral Resource to product path.

Prior to this work by CSA Global, the interpretation of the detrital unit boundaries did not consider the gradational transition of the previously broadly defined chemical boundaries. Additionally, the recent work by CSA Global suggested that the interpretation of CID within the earlier (pre-2023) Blacksmith Mineral Resources was mostly incorrect – e.g. in many cases, Dales Gorge Member hardcap or CzD2 undifferentiated detritals have been incorrectly logged and assigned to the CID ore type.

CID mineralisation is present at Eagle – interpreted to be a tributary of the Serenity CID paleochannel held by Fortescue. Minor CID has been delineated at Delta and Champion and Blackjack, although most CID material in the area is located to the immediate south and east of Red Hawk's tenure (e.g. Serenity – of which CID at Eagle is interpreted as being the marginal extents of the CID material) and has not been reported as part of the classified Mineral Resource (insufficient tonnages).

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High matrix and surface detritals form the present day valley floors and are considered unlikely to be economic.

Table 3.3 summarises the stratigraphic units characterised at Blacksmith by CSA Global since late 2018 and Figure 3.8 shows typical cross-sectional geological interpretation at (a) Delta and (b) Blackjack.

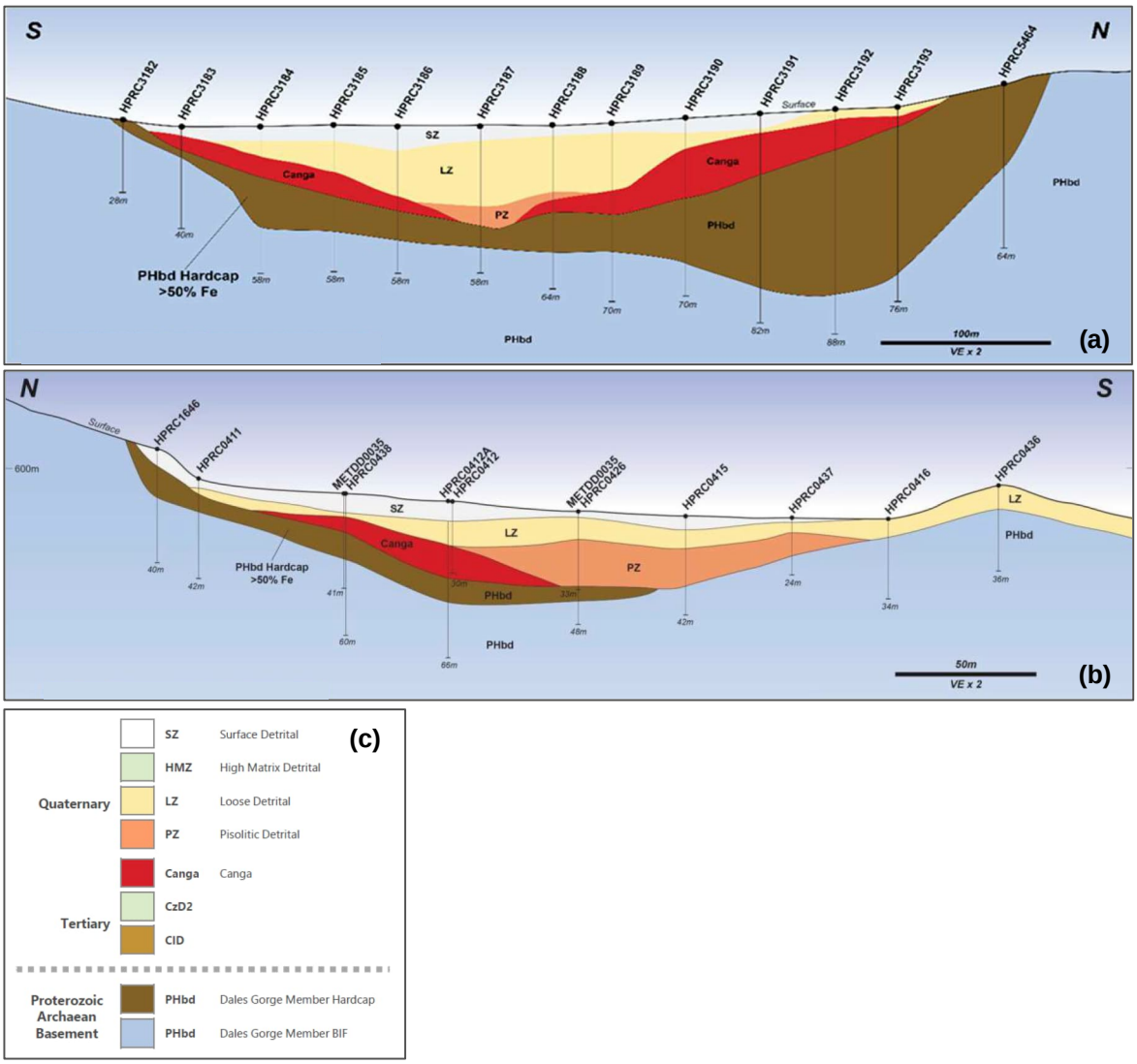
Table 3.3: Stratigraphic units characterised by CSA Global at Blacksmith

Stratigraphy	Unit/Member	Description
CzD3	SZ	Surface detrital/colluvium.
	HMZ	High soil matrix with trace clasts.
	LZ	Unconsolidated to compacted detritals with angular to subrounded clasts in a red-brown soil matrix. Clast rather than matrix dominated.
	PZ	Pisolitic high maghemite, well rounded supported in a hematite/soil matrix.
	Canga	Cemented hematite clasts in a hematite/goethite cement matrix.
CzD2	CzD2	Mixture of clay and textureless goethite in various proportions.
	CID	Channel iron deposit.
Dales Gorge Member	PHbd	Bedrock can be enriched beneath detritals and CID. Mostly hardcap. Occasionally magnetite with potential for crocidolite (asbestos).
Mount McRae Shale	Ahr	Shale and chert. Can be black and pyritic (potential for acid rock drainage issues).

Source: CSA Global (2021)

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Figure 3.8: Typical cross sections



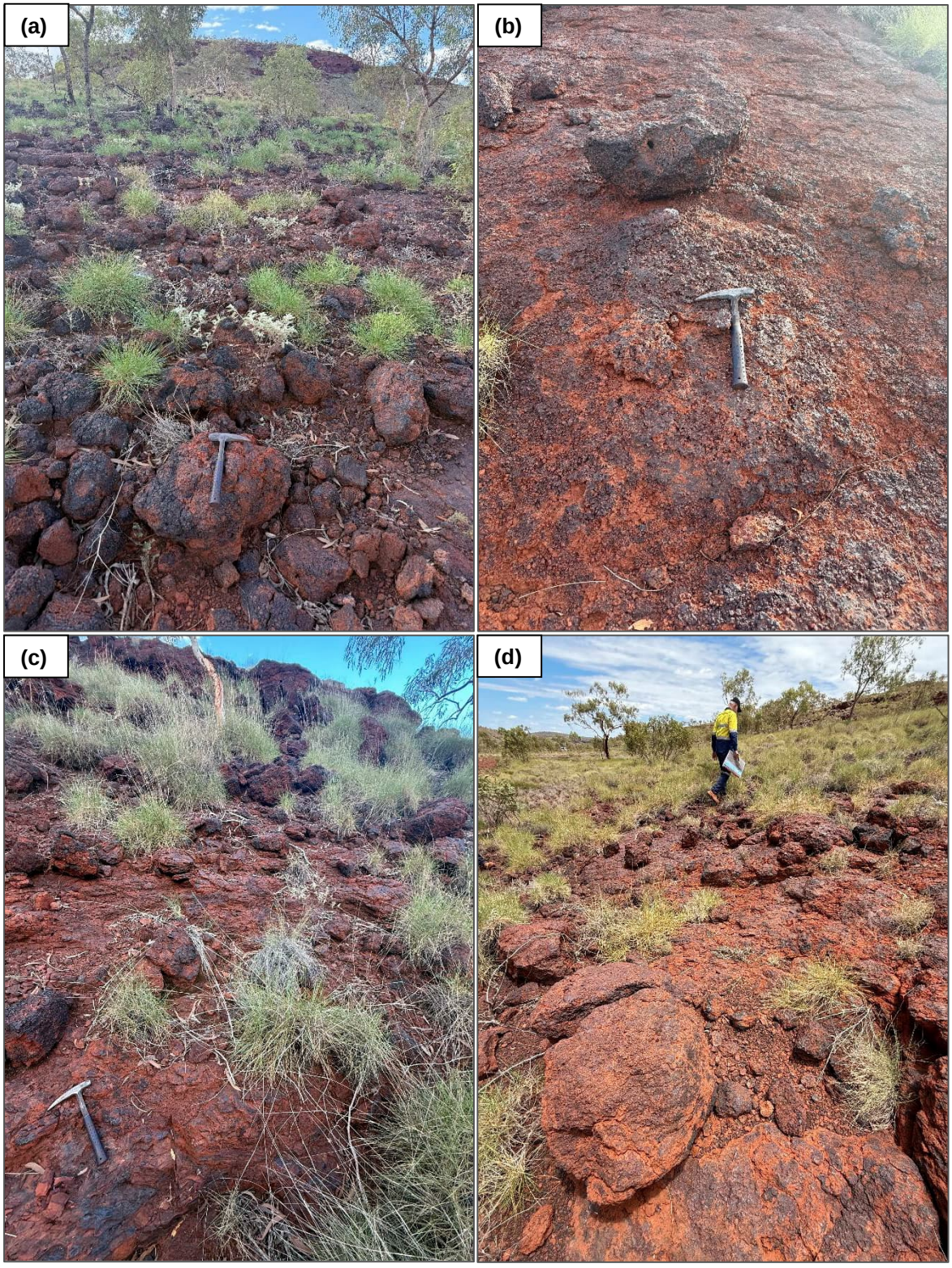
Source: Red Hawk Mining

Notes: (a) Delta; (b) Blackjack; (c) Legend.

Dr Mark Rieuwers – Principal Consultant (Geology) at SRK – visited the Blacksmith Project from 28–29 November 2024, observing the outcropping bedrock including mineralisation along with the general site layout. Figure 3.9 shows outcrop examples of the canga ore type, and Figure 3.10 shows outcrop examples of the Dales Gorge Member BID ore type.

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Figure 3.9: Outcrop examples of canga ore type

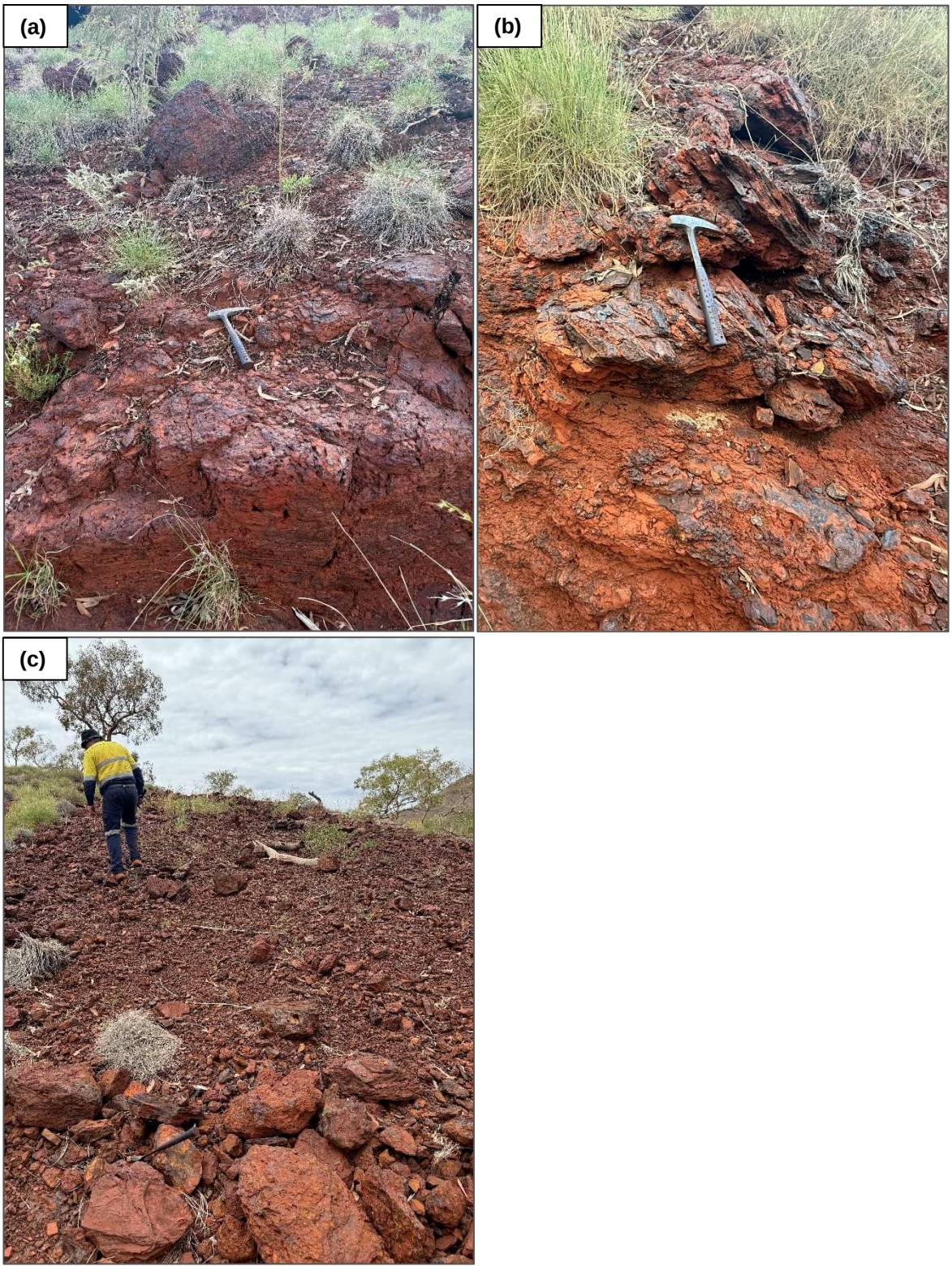


Source: SRK, November 2024

Notes: (a) Eagle; (b) Paragon; (c) Delta; (d) Blackjack.

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Figure 3.10: Outcrop examples of Dales Gorge Member ore type



Source: SRK, November 2024

Notes: (a) Eagle; (b) Delta; (c) Blackjack.

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3.4.4 Metallurgical testing

Metallurgical testwork has been conducted over a number of studies conducted between 2012 and 2024. The testwork was based on diamond drill hole samples collected from each of the seven deposits, with the bulk of the drilling conducted at the Delta deposit.

Testwork up until 2023 was used in the 2024 Blacksmith PFS to propose producing 5 Mtpa of a fines DSO product. The PFS testwork did not identify any specific crushing or screening issues and the fines DSO product will have an acceptable particle size distribution. The PFS testwork identified a potential increase in project revenue by generating a lump product. Specific geological units will support lump production, however the added mining (stockpile and rehandle) costs, supply chain complexity and potential negative impacts on fines grades have favoured the selection of a 100% DSO fines product (Red Hawk Mining, 2024a). Being a DSO, the Blacksmith fines product requires no beneficiation or other upgrade processing.

The proposed DSO fines product has comparable iron and silica grades to that of BHP's Jimblebar Blend Fines and MAC™ Fines and Fortescue's West Pilbara Fines, however it has elevated alumina grades.

SRK also notes that the proposed DSO product has a phosphorus grade of 0.08% P, which will require careful mining, stockpiling and processing to maintain given the higher phosphorus values of the Dale Gorge and CID mineralisation.

Table 3.4: Comparison of Blacksmith DSO fines product to other Pilbara iron ore fines products

Product	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)
Blacksmith (Life of Mine)[2]	**60.5**	**4.9**	**3.1**	**0.08**
Rio Tinto Pilbara Blend Fines	61.0	4.5	2.5	0.11
Rio Tinto Robe Vally Fines	56.4	5.5	3.1	0.03
BHP Newman Fines	62.3	4.4	2.4	0.09
BHP Jimblebar Blend Fines	60.5	4.5	3.0	0.12
BHP MAC™ Fines	60.8	4.7	2.35	0.08
FMG West Pilbara Fines	60.5	4.7	2.3	0.08
FMG Fortescue Blend Fines	58.2	5.6	2.5	0.07
Roy Hill Fines	61.0	4.5	2.2	0.06
Atlas Iron Fines	57.5	6.5	2.0	0.09

Source: Red Hawk Mining (2024a).

Note: S&P Global Platts Iron Ore and Metallurgical Coal Specifications Tree. Accessed 22/04/2024

2. RHK – Blacksmith – FTI input – Mining 5D ScheduleV1_240322

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3.4.5 Mineral Resource estimate

Various Mineral Resource estimates have been completed at the Blacksmith Project between 2009 and 2024.

Mineral Resource estimates completed between 2009 and 2018 had DID geological model domains that were based purely on grade rather than geological logging and/or metallurgical properties and were also reported at very low cut-off grades (>40–50% Fe and <6–8% Al_2O_3). The Mineral Resource estimate completed in 2018 by Snowden included all seven deposits (Flinders Mines Ltd, ASX release dated 1 March 2018; PIOP Mineral Resource Estimate Update).

A geological reinterpretation study completed by CSA Global consultants (now ERM) from 2018 onwards identified a set of more appropriate DID geological domains. The geological models and Mineral Resource estimates were then updated by ERM for the Blackjack, Champion, Delta and Paragon deposits between August and September 2023. Updates were completed by ERM for the Delta deposit in May 2024 (following a metallurgical diamond drilling program) and the Eagle deposit in June 2024.

Updates have not been completed for the Ajax and Badger deposits and the 2018 Mineral Resources for these deposits have not been reported as part of the 2024 Blacksmith Project PFS, i.e. the Mineral Resources appear to have been declassified.

The 2023/2024 Mineral Resources were completed using Ordinary Kriging to estimate Fe, SiO_2, Al_2O_3, P, LOI, K_2O, MgO, MnO, Na_2O, S and TiO_2 for each of the geological and mineralisation domains. Average in situ bulk density was generally assigned to each domain based upon an assessment of Archimedes, caliper and geophysical derived density values except for the 2024 Delta estimate which used a small geophysical density dataset to estimate a wet in situ bulk density for limited parts of the deposit using an Inverse Distance Squared interpolation.

Mineral Resource classification was applied after considering data quality, data distribution, density estimation, and geological and grade continuity.

- Geological continuity was considered reasonably continuous along and across each of the deposits.
- Grade estimation performance parameters (notably the slope of regression) were assessed against the drill hole spacings in each of the deposits. In general, a slope of regression of ≥0.7 was found to correspond to drill hole spacings of 50 mN by 50 mE to 100 mN by 100 mE. These areas were classified as Indicated Mineral Resources.
- Areas with a slope of regression of approximately 0.5–0.7 were found to correspond to drill hole spacings >100 m and up to 160 m. These areas were classified as Inferred Mineral Resources.
- Mineral Resources were not classified as Measured for the majority of the deposits due to a lack of in situ bulk density data with the exception of the 2024 Delta Mineral Resource estimate. Areas in the Delta deposit that were supported by a 50 mE by 50–70 mN drill hole spacing and a slope of regression ≥0.8 were classified as Measured Mineral Resources.

The Blacksmith Mineral Resources have been reported in accordance with the guidelines of the 2012 edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (the JORC 2012 Code). The Blacksmith Mineral Resources as at 17 July 2024 are summarised in Table 3.5.

Table 3.5: Summary of the Blacksmith Project Mineral Resources by deposit

Deposit	Mineralisation type	Classification	Cut-off grade	Tonnes (Mt)	Fe (%)	P (%)	SiO_2 (%)	Al_2O_3 (%)	LOI (%)	Density (t/m^3)
Blackjack	DID and BID	Measured	57.5% Fe	-	-	-	-	-	-	-
		Indicated		31.4	60.0	0.076	5.95	3.34	4.02	2.98
		Inferred		3.9	59.8	0.109	3.83	2.10	7.83	2.80
		Total		**35.3**	**60.0**	**0.079**	**5.71**	**3.20**	**4.44**	**2.96**
Champion	DID and BID	Measured	57.5% Fe	-	-	-	-	-	-	-
		Indicated		37.8	59.8	0.081	5.42	3.45	4.59	3.04
		Inferred		0.4	59.6	0.088	5.87	2.76	4.88	2.96
		Total		**38.2**	**59.8**	**0.081**	**5.42**	**3.44**	**4.60**	**3.04**
Delta	DID and BID	Measured	57.5% Fe	66.6	60.2	0.094	4.64	3.05	5.44	2.97
		Indicated		15.9	60.1	0.071	5.70	3.72	3.63	3.07
		Inferred		3.7	59.9	0.102	4.20	2.64	6.69	2.81
		Total		**86.3**	**60.1**	**0.090**	**4.81**	**3.15**	**5.16**	**2.98**
Eagle	CID	Measured	54.0% Fe	-	-	-	-	-	-	-
		Indicated		45.2	56.2	0.100	6.96	3.64	8.28	2.70
		Inferred		-	-	-	-	-	-	-
		Total		**45.2**	**56.2**	**0.100**	**6.96**	**3.64**	**8.28**	**2.70**
	DID and BID	Measured	57.5% Fe	-	-	-	-	-	-	-
		Indicated		25.7	59.6	0.079	5.35	3.64	4.52	2.99
		Inferred		0.2	59.7	0.103	3.43	2.25	7.57	2.75
		Total		**25.9**	**59.6**	**0.079**	**5.33**	**3.63**	**4.55**	**2.99**
Paragon	DID and BID	Measured	57.5% Fe	-	-	-	-	-	-	-
		Indicated		12.2	60.0	0.094	4.03	2.79	6.21	2.95
		Inferred		0.4	58.8	0.090	4.10	1.82	8.85	2.81
		Total		**12.5**	**60.0**	**0.093**	**4.04**	**2.76**	**6.28**	**2.95**
Total Mineral Resources	CID, DID and BID	Measured	54.0–57.5% Fe	66.6	60.2	0.094	4.64	3.05	5.44	2.97
		Indicated		168.1	58.9	0.085	5.85	3.49	5.49	2.93
		Inferred		8.6	59.8	0.104	4.09	2.35	7.24	2.81
		Total		**243.4**	**59.3**	**0.088**	**5.45**	**3.33**	**5.54**	**2.93**

Sources: SRK, 2024 from supplied Red Hawk Mineral Resource estimates.

SRK notes that 36% of the defined Mineral Resources occur below the water table. In the current LOM plan there are no plans to mine below the water table. A summary of the Mineral Resources occurring above the water table as at 17 July 2024 are summarised in Table 3.6.

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Table 3.6: Summary of the Blacksmith Project Mineral Resources above the water table by deposit

Deposit	Mineralisation type	Classification	Cut-off grade	Per cent above water table	Tonnes (Mt)	Fe (%)	P (%)	SiO_2 (%)	Al_2O_3 (%)	LOI (%)	Density (t/m^3)
Blackjack	DID and BID	Measured	57.5% Fe	99%	-	-	-	-	-	-	-
		Indicated			31.1	60.0	0.075	5.96	3.35	3.99	2.98
		Inferred			3.9	59.8	0.109	3.83	2.10	7.83	2.80
		Total			**35.1**	**60.0**	**0.079**	**5.72**	**3.21**	**4.42**	**2.96**
Champion	DID and BID	Measured	57.5% Fe	54%	-	-	-	-	-	-	-
		Indicated			20.4	59.8	0.074	5.54	3.45	4.51	3.03
		Inferred			0.3	59.4	0.087	6.37	2.48	5.02	2.90
		Total			**20.7**	**59.8**	**0.074**	**5.55**	**3.44**	**4.51**	**3.03**
Delta	DID and BID	Measured	57.5% Fe	79%	51.9	60.2	0.085	4.82	3.10	5.11	2.98
		Indicated			12.9	60.1	0.070	5.60	3.65	3.81	3.05
		Inferred			3.0	59.9	0.109	3.74	2.14	7.65	2.76
		Total			**67.7**	**60.2**	**0.083**	**4.92**	**3.16**	**4.98**	**2.99**
Eagle	CID	Measured	54.0% Fe	13%	-	-	-	-	-	-	-
		Indicated			5.7	56.7	0.067	6.01	3.93	7.56	2.70
		Inferred			-	-	-	-	-	-	-
		Total			**5.7**	**56.7**	**0.067**	**6.01**	**3.93**	**7.56**	**2.70**
	DID and BID	Measured	57.5% Fe	70%	-	-	-	-	-	-	-
		Indicated			17.9	59.8	0.075	5.30	3.64	4.24	3.02
		Inferred			0.2	59.7	0.103	3.43	2.25	7.57	2.75
		Total			**18.1**	**59.8**	**0.075**	**5.28**	**3.62**	**4.28**	**3.02**
Paragon	DID and BID	Measured	57.5% Fe	77%	-	-	-	-	-	-	-
		Indicated			9.3	60.4	0.088	3.96	2.54	6.00	2.98
		Inferred			0.3	58.8	0.089	4.09	1.79	8.91	2.81
		Total			**9.6**	**60.3**	**0.088**	**3.97**	**2.51**	**6.10**	**2.97**
Total Mineral Resources	CID, DID and BID	Measured	54.0–57.5% Fe	64%	51.9	60.2	0.085	4.82	3.10	5.11	2.98
		Indicated			97.3	59.1	0.073	5.60	3.54	5.23	2.93
		Inferred			7.8	59.8	0.107	3.91	2.13	7.66	2.79
		Total			**156.9**	**59.4**	**0.077**	**5.33**	**3.37**	**5.29**	**2.94**

Sources: SRK, 2024 from supplied Red Hawk Mineral Resource estimates.

SRK considers the geological modelling and resource estimation approaches used by ERM for the 2023/2024 Mineral Resource updates are generally reasonable. However, SRK notes the following.

- The interpreted Dales Gorge Member has been interpreted as a single undifferentiated (i.e. the D1, D2, D3 and D4 sub-members have not been modelled separately) hardcap domain. Throughout the Pilbara, weathered hardcap carapace typically displays high iron and silica grade variability and patchy/semi-continuous mineralisation. Hardcap mineralisation typically needs closely spaced drilling (less than 25 mE by 25 mN) to estimate the shape and grade with any level of certainty. However, the interpreted hardcap domain at each of the Blacksmith deposits displays low-grade variability and continuous mineralised zones implying that some of the mineralisation may be occurring within non-weathered units. If so, then the Dales Gorge

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sub-member units need to be interpreted in order to correctly estimate iron and alumina grades into high iron/low alumina and low iron/high alumina domains. Proper interpretation of the Dales Gorge units is hampered by the lack of geophysical gamma surveys down each drill hole.

- There is a distinct lack of in situ bulk density data throughout the project area. Typically, in situ bulk density can vary between 10% and 15% around the mean value for each domain and does vary spatially in iron deposits due to lithology, geochemistry and porosity. Geophysical density data should ideally be collected over the entire length of each RC and DD drill hole and be properly calibrated and validated so that it can be used to estimate in situ bulk density into each of the resource models. Domain-specific mean in situ bulk densities should only be used where adequate data are unavailable and should be treated as more uncertain during Mineral Resource classification. In the case of the Blacksmith Project, the mean in situ bulk densities should be treated with greater uncertainty due to the limited data available.

SRK considers the Indicated and Inferred Mineral Resource classifications applied to the 2023/2024 Mineral Resource estimates are reasonable, however SRK considers that the issues highlighted above cannot support the classification of Measured Mineral Resources. For the purpose of this valuation exercise, SRK has downgraded the Measured Mineral Resources reported at the Delta deposit to Indicated Mineral Resource status (thus impacting the valuation multiples applied).

3.4.6 Exploration potential

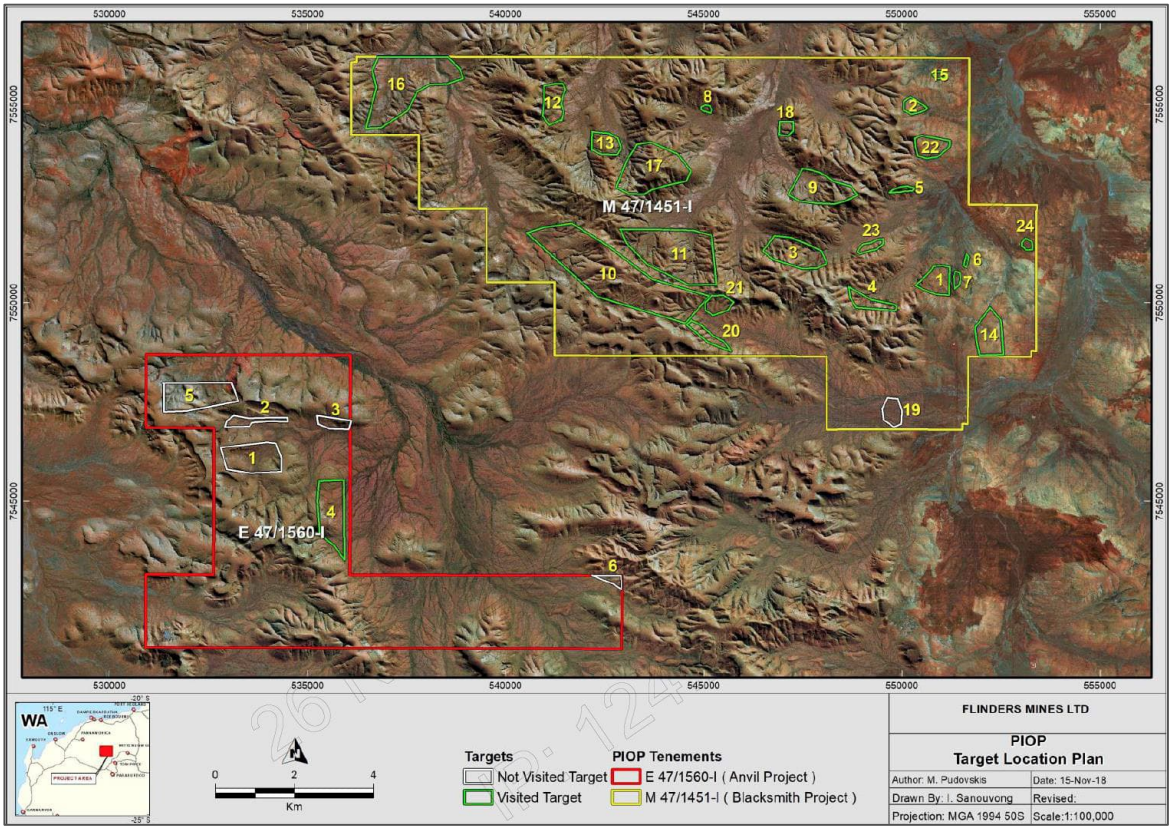
At Delta, Paragon, Eagle, Champion and Blackjack, upside exploration potential for BID mineralisation outside of the currently delineated resource model exists in the foothills marginal to the valley floors, within Dales Gorge Member bedrock. This is evidenced by the presence of Dales Gorge Member BID that can be observed in outcrop that has yet to be drilled (e.g. Figure 3.9). Difficulty in accessing drill positions required to confirm the grade quality of the material has prevented it being drill tested to date.

As noted by CSA Global, drilling at the Blacksmith Project has generally closed off the deposits at depth below the paleovalley fill DID material, as almost all holes have been terminated in BIF of the Dales Gorge Member. As a result, there is effectively no upside exploration potential within the drilled areas for additional BID immediately below the DID.

There is no stratigraphic or structural mapping at the project, so the presence of deep structurally related BID outside of the current drilling footprint cannot be excluded. Mapping is required to better understand the distribution of lithology in the area to more effectively target higher grade BID marginal to the valley floors and in the flanking hills.

In 2020, CSA Global conducted a targeting study for potential mineralisation at Blacksmith (CSA Global, 2020a). A total of 24 targets were identified for follow-up (Figure 3.11), with 10 of these targets in BID (Dales Gorge Member) or canga (DID) outside of the delineated resource extents. Targeting at Anvil was also conducted, and is discussed in Section 4.3.5.

Figure 3.11: Target locations identified by CSA Global



Source: CSA Global (2020b)

At Badger, the exploration upside potential is mostly truncated by the southern tenement boundary. Red Hawk has planned to construct the mining village over the deposit so most of the resource is quarantined in the current mine plan. However, Red Hawk purports there is potential for the deposit to be mined at/towards the end of the Blacksmith mine life as, or after, the village is demobilised.

The Joffre Formation, which forms much of the capping lithology to the higher topographic ridges surrounding the project, is considered largely unprospective for iron ore mineralisation – including by the CSA Global (2020b) study – however the unit remains to be robustly tested. In other parts of the Hamersley province, the Joffre Formation has been known to host iron ore mineralisation.

Ajax and Anvil are less maturely investigated/tested deposits. The northern part of Ajax retains some potential due to the sparse drilling, however, the southern part of the deposit is closed off and does not seem to extend to or join the western part of Eagle.

The D2 of the Dales Gorge Member in the BID hills at Blackjack offers further exploration upside. Red Hawk remains of the view that when drilling the D2 horizon, as many holes as possible should also transect the D4 horizon.

3.4.7 Opportunities and risks

SRK has identified the following risks as opportunities for the Blacksmith Project.

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Risk – Lack of downhole geophysical data

The lack of downhole geophysical survey data, notably gamma, caliper and density data, has implications for geological modelling and in situ bulk density estimations.

The Dales Gorge Member has currently been interpreted as a single undifferentiated hardcap domain, when there may in fact be both weathered hardcap and unweathered bedrock units present. Downhole gamma data can be used in conjunction with geochemical data to model the base of the hardcap weathering horizon, as well as modelling high iron/low alumina (the Dales Gorge D2 and D4 sub-members) and low iron/high alumina (the Dales Gorge D1 and D3 sub-members) domains.

A large dataset of downhole in situ bulk density is required to produce local estimates of in situ bulk density. An assessment of the in situ moisture for each logging interval will also be required for a conversion to dry in situ bulk densities.

Risk – Mineral Resource classification

SRK does not consider the current level of geological modelling and in situ bulk density supports the classification of Measured Mineral Resources at the Delta deposit. SRK has downgraded the Measured Mineral Resources to Indicated for the purpose of this valuation.

Additionally, SRK notes that 36% of the Blacksmith Mineral Resources occurs below the water table and are not being considered as part of the current mine plan.

Opportunity – additional mineralisation

In total, 80% of the DID material has been excluded from the 2023 Blacksmith Mineral Resource, mostly owing to its lower grade than found in the Dales Gorge Member BID and canga.

The quantity (and quality) of upside exploration potential mineralisation at the Blacksmith Project is largely unknown. Field observation confirmed the presence of undrilled unweathered Dales Gorge Member BID mineralisation in the foothills to the valleys. SRK recommends a geological mapping campaign among the surrounding hills and ridges – integrated with a project-scale 3D geological model continuous across Red Hawk's Blacksmith and Anvil project tenure. Current 3D models used for the resource estimation only focus on the drilled areas – i.e. predominantly the paleovalleys. Structural control is one of, if not the most important factor in controlling the location of high-grade iron ore deposits within their parent BIF (e.g. via folding or faulting) and should form part of exploration targeting and 3D modelling.

No iron ore mineralisation has been noted in the project area in association with the Joffre Member of the Brockman Iron Formation including from geological mapping of the surrounding ridges (that themselves are often the result of preserved Joffre Formation). However, ongoing mapping could potentially reveal more iron-rich BIF zones worthy of follow-up. No drill holes have been completed to test the Joffre Member at Blacksmith.

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3.5 Mining and Ore Reserve

3.5.1 Introduction

SRK has undertaken a review of the mine planning components of the 2024 PFS report (Ausenco, 2024) with the objective of assessing the reasonableness of the technical inputs and parameters used in the life of mine (LOM) planning.

SRK's review has focused on the project LOM plan which includes material beyond that stated in the Ore Reserve. The project's LOM plan forms the inventory for the Company's supplied Model, which SRK has reviewed. SRK has provided high-level commentary on the Ore Reserve inventory in Section 3.5.4 of this report.

Key areas of risk have been identified and SRK's recommendations regarding potential modifications and/or sensitivities to the project Model have been provided to BDO. The objective of these recommendations was to inform BDO on the range of economic and technical sensitivities that could be used to assess project valuation. Further information on the valuation approach for the project is provided in Section 6 of this report.

SRK held technical discussions with key members of the Red Hawk team on 3 December 2024 to gather further insight on certain technical aspects of the Blacksmith Project.

3.5.2 Current project status

The Blacksmith Project is currently in study phase, having recently completed a PFS. SRK understands that Red Hawk intends to undertake a feasibility study (FS) on the project. The upcoming FS stage is likely to be an important step in the project development and should aim to increase the level of confidence and accuracy of key inputs (including operating and capital costs) and improve the definition of the development strategy for the project.

3.5.3 Life of mine plan and inventory

SRK was provided with the LOM plan from the PFS, referred to as Scenario 5D. Key aspects of the LOM plan model are summarised below:

- Includes mining of mineralisation at the Delta, Paragon, Champion and Blackjack deposits.
- Includes 95.1 Mt of mineralisation at an average grade of 60.5% Fe, planned to be mined as DSO and transported 465 km to a port for shipping.
- Cut-off grade of 57.9% Fe applied to achieve 60.5% Fe DSO grade.
- Al_2O_3 average grade of 3.1%, which is regarded as relatively high compared to the industry standard for DSO operations. Short-term blending and stockpile methods will likely be required to meet product specifications, and this poses an operational cost and risk to the project.
- Dilution applied through the block model regularisation process in the vertical axis to a block height of 2 m (from an in situ resource block height of 0.5 m) results in dilution of 4.5% and 7.5% ore loss. This approach appears reasonable for this style of deposit and mining method, however a detailed dilution and loss review is recommended prior to commencement of FS-level mine planning.

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- Ramping up from 1 Mtpa to 5 Mtpa DSO over the first 5 years of the project.
- 145 Mt of total waste mined at a strip ratio of 1.52 t waste:1 t ore.
- LOM is 22 years, mining Delta initially, followed by the Paragon, Blackjack and Champion deposits.
  - Targeting the Delta deposit initially appears appropriate as this is the deposit with the highest level of confidence and has significant inventory.
- Conventional truck and shovel mining method, which is likely to be appropriate for this style of deposit.

SRK is aware of a heritage area restriction at the Paragon South pit area, that may impact the project's ability to mine at this location. Therefore, the ore tonnage in this area may require removal from the mine plan until such time that access to this area can be confirmed. It is noted that this represents a relatively small component of the total mining inventory and this region is planned to be mined from Year 9 onwards which reduces risk to the project on start-up.

3.5.4 Ore Reserves

The 2024 PFS included a statement of Ore Reserves, as summarised in Table 3.7.

Table 3.7: Blacksmith Project DSO Ore Reserves as at April 2024

Parameter	Unit	
Probable Ore Reserve	Mt	46
Grade	% Fe	60.5
Waste	Mt	75.4
Total	Mt	121.4
Strip ratio	waste t:ore t	1.64

Source: ASX announcement, 1 May 2024

SRK notes the Ore Reserves include material from the Delta deposit pits only and excludes material from the other deposit areas. SRK understands the key reason that the Ore Reserves are limited to the Delta deposit, is due to a reduced level of geological confidence in the other deposits, and potential issues with heritage and environmental considerations.

SRK notes that the project LOM plan, and corresponding Model assessed by SRK include additional material beyond the Ore Reserve inventory.

SRK notes that summary charts for an 'Ore Reserve' mine plan have been developed and only report material from the Delta deposit. It is understood the Ore Reserve mine plan is a sub-component of a larger mine plan inventory, which included Paragon. However, the Paragon inventory was removed at a late-stage in the PFS process.

SRK notes, the risks identified by SRK are likely to impact the results of any economic assessment supporting the Ore Reserves.

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3.5.5 Life of mine plans

The approach and level of detail of the LOM plans presented in the PFS appear to be reasonable and appropriate for the current level of study. SRK has reviewed, at a high-level, key items including: inventory definition, pit designs and mine schedule.

Through discussions with Red Hawk, some components of the mine plan are likely to require further assessment to increase confidence prior to an FS, including:

- availability of waste material for construction of surface roads, infrastructure and run of mine (RoM) pad, and associated costs
- geotechnical assessment to inform future detailed pit designs
- mine commencement timeframe, DSO ramp-up schedule and bottlenecks to production
- product specifications and deleterious element grades.

DSO ore production and overland transportation is currently planned at 5 Mtpa over 465 km from the mine to the port. SRK is aware that this production rate may be limited by the approvals and practical constraints of overland road train haulage. SRK notes that 5 Mtpa for road train haulage is on the higher end of what may be practical and contributes a significant operating cost risk to the project.

3.5.6 Project development and timing

The project Model includes mining commencement in November 2025, which is considered to be optimistic by SRK. A key limitation to the start of operations is the construction of main road access, site preparation and contractor mobilisation. Red Hawk has informed SRK of a potential delay of 12 months (November 2026) due to the estimate of main road access completion.

It is SRK's opinion that the date for mining commencement should be delayed by an appropriate timeframe from what is currently stated in the Model. This delay should make allowance for the completion of the main road access and the potential for further delays to project initiation.

It is recommended that an updated and comprehensive project development plan is generated, including the timeframe for feasibility studies, supporting assessments, approvals and agreements, and operations start-up.

3.5.7 Open pit geotechnical and pit designs

SRK notes that a geotechnical assessment was undertaken by SME Geotechnical (SME) for the Delta and Paragon deposits in 2024 (SME Geotechnical, 2024) and included a review of the pit designs and wall configurations. The SME review did not include the Champion and Blackjack deposits.

The level of geotechnical assessment was assessed by SME as being variable, depending on the technical component. Some aspects are assessed as reasonable for a PFS level and others require further assessment. The components that appear to lack detail and may not be at PFS level include: a structural model, hydrogeological model, intact rock strength, strength of structural defects, and geotechnical characterisation. SME recommends that some slope angles and configurations require updating in the designs.

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The SME report provides commentary that some components of the geotechnical model are not yet at PFS level and may impact the pit designs supporting the Ore Reserves (SME Geotechnical, 2024).

SME has been requested by Red Hawk to develop a geotechnical program to increase the level of confidence and assessment at the Delta and Paragon deposits to an FS level.

SRK has not undertaken a detailed technical review of the geotechnical studies or slope designs.

It is recommended that further appropriate geotechnical studies are undertaken to support further detailed mine designs prior to FS level mine planning.

3.5.8 Project financial model

SRK has undertaken a review of the key parameters used in the Model (Red Hawk, 2024). SRK's commentary on the capital and operating costs in the Model are summarised below.

Capital costs

SRK has provided a review of the capital costs for the project and contractor mining facilities.

Based on information in the PFS report, SRK understands that Orelogy developed the capital cost estimate for the mining contractor facilities, and Ausenco developed the other site infrastructure capital costs. Total capital costs (real terms) in the PFS document are stated as:

- A$216.8 M for initial capital
- A$141.6 M for expansion capital (expansion to the Champion and Blackjack deposits)
- annual sustaining capital of A$13.3 M.

The total capital costs in the Model are A$373 M and appear to include a reasonable allowance for the key infrastructure requirements and contractor facilities. A summary breakdown of the capital costs have been provided and are is understood to be developed to a PFS level of detail. SRK notes that some capital cost items may be underestimated in the Model, and these are summarised below:

- additional contingency may be required (increase above the 10% currently in the Model)
- additional allowance for mining support infrastructure (above the A$4.6 M allocated)
- additional allowance for campaign waste mining and construction of surface haul roads for accessing the pits on start-up, RoM pad areas and stockpiles
- additional allowance for ongoing rehabilitation of the mine. It is SRK's opinion that mine closure cost estimates are not sufficiently accounted for in the Model. It is recommended that a separate comprehensive mine closure cost estimate is applied to the project.

Operating costs

SRK notes that Red Hawk has gathered four mining contractor budget pricing estimates for the open pit mining operations at the project. These estimates are understood to be based on a 3 Mtpa DSO mine plan and range from A$5–5.8/t of rock mined. These costs appear reasonable as overall

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unit operating costs for the scale of the project, however, SRK notes that mining costs can vary significantly and are highly dependent on the operation in question.

SRK understands that the contractor budget costs have been scaled in the Model to represent operating cost savings when moving to a 5 Mtpa DSO operation. Diesel fuel has also been separated in the Model and is reported separately to the mining contractor costs.

SRK observes that the resulting average mining costs in the Model are around A$4.8/t of rock mined, comprising A$4.20/t for contractor costs and A$0.60/t for fuel.

It is SRK's opinion that the operating costs are likely to be higher than currently outlined in the Model, and therefore SRK recommends increasing the unit mining cost to align with the upper range of the mining contractor budget pricing. It is noted that the fuel component of the mining operating costs appears to be low as a proportion of the total mining operating costs.

It is recommended that updated contractor quotations be sought for the 5 Mtpa DSO mine plan, including a review of the breakdown of mining costs and diesel fuel consumption.

The diesel fuel price in the Model for mining activities is observed at A$ 0.96/L, which may be an underestimate. In addition, the diesel price stated in the JORC Table 1 Section 4 is A$1.60/L average for the LOM. The A$ 0.96/L excludes GST and fuel excise tax, while A$1.60/L is inclusive. The Model should use a diesel price inclusive of fuel excise tax but exclusive of GST. As such, it is recommended that the Model uses a fuel price for the mining operations of A$ 1.456/L (A$ 0.96/L + A$ $ 0.496/L), as the A$0.96/L in the model appears to be an underestimate. The GST portion can be reclaimed.

The Model currently includes a A$0.10/tkm for road train haulage of the 5 Mtpa DSO a distance of 465 km from the mine to the port. The cost is based on an initial quotation by MGM, and appears reasonable. However, it is SRK's opinion that A$0.10/tkm is likely to be the minimum unit cost and may be optimistic. Therefore, it is recommended that the Model be tested at higher unit haulage costs to determine the sensitivity of the project to product transport costs.

3.5.9 Risks

Based on SRK's review of the LOM plan and mining components of the Model, the following key risks have been identified:

- The project start-up timeframe is likely to be delayed based on the completion of the main road access, the required studies to FS level and project commissioning.
- Mining operating costs may be higher than the A$4.8/t of rock mined currently adopted in the Model.
- Fuel costs are likely to be higher than those modelled (currently A$0.96/L).
- Additional start-up operating costs could be required for campaign mining of waste and construction of the pit access roads and RoM pad.
- The Paragon South pit area may have heritage limitations that require further resolution before mining in this area, however this is planned from Year 9 onwards in the LOM plan.

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- The project capital costs appear to have been developed to a reasonable level of detail for a PFS. However, an increased contingency and additional allowances for contractor infrastructure and mine start-up activities (e.g. surface haul roads) may be appropriate.
- Overland haulage of DSO to the port is a significant project operating cost, and is currently modelled at A$0.10/tkm, which may be optimistic. Understanding the project's sensitivity to higher transport costs is recommended.
- Risk exists regarding the ability to ramp-up to 5 Mtpa DSO overland haulage, and may be capped at a lower rate by external factors.
- Geotechnical risk exists as some components of the geotechnical studies were identified as not being at a PFS level by SME.
- Risks associated with moving from a PFS to an FS level of study; this process often identifies costs and technical challenges that may impact the project viability and economics.

3.5.10 Opportunities

Based on SRK's review of the project LOM plan, the following key opportunities have been identified:

- The Blacksmith Project has significant development potential in terms of mining inventory, depending on the development strategy and product specifications.
- There is potential for project operating cost optimisation, perhaps through alternative overland transport methods.
- Alternative export route options could be considered to reduce transport operating costs.
- There is potential for review of product specifications and project scale based on synergies with alternative strategies and partners.
- Further improvements in geological modelling confidence are possible and could result in increased confidence in the mine plans.

3.6 Infrastructure and logistics

3.6.1 Mine infrastructure

Based on the information provided, the infrastructure list includes the key items that are expected to be required for contractor operations. The PFS appears to include a reasonable allowance for mining infrastructure to support the contractor operations.

- Mining and crushing operations: mine haul roads will be constructed for heavy and light vehicles. The ROM pad and crushing plant will include a skyway, a five finger stockpile and a crushing and screening plant with two 50 kt capacity product out-loading stockpiles.
- Haulage: a staging facility will be constructed at Whim Creek with stockpile capacity to facilitate rapid haulage to Utah Point. Ore haulage to the facility will be via the public Manuwarra Red Dog Highway and North West Coastal Highway.
- Accommodation: village facilities will be constructed at Blacksmith and Whim Creek to initially accommodate a total of 120 and 150 personnel respectively.

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- Water supply: borefields at Delta, along the Mine Access Road, and at the Badger and Whim Creek villages will provide raw water for operations that will be processed via a potable water treatment plant for drinking. Red Hawk has existing production bores at Blacksmith and a water licence that is being upgraded to a capacity of 1 GL/a. Wastewater treatment facilities will be installed at both villages.
- Power: electrical power will be supplied via diesel generators at the crushing plant and villages with 500 kVA and 750 kVA power generators required. The borefields will require power varying from 65 kVA to 160 kVA.
- Communication: Telstra has been engaged and provided a solution for the Blacksmith site via radio link to Mount Lois. The first 8 years of mining will require two radio towers at Blacksmith to provide 4G data coverage.
- Diesel storage: bulk diesel storage will be required with two 125 kL tanks at the mine infrastructure area, two 65 kL tanks at the Badger Village and four 125 kL tanks at Whim Creek.
- Personnel access: the Mine Access Road will be built during the project construction. This road will be used as site access and as part of the haulage route. There will be an airstrip installed at the Eagle site in Q4 2027. Initial access to the Blacksmith site will be via buses travelling from a local airport.

3.6.2 Logistics

Haulage

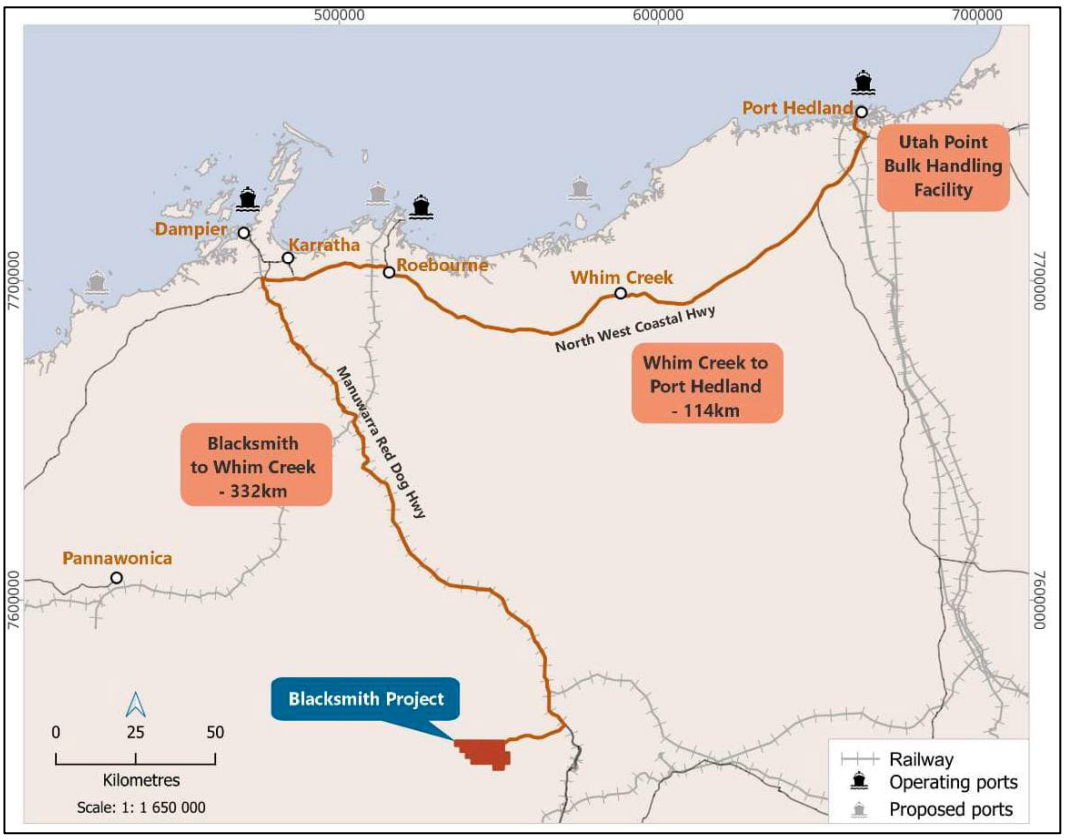
A key element of the project is the transport of product from Blacksmith to the Utah Point bulk handling facility in Port Hedland. The haulage route is from Blacksmith to Karratha via the Manuwarra Red Dog Highway and then to Port Hedland along the North West Coast Highway (Figure 3.12).

Discussions have taken place between Red Hawk and Main Roads WA (Main Roads) which raised certain concerns including:

- The northernmost Rio Tinto Iron Ore (RTIO) Main Line rail crossing on Manuwarra Red Dog Highway – MRDH (M065, 88slk). Carting in excess of roughly 1.7 Mtpa causes the conflict risk at the rail crossing to increase beyond an acceptable level of risk, which concerns Main Roads. It is Main Roads' requirement that the existing at-grade rail crossing will require grade-separation before Red Hawk commences its second year's carting target.
- Concern has been raised by the City of Karratha with the carting traffic moving through Roebourne. Main Roads has already received complaints with respect to the current heavy vehicle transport through the town from residents, the police and the City of Karratha.
- The Stage 4 upgrade of MRDH is underway but not yet complete, and Red Hawk has advised that it wishes to cart on the MRDH alignment while it is in construction. Red Hawk is looking to commence carting in late-2025 and MRDH works were planned to commence work on the first 47 km of MRDH, by mid-2024. The construction works will need 18–24 months to complete the 47 km, which suggests Red Hawk would commence carting some 6–12 months prior to the

upgrade works reaching completion. In addition, Red Hawk's access from its mine intercepts the MRDH alignment roughly 7 km from the end of the 47 km work package.

Figure 3.12: Road haulage from the mine to the port



Source: Red Hawk Mining (2024)

While solutions for these concerns could be worked out, the risks are increased costs and delays in the mining schedule. One such solution has been proposed for the use of the MRDH while the upgrade works take place which include a three stage approach and a temporary widening of the road.

Furthermore, currently there is a Haulage Agreement between Red Hawk and MGM Bulk to work collaboratively to develop an optimised transport and logistics solution, but no service agreement is in place.

Port of export

Karratha is the nearest port facility to the Blacksmith Project. The only iron ore export handling facility is Cape Lambert and it belongs to RTIO. While the Anketell Project is planned to create a new multi-user port and associated Strategic Industrial Area at Karratha, it remains in the planning phase.

The next nearest multi-user iron ore handling facility is the Utah Point Bulk Handling Facility (Utah Point) in Port Hedland which has a capacity of 24 Mtpa. This multi-use port is owned and operated

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by the Pilbara Ports Authority and is set up for truck delivery of product into multiple stockyards. Discussions have taken place between Red Hawk and the Pilbara Ports Authority.

On 4 September 2024, Red Hawk received notification from the Pilbara Ports Authority that an annual throughput allocation of 1 Mtpa at Utah Point in the Port of Port Hedland, is forecast to become available for allocation in 2026. The PFS (2024) plan is for an export volume in Year 1 of 1.2 Mt, increasing to 5 Mtpa over 5 years.

Securing the forecast annual throughput allocation is subject to several milestones and timeframes, including Red Hawk confirming its Financial Investment Decision, and execution of a definitive agreement between the Pilbara Ports Authority and Red Hawk.

3.7 Environmental, social and governance

3.7.1 Introduction

This section presents the environmental, social and governance (ESG) factors associated with the Blacksmith Project that have the potential to become material. The concept of double materiality is applied, with potential ESG impacts from the Blacksmith Project considered equally to impacts posed by the ESG setting to the Blacksmith Project. SRK has reported on other elements of potential materiality (such as stakeholder relationships) as these may influence the project's value through schedule delays or increased costs arising as a result of stakeholder objections.

For its assessment of the Blacksmith Project, SRK has assumed potentially material factors are those that could:

- affect the implementation of the mining activities and associated haulage to the port
- pose major concern to stakeholders and/or could affect the project's social licence to operate (this includes Indigenous title holders, non-Indigenous communities, potential labour areas and business stakeholders)
- are not aligned with the Company's stated corporate strategies or policies
- result in the requirement for additional studies or costs that could affect the proposed design of the project and thus the value of the underlying assets (e.g. design changes, operational management requirements, cashflow restrictions and rehabilitation/closure demands).

The potential for materiality has been identified based on SRK's review of:

- public domain information (such as client and regulator's websites)
- Red Hawk provided information (such as technical reports and meetings with management representatives on 3 December 2024).

SRK's ESG specialist did not conduct a site inspection of the Blacksmith Project, but has instead relied upon the observations of Dr Mark Rieuwers, who attended site in late November 2024.

SRK's assessment does not constitute an audit or detailed review of the project against good international industry practice. However, where potential ESG risks are identified, comments have been included, when possible, including comparison with recognised good practice in the mining industry.

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3.7.2 Red Hawk's approach to ESG

SRK understands that Red Hawk's approach to ESG was updated and outlined in the 2024 Corporate Governance Statement[1], as well as an overarching set of corporate governance policies (including Environment Policy[2], Health And Safety Policy[3], and Community and Stakeholder Engagement Policy[4]). SRK understands that an environmental and heritage management plan (Red Hawk, 2023)[5] is in place for the Blacksmith Project and an environmental management system is under development.

According to its Mining Proposal (Preston, 2024a)[6] Red Hawk has '*a consultation / stakeholder engagement strategy which identifies key external stakeholders and determines how they will be impacted by the Project and what influence they have over its implementation*'. SRK understands from the Stakeholder Engagement Register presented in the Mining Proposal that Red Hawk regularly engages with various stakeholders.

SRK understands that no grievance mechanism is yet in place for the Blacksmith Project showing the stakeholder engagement process remains in development. However, stakeholder engagement associated risks are assessed as part of the Red Hawk Corporate Risk Register. Failure to implement a structured and proactive stakeholder engagement management plan could result in delays to land access agreements and approvals processes for the Blacksmith Project if there are issues of concern that are not adequately raised and addressed in a timely manner.

3.7.3 Environmental and social context

The project is situated in the Hamersley (PIL03) subregion of the Interim Biogeographic Regionalisation for Australia Pilbara region. The Pilbara bioregion has a semi-desert to tropical climate with highly variable, mostly summer rainfall.

Biodiversity

As described in the *Mine Closure Plan* (Preston, 2024b)[7], biodiversity surveys have been undertaken within the project area. Vegetation condition within the project disturbance envelope has been identified to be in mostly good to excellent condition. Some vegetation types are considered to have local conservation significance due to either their small local extent or localised occurrence, being restricted to specific landforms that occupy only a small proportion of the area,

[1] https://redhawkmining.com.au/wp-content/uploads/2024/09/04b_RHK_FY2024-Corporate-Governance-Statement_24-September-2024.pdf, last accessed 6 December 2024.

[2] https://redhawkmining.com.au/wp-content/uploads/2024/04/Red-Hawk-Environment-Policy.pdf, last accessed 6 December 2024.

[3] https://redhawkmining.com.au/wp-content/uploads/2023/08/Red-Hawk-Health-and-Safety-Policy.pdf, last accessed 6 December 2024.

[4] https://redhawkmining.com.au/wp-content/uploads/2024/08/240809-Community-Stakeholder-Engagement-Policy.pdf, last accessed 6 December 2024.

[5] Red Hawk, 2023. Environmental and Heritage Management Plan, POL-0000-EN-PLN-003_RO, Red Hawk Mining, dated 21 December 2023.

[6] Preston, 2024a. Blacksmith Project, Mining Proposal, RHK-BLA-MPR-01 Revision 0 Version 3, PRESTON CONSULTING PTY LTD, 22 August 2024.

[7] Preston, 2024b. Blacksmith Project, MINE CLOSURE PLAN, RHK-BLA-MCP-01 Revision 0 Version 3, PRESTON CONSULTING PTY LTD, 22 August 2024.

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no similar vegetation being recorded in other Pilbara surveys, or their extent being under an identified threat (*Acacia maitlandii* and *Acacia orthocarpa* shrubland, *Corymbia ferriticola/Eucalyptus leucophloia and Corymbia hamersleyana/Eucalyptus gamophylla* low open woodland and *Eucalyptus victrix* open woodland). *Acacia orthocarpa* shrubland is the vegetation type with the highest local conservation significance. Five short-range endemic habitats were identified.

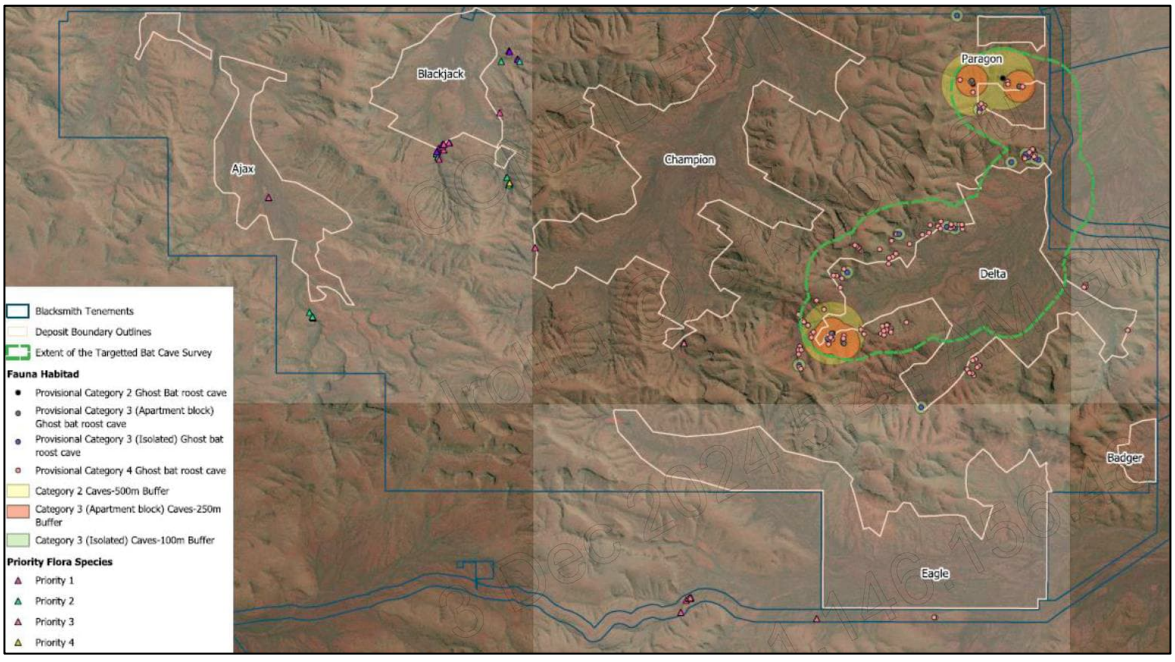
The surveys identified a total of five significant Priority flora species (Figure 3.13) (*Indigofera rivularis, Rostellularia adscendens var. latifolia, Sida sp., Rhynchosia bungarensis*, and *Triodia basitricha*). Eight fauna species of conservation significance were recorded or considered to potentially occur (Figure 3.13) (Western Pebble Mound Mouse *Pseudomys chapmani* (Priority 4), Northern Quoll *Dasyurus hallucatus* (Endangered), Pilbara Leaf-nosed Bat *Rhinonicteris aurantia* (Vulnerable), Rainbow bee-eater *Merops ornatus* (Migratory), Pilbara Olive Python *Liasis olivaceus barroni* (Vulnerable), Ghost Bat *Macroderma gigas* (Vulnerable), Ganes Blind Snake *Anilios ganei* (Priority 1), and Spectacled Hare-Wallaby *Lagorchestes conspicillatus leichardti* (Priority 4)).

Bat calls were recorded in the Delta and Paragon areas. Bats require deep caves with high levels of humidity and stable temperatures.

Additionally, Whim Creek is a known habitat area for the Northern Quoll and potentially also for the Pilbara Leaf-nosed Bat and Pilbara Olive Python.

Sixty-five troglofauna species and seventeen stygofauna species were recorded at the Ajax, Badger, Blackjack, Champion, Delta, and Eagle deposits.

Figure 3.13: Flora and fauna species of conservation significance within the project area



Source: Presentation in VDR: '01.06 RHK JULY 2024 Update.pdf'

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Hydrology

Surface water and hydrogeology investigations were undertaken within the project area. According to Preston (2024b), the Blacksmith Project is located within the Fortescue River Catchment and within the Millstream Priority 2 Public Drinking Water Source Area. The major watercourses within the Fortescue River catchment area are ephemeral, have low grades and comprise wide braided channels bounded by floodplains that are seasonally inundated during flood events. The main channels and floodplains are populated with riverine vegetation. Surface water flows from seasonal rainfall drain to the Fortescue River via the Weelumurra and Caliwingina creeks. There is a permanent waterhole located in the Ajax area, which may be fed by a perched groundwater system. Groundwater abstracted from the Millstream Dolomite is used as a source of drinking water for the West Pilbara water supply scheme. The Millstream area is a complex system of permanent pools and wetlands, fed primarily by groundwater discharge from the Millstream Dolomite. The Blacksmith Project is situated within the upper reaches of the Caliwingina Creek and Weelumurra Creek catchments. Red Hawk has identified that the project presents risks to groundwater dependent vegetation only when dewatering the Ajax or Eagle deposits.

Cultural heritage

According to Preston (2024a), following a review of the WA Department of Planning, Lands and Heritage Aboriginal Heritage Inquiry System List of Aboriginal Cultural Heritage Directory, 14 registered and lodged Aboriginal Heritage sites occur within the project disturbance envelope. Heritage surveys have been conducted within the Blacksmith project tenements. Areas of cultural significance were identified during the surveys, including a restricted area within the Paragon South deposit.

3.7.4 Mineral, land and water access rights

Mineral rights

Mineral tenements are administered in WA by the Department of Energy, Mines, Industry Regulation and Safety (DEMIRS) under the *Mining Act 1978*. SRK understands from the DEMIRS MINEDEX database[8] that the Blacksmith Project (also known as Pilbara Iron Ore Project J03678) includes one mining lease and five miscellaneous licences held by PIOP Mine Co. Pty Ltd (PIOPMC) (Table 4.1 and Figure 3.2). SRK has not reviewed the status of conformance with the live tenement requirements as part of this review. SRK understands that three miscellaneous licences required to develop the mine access road are still pending approval from DEMIRS.

According to the supplied Model[9], production at the Blacksmith Project is forecast to cease in 2049. The 2024 Mine Closure Plan (Preston, 2024b) assumes that a minimum of 5 years of post-closure activities are to be carried out upon completion of the closure works for the Blacksmith Project (i.e. progressive tenure relinquishments planned by 2054). SRK notes that the existing mining lease is

[8] https://minedex.dmirs.wa.gov.au/Web/projects/details/e638d3ce-2f65-42ca-bab8-4ef7f000b334, last accessed 9 December 2024.

[9] Financial model in VDR – files '01.01.02.14 Red Hawk Mining - Blacksmith Project PFS Financial Model.xlsm'

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due to expire in March 2033. Although there is sufficient time to consider renewal application, renewal of the tenements will be required to meet the planned LOM.

ROBE RIVER MINING CO. PTY LTD has applied to the Warden's Court for proceedings with regard to the three pending miscellaneous licences (tenements L47/1120, L47/1121 and L47/1122) associated with the proposed mine access road layout connecting the proposed mine sites and the MRDH. SRK understands that a court hearing is scheduled for 16 December 2024[10], however, at the time of writing this report the expected content and outcome are unclear. There is a risk that the tenement approvals may be delayed or rejected.

Native title

Native title is the name Australian law gives to the traditional rights and interests that Indigenous groups have practised, and continue to practice, over land and water under the Commonwealth *Native Title Act 1993*. Native title rights are recognised through the native title claim process and formal determinations that native title exists by the Federal Court of Australia. Native title rights can be referred to as non-exclusive when other parties also have rights to the determined lands.

The Blacksmith Project tenements lie within two determined native title claim areas, namely:

- Mining and processing areas: Eastern Guruma People[11] – non-exclusive native title exists in the entire determination area. The Wintawari Guruma Aboriginal Corporation (WGAC) is the legal entity holding the native title rights and interests in trust for the Eastern Guruma People in respect of the Determined areas.
- Part of the mine access road: Yindjibarndi People #1[12] – non-exclusive native title has been determined within the project haul road area. The Yindjibarndi Ngurra Aboriginal Corporation is the legal entity holding the native title rights and interests in trust for the Yindjibarndi People in respect of the Determined area.

The Blacksmith Project transport corridor and port facilities also lie within two determined native title claim areas, namely Ngarluma/Yindjibarndi People[13] registered under the Yindjibarndi and Ngarluma Aboriginal Corporations, and Kariyarra People[14], registered under the Kariyarra Aboriginal Corporations.

[10] https://emits.dmp.wa.gov.au/emits/advert/wardenCourt/index.xhtml?_gl=1*1hownt5*_ga*MTIzNjMwMzg5NC4xNzMzNzE4Njk3*_ga_S1QYDDWVV5*MTczMzcxODY5Ny4xLjEuMTczMzcxOTYxNS4wLjAuMA, last accessed 9 December 2024.

[11] Federal Court No. WAD6208/1998, NNTT No. WCD2007/001, determination date: 1 March 2007.

[12] Federal Court No. WAD6005/2003, NNTT No. WCD2017/010, determination date: 13 November 2017.

[13] Federal Court No. WAD6017/1996 and WAD215/2017, NNTT No. WCD2005/001, determination date: 2 May 2005.

[14] Federal Court No. WAD6169/1998, WAD232/2009, WAD47/2014, NNTT No. WCD2018/015, determination date: 13 December 2018.

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SRK is aware that a land access agreement between Flinders Mines Limited (now Red Hawk) and the WGAC was executed on 13 March 2012. Red Hawk has reported[15] that the Yindjibarndi People did not lodge an objection to the mine access road miscellaneous licence application and that no agreement will be required with the Yindjibarndi Ngurra Aboriginal Corporation. However, the proposed location of the Whim Creek Staging Facility is on Ngarluma country and Red Hawk reported that an agreement will be required with the Ngarluma Aboriginal Corporation if an objection is lodged with regards to the miscellaneous licence (L47/1160). SRK understands that engagement with the Ngarluma Aboriginal Corporation is ongoing.

According to the National Native Title Tribunal, the following Indigenous Land Use Agreements (ILUA) have been established over the Blacksmith Project tenements:

- Eastern Guruma People native title area: 'Hamersley Iron Pty Ltd – Eastern Guruma' ILUA (WI2001/001), 'Pilbara Iron – Eastern Guruma Body Corporate' ILUA (WI2007/001), and 'Eastern Guruma Pastoral' ILUA (WI2006/004)
- Yindjibarndi People native title area: 'Yindjibarndi People and RTIO' ILUA (WI2014/005), and 'Yindjibarndi Renewable Energy Project' ILUA (WI2023/010).

An ILUA is a voluntary agreement between native title holders and other express parties to that agreement regarding the use and management of land and water. Red Hawk is not a named party to either agreement and it is unclear whether Red Hawk is bound by the conditions of these ILUAs. SRK suggests that a legal due diligence be engaged on this matter.

Pastoral tenure

Pastoral stations are held under pastoral leases over Crown land and provide the lessee with the right to graze authorised livestock on the natural vegetation. The Blacksmith Project tenements intersect the Coolawanyah (PL N049532) pastoral station (Figure 3.14).

SRK understands from a review of the Mining Proposal (Preston, 2024a) that a land access agreement over a pastoral station was executed in 2012 and engagement is ongoing with the pastoral leaseholder.

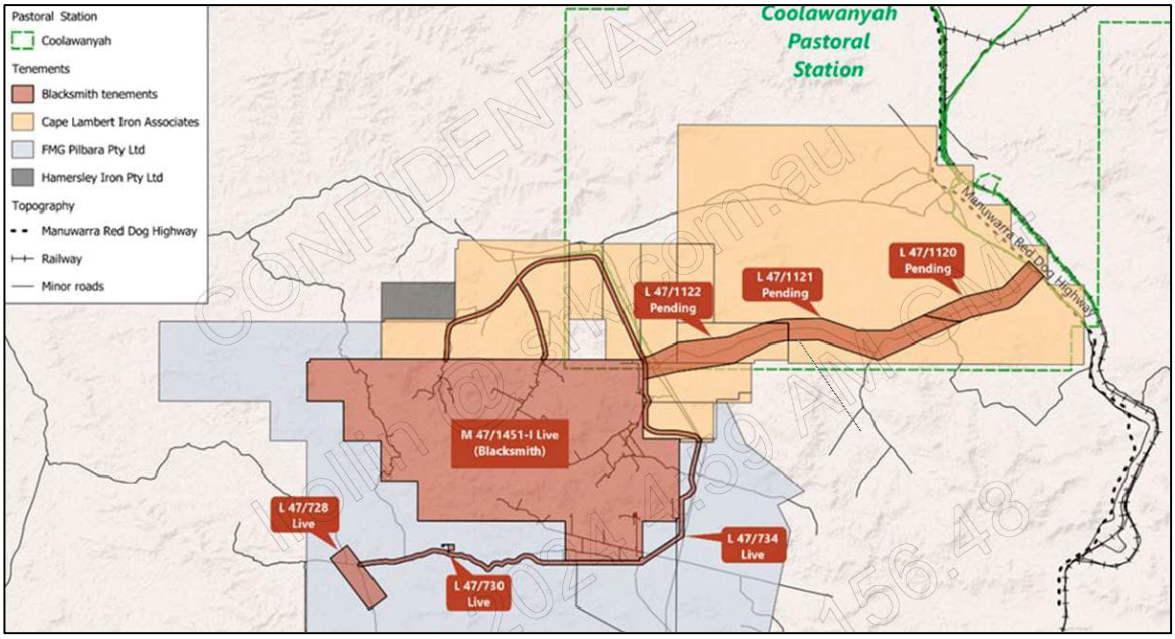
Other access agreements

SRK understands that access agreements exist between Red Hawk and Robe River Mining Co. Pty Ltd (22 April 2024) and between Flinders Mines Limited and FMG Pilbara Pty LTD (15 May 2015.

[15] Memo in VDR – files '06.05.02 Red Hawk Native Title Status Summary – UPDATED'.

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Figure 3.14: Land use within the project area



Source: 2024 PFS report (Ausenco, 2024)[16]

3.7.5 Environmental approvals

Primary approvals

Large-scale mining and processing operations may require primary approvals under:

- the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) if Matters of National Significance are impacted. The EPBC Act is administered by the Department of Climate Change, Energy, the Environment and Water (DCCEEW).
- the WA *Environmental Protection Act 1986* (EP Act) administered by the Department of Water and Environmental Regulation which provides support to the Environmental Protection Authority (EPA).

Projects that have the potential to give rise to significant adverse effects on a Matter of National Environmental Significance are required to be referred to the Commonwealth for possible assessment under the EPBC Act. Additionally, in WA, projects that have the potential to cause significant impacts to the environment are required to be referred to the EPA under the EP Act.

Federal and State primary approvals were issued with conditions for the Blacksmith Project scope that includes mining of the Ajax, Blackjack, Champion, Delta, Paragon and Eagle deposits for a nominal capacity of 15 Mtpa over a 15-year LOM (Figure 3.15). SRK notes that primary approvals for the Blacksmith Project require compensation of approximately A$1.8 M to be paid by Red Hawk to offset for biodiversity impacts from clearing the proposed project area. Additionally, conditions in

[16] Ausenco, 2024. Red Hawk Mining Blacksmith Project, Pre-Feasibility Study Report, May 2024, Revision Number D, Ausenco, 9 May 2024.

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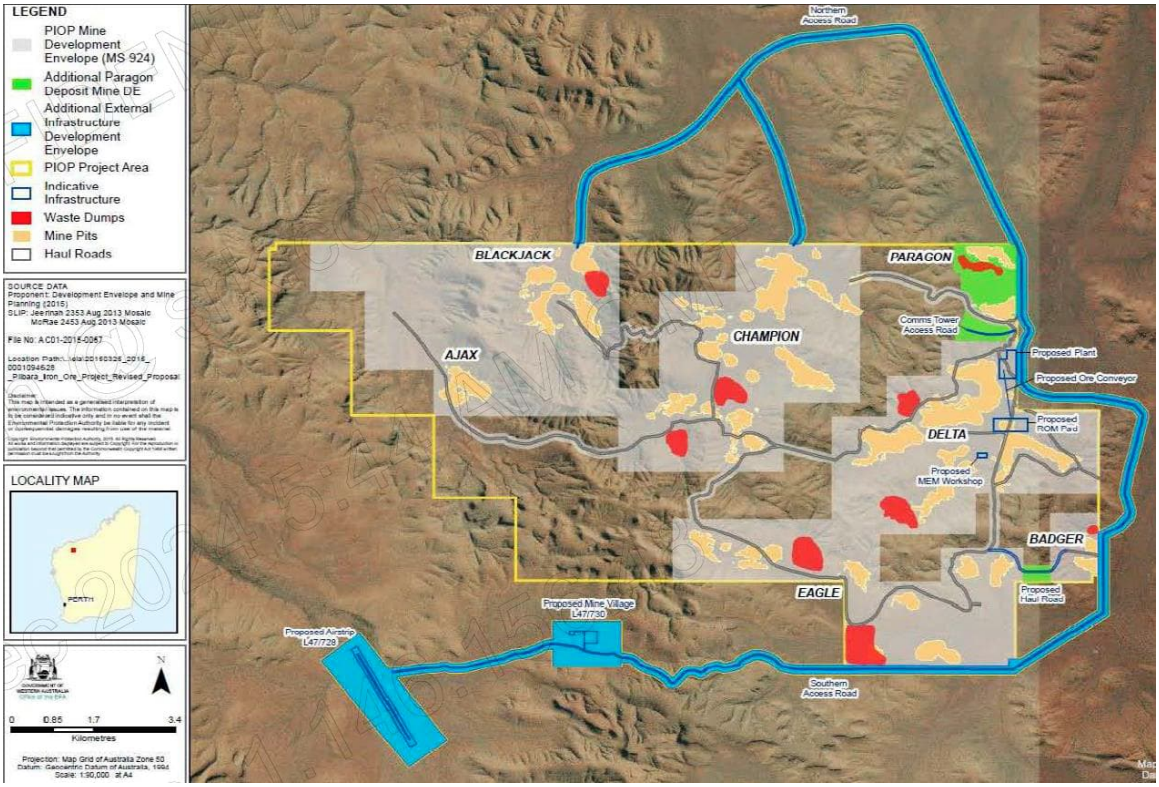
the Ministerial Statement required substantial commencement of the project implementation by 11 January 2018.

Due to delays in substantially implementing the project and changes to the project scope between the initial approval applications and the 2024 PFS project development (Ausenco, 2024), the primary approvals need to be amended to reflect the project expansion to 22 years of operations[17], to align the project development scope and extend the project implementation time limit. SRK understands that recent amendment applications to the Ministerial Statement and EPBC approvals were submitted in January 2024 and are currently under assessment by the relevant administrations.

Further primary approvals may be required for the development of the Whim Creek staging facilities. The expected timeframe for the approval process is 9–12 months following submission of an application.

There is a risk of delays to the approvals processes. The magnitude of these risks is unknown due to unknown outcomes from engagement with regulators on the approvals processes.

Figure 3.15: Project development scope covered under the existing primary approvals



Source: Presentation in VDR: '01.06 RHK JULY 2024 Update.pdf'

[17] Financial model in VDR – files '01.01.02.14 Red Hawk Mining - Blacksmith Project PFS Financial Model.xlsm'

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Secondary approvals

If primary approvals are granted, a range of secondary approvals would also be required before on-ground project works can commence. These approvals include, but are not limited to:

- approval of a mining proposal and mine closure plan (MCP) under the *Mining Act 1978*
- licence to extract groundwater under the *Rights in Water and Irrigation Act 1914* (RIWI Act)
- works approval and operating licence for 'prescribed activities' under Part V of the EP Act, including (but not limited to) ore processing, the storage of tailings, and mine dewatering
- approvals to access or disturb culturally important Aboriginal sites or objects under processes described in sections 16 or 18 of the *Aboriginal Heritage Act 1972*
- authorisation to take flora and fauna under the *Biodiversity Conservation Act 2016*
- Dangerous Goods Licence under the *Dangerous Goods Safety Act 2004*
- building and health approvals under the *Building Act 2011, Planning and Development Act 2005, Local Government Act 1995* and *Health Act 1911*.

Projects assessed under Part IV of the EP Act are normally exempt from the requirement to obtain a permit for the clearing of native vegetation.

The recently approved Mining Proposal and MCP only include the project development within the granted Blacksmith tenements (i.e. M47/1451-I, L47/731 and L47/734). Project development within the remaining areas (i.e. L47/1120, L47/1121 and L47/1122) requires a Mining Proposal approval process to be completed upon tenure grant.

Groundwater abstraction for the project requires groundwater well licences (GWLs) under Section 5C of the RIWI Act. Red Hawk currently holds two GWLs for use and is seeking additional licences to facilitate construction and operation activities.

SRK understands that the project development will trigger section 18 consents required by the *Aboriginal Heritage Act 1972*. According to the Mining Proposal (Preston, 2024a), section 18 consent was approved in 2015 covering part of the proposed project development area and ongoing work with Traditional Owners continues to identify if additional approvals are required. In these circumstances, planning permits, licences and work authorisations cannot be issued unless a Cultural Heritage Management Plan has been approved for the activity.

Further secondary approvals are required for the implementation of the project, including those required for the development of facilities along the transport corridor from the mine site to the port. No schedule of updated approvals processes to support the indicative development schedule to first ore was provided to SRK. There is a risk that the approvals processes may be delayed.

A status summary of the environmental approvals pertaining to the project and the scope covered is provided in Table 3.8.

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Table 3.8: Granted environmental approvals – Blacksmith Project

Statutory instrument	Regulated activity	Approval status
Department of Climate Change, Energy, the Environment and Water		
Referral under the **EPBC Act**	Mining of the Ajax, Blackjack, Champion, Delta and Eagle deposits for a nominal capacity of 15 Mtpa over a 15-year LoM.	Granted (no. 2011/6152) on 19/09/2012 until 20/09/2037. Environmental offset payment required: A$300,000.
	Mining of the Paragon deposit and development of additional roads and infrastructure for a nominal capacity of 15 Mtpa over a 13-year LoM.	Granted (no. 2015/7495) on 15/11/2016 until 31/12/2037. Environmental offset payment required: A$750/ha of sensitive habitat cleared.
	Development of a mine access road from the project to the proposed Manuwarra Highway.	Referral no. 2023/09540 under assessment.
Environmental Protection Authority		
Referral under the **EP Act**	Mining of the Ajax, Blackjack, Champion, Delta, Badger and Eagle deposits for a nominal capacity of 15 Mtpa over a 15-year LoM; abstraction of groundwater of up to 4 GL/a (including clearing of 2,135 ha).	Granted (Statement no. 924) on 11/01/2013. Project to commence before 11/01/2018. Environmental offset payment required: A$609/ha cleared.
	Amendment to include mining of the Paragon deposit and development of additional roads and infrastructure; increase in groundwater abstraction of up to 2 GL/a (including clearing increase of 300 ha).	Granted (Statement no. 1014) on 19/08/2015.
	s45C amendment to include the Eastern Access alignment and s46 application to extend the timeframe for project commencement.	Under assessment
Department of Energy, Mines, Industry Regulation and Safety		
Mining proposal and MCP under the *Mining Act 1978*	Open cut bench mining operation for a nominal capacity of 3–5 Mtpa over a 20-year LoM on tenements M47/1451-I, L47/731 and L47/734.	Granted (Registration ID 123150) on 07/11/2024.
	Activities on L47/1120, L47/1121 and L47/1122.	Approval required after tenure grant.

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Statutory instrument	Regulated activity	Approval status
Department of Water and Environmental Regulation		
5C licence granted under the **RIWI Act**	Groundwater extraction (not to exceed 100 ML/a) for dust suppression, earthwork sand construction, road maintenance, campsite, drilling, mineral ore processing and other mining purposes.	Granted (Instrument no. GWL 200094(3)) from 25/03/2024 to 24/03/2034. Tenements L47/734 and M47/1451-I.
	Groundwater extraction (not to exceed 10 ML/a) for general campsite purposes.	Granted (Instrument no. GWL166679(4)) from 17/08/2020 to 16/08/2030. Tenement M47/1451-I.
	Groundwater extraction (not to exceed 1 GL/a).	Application 063128 under assessment.
26D licence granted under the **RIWI Act**	Construct wells	Applications 060808, 060811, 061170 under assessment.
Beds and banks licence granted under the **RIWI Act**	Interfere with beds and banks of a water course for the construction of the camp and access roads.	Application 061798 under assessment.

3.7.6 Mine closure planning and cost estimations

A conceptual MCP (Preston, 2024b) was approved by DEMIRS on 7 November 2024[18] together with the mining proposal for the Blacksmith Project. The scope of the MCP is an open cut bench mining operation with a nominal capacity of 3–5 Mtpa over a 20-year LoM based on the resource estimates of the initial pits. The description of the closure concepts presented in the MCP generally reflects conventional practice in Western Australia. However, in the approval letter[19], DEMIRS lists conditions to be addressed by Red Hawk during the next review of the MCP. The approved MCP must be revised and resubmitted to DEMIRS by the end of October 2027 (as per the 3-yearly review required by WA regulations). DEMIRS' requirements cover the need for the MCP to include details on engagement with the Shire of Ashburton and the lessees of Coolawanyah Pastoral Station, proposed opportunities agreements with the Wintawari Guruma and Yindjibarndi Aboriginal corporations and updates of the completion criteria and financial provisions.

The rehabilitation/closure cost for the Blacksmith Project as provided by Red Hawk is estimated at A$6,641,668. This estimate was developed based on the Estimated Rehabilitation Cost Calculator model (Version 5.05) provided by the State of Queensland. The cost estimate reportedly[20] relates to the disturbance area for the first 5 years of the mine plan within tenements held by PIOPMC (i.e. defined as asset retirement obligation or financial liability estimates) and therefore do not account for costs to perform all the actions required to fulfil the closure portion of the current mine plan (i.e. defined as LOM cost estimates) until relinquishment.

[18] https://minedex.dmirs.wa.gov.au/Web/environment-registrations/details/123150, last accessed 06/12/2024

[19] DEMIRS Approval for Mining Proposal – Blacksmith Project – RHK-BLA-MPR-01 Revision 0 Version 3 – M 47/1451-I, L 47/731 and L 47/734, Registration ID: 123150, dated 7 November 2024.

[20] Red Hawk email 'SRK Technical Review: Further Clarifications' dated 5 December 2024.

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SRK notes that the cost outlined in the Estimated Rehabilitation Cost Calculator model provided for the Blacksmith Project includes the following assumptions and comments:

- Cost estimation is conceptual and based on liability costs (i.e. costs that could be required in case of sudden closure) after 5 years of the mine plan (associated with the mining development of the Delta 100 deposit area) within the PIOPMC tenement area. However, it is not an LOM closure cost and excludes the closure costs associated with the following:
  - full mining development of the Delta deposit and all mining developments of the other deposits included in the 20 years LOM
  - development of off-site infrastructure (i.e. private roads from the mine access road to the port facilities, Whim Creek staging facility and the Utah Point Bulk Handling Facility in Port Hedland).
- The estimate incorporates a 5% contingency to cover closure monitoring and provision for maintenance or repair of completed rehabilitation works. The MCP specifies that 5 years of post-closure monitoring will be required to meet relinquishment criteria. It is considered good practice in Western Australia for post-closure monitoring to continue until the agreed completion criteria have been demonstrated to be met following a minimum monitoring period after closure considered, usually in the order of 10 years[21].
- The estimate incorporates a 10% contingency allowance. It is a good practice in Australia for contingency allowances to range between 25% and 35%[22] at conceptual closure design stage.
- No costs associated with plant decommissioning (i.e. demolition, dismantling and material removal) have been included.
- No costs associated with backfilling the mine pits as regulated by the Ministerial Statements number 924 and number 1014 (Table 2).
- No labour redundancy or other human resources-related costs are included. Costs related to the social transitioning to closure are also not included.

SRK considers this cost to be underestimated at this stage for a LOM closure cost of the project. Additional cost estimates will be required once the underlying assumptions have been addressed such as alignment with closure designs and completion criteria, alignment with the full-scale Blacksmith Project development, ground-truthing measurements and inventory, site-based rehabilitation trials, cashflow scheduling alignment, contingencies for contamination assessments and socio-economic transitioning to closure. A cashflow profile should be developed to consider progressive rehabilitation, closure works and post-closure monitoring activities.

At this conceptual stage of the closure cost estimation, SRK recommends a contingency from 25% to 35% to be applied to the current cost estimate for the Delta 100 area. For this Delta 100 area closure cost estimate to form part of the basis of the LOM closure cost estimate for the Blacksmith Project, the number of pits and associated waste landforms (mining complex) are to be used as a

[21] Guidelines for Preparing MCPs, Department of Mines and Petroleum, Environmental Protection Authority, Government of WA, May 2015 (*https://www.dmp.wa.gov.au/Documents/Environment/ENV-MEB-121.pdf*).

[22] *AusIMM Cost Estimation Handbook*, Second Edition, Monograph 27 (https://www.ausimm.com/publications/monograph/monograph-27---cost-estimation-handbook-/).

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multiplier to estimate the LOM closure cost. The 2024 PFS report (Ausenco, 2024) defines the Blacksmith Project development as:

- Delta deposit area: one processing plant area, six open pits and seven waste landforms, operational from Year 1 to Year 9
- Paragon deposit area: two open pits and two waste landforms operational from Year 9 to Year 13
- Blackjack deposit area: one processing plant area, ten open pits and six waste landforms, operational from Year 13 to Year 17
- Champion deposit area: one processing plant area, nine open pits and seven waste landforms, operational from Year 17 to Year 22.

At this stage of the project development and based on the conceptual information provided, SRK considers the closure cost estimate to be too low to constitute the basis of the Blacksmith LOM closure cost. A LOM closure plan and associated closure cost estimate is to be updated to reflect the 2024 PFS Blacksmith Project development extension (Ausenco, 2024), legal obligations and closure practices.

3.7.7 Summary of potential ESG risks

SRK has identified ESG risks that may cause potential delays to the mine plan and cause project costs to increase due to concerns with securing mineral and land access rights, and environmental approvals:

- Stakeholder engagement: no grievance mechanism is in place and there is no associated risk register. Failure to implement a structured and proactive stakeholder engagement management plan could result in delays to land access agreements and approvals processes for the Blacksmith Project if there are issues of concern that are not adequately raised and addressed in a timely manner.
- Environmental and social context: environmental and cultural heritage sites of conservation significance and protection. Conditions of environmental approvals and cultural heritage agreements are to be integrated into the project design criteria and development studies, including the establishment and implementation of management plans to reduce impact mitigation costs and risks for further delays in approval processes.
- Mineral tenement: the project layout requires miscellaneous tenements to be granted. Failure to secure land access agreements with Robe River Mining Co. Pty Ltd in a timely manner could result in a risk that the tenement approvals are delayed or rejected.
- Environmental approvals: outstanding primary and secondary approvals required prior to the commencement of the project. There is a risk that additional time is required to update or undertake environmental and social baseline studies and impact assessments, and to complete the approvals processes.
- Mine closure: at this stage of the project development and based on the conceptual information provided, the closure cost estimate is too low to constitute the basis of the Blacksmith LOM closure cost. The LOM closure plan and associated closure cost estimate is to be revised to integrate the 2024 PFS Blacksmith Project development extension, legal obligations and closure practices.

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4 Anvil Project

In addition to the Blacksmith Project, Red Hawk holds a 100% interest in the Anvil Project situated approximately 5 km southwest of the Blacksmith Project.

4.1 Tenure

The Anvil Project comprises a single granted retention licence, R47/21. The registered title holder of this tenement is PIOPMC, a wholly-owned subsidiary of Red Hawk.

SRK completed a review of this tenure on the WA Tengraph online register and has verified the details of the subject tenure as listed in Table 4.1.

Table 4.1: Anvil Project tenure

Tenement	Grant date	Expiry date	Area (km^2)	Annual rent (A$)	Exploration expenditure (A$)
R47/21	30/01/2020	29/01/2028	44.37	53,244	173,124

Source: Tengraph – https://www.dmp.wa.gov.au/Tengraph_online.aspx

A retention licence is a 'holding' title for a mineral resource that has been identified but is not able to be further explored or mined pending completion of further studies to demonstrate its economic viability. A retention licence can be applied for over an exploration licence or prospecting licence. The term of the licence cannot exceed 5 years and is renewable for further periods not exceeding 5 years.

4.2 History

Robe River Mining Co Pty Ltd undertook regional-scale iron exploration, while a number of other parties have undertaken diamond exploration. Following confirmation of iron ore deposits at Blacksmith in 2007, Flinders Mines acquired the Anvil tenement from Cazaly Iron Pty Ltd in mid-2008.

Most of the previous drilling at Anvil was completed by Flinders Mines, with very little previous exploration undertaken by other parties on the tenement. A summary of the drilling by deposit is summarised in Table 4.2.

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Table 4.2: Summary of Anvil exploration and resource definition drilling history

Program	Deposit	RC		Diamond	
		Holes	Metres (m)	Holes	Metres (m)
Pre-2010	F	131	6,066	-	-
	G	47	1,758	-	-
	H	49	2,178	-	-
	J	13	462	-	-
	Subtotal	**240**	**10,464**	**-**	**-**
2014	Anvil	16	390	-	-
2017	Anvil	-	-	6	142
Total – Anvil		**256**	**10,854**	**6**	**142**

Source: Snowden (2019)

4.3 Geology and Mineral Resource

4.3.1 Geological setting

The Anvil area, which occurs some 5–25 km to the southwest of Blacksmith, contains four deposits, termed Anvil F, G, H and J.

The geological setting of Anvil is similar to Blacksmith and is interpreted to be part of the same paleovalley system. Refer to Section 3.4.1 for a detailed description of the region's geological setting.

4.3.2 Exploration data

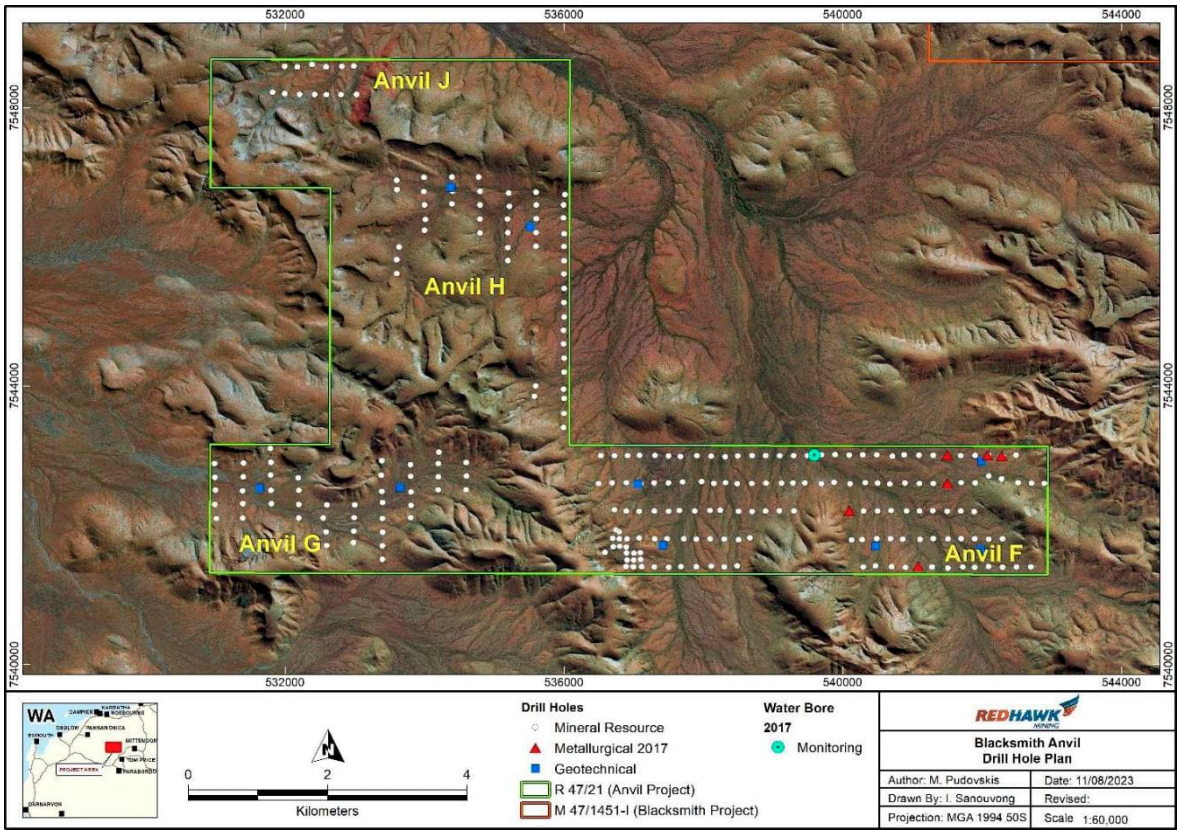
Exploration data at the Anvil Project were collected using the same methods as the Blacksmith Project. Refer to Section 3.4.2 for a detailed description of the exploration data.

4.3.3 Mineralisation

Anvil has been divided into four geographic areas denoted F, G, H and J (Figure 4.1).

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Figure 4.1: Anvil deposit areas and drill hole collar locations



Source: ERM (2024)

Understanding of the geological setting and targeting is made difficult by the absence of previous stratigraphic mapping and a paucity of downhole gamma logging. Interpretation and domaining of the known iron mineralisation at Anvil is therefore still based on the previous regime reported by Snowden (2019; Figure 4.2) and this is now considered to be outdated following the reinterpretation of the mineralisation domains at Blacksmith.

Most of the delineated mineralisation at Anvil is related to the large paleovalley systems that contain significant tonnages of DID along with BID below the channel. No CID units have been interpreted at Anvil.

The DID is characterised by hematite-rich mineralisation that has been eroded from the surrounding BIF. It is mainly composed of detrital material of pisolitic or fragmental types. The DID was subdivided by Snowden (2019) into four units (DID1 to DID4) based on textural and chemical characteristics. The upper unit, DID1, is the least mature and has the lowest iron content and highest SiO_2 and Al_2O_3 content of the DIDs. The iron content increases from DID1 to DID4, with a corresponding decrease in the SiO_2 and Al_2O_3 content, and the DID4 unit is highest in iron and lowest in SiO_2 and Al_2O_3. No DID4 has been identified at Anvil to date.

Below the DID units lies the BID mineralisation, which is interpreted to be of the Dales Gorge Member of the Brockman Iron Formation. The BID is interpreted to comprise a goethitic, weathered hardcap style mineralisation, with remnant bedding and a vuggy texture. The characteristics of the geological units referred to at Anvil are summarised in Figure 4.2.

Figure 4.2: Anvil geological units and descriptions

Strat	Column	Code	Description	Typical assays				
				% Fe	% SiO_2	% Al_2O_3	% P	% LOI
Cover		RC	Recent colluvium containing BIF, chert and shale fragments within a fine hematite matrix	30–40	30–50	2–10	0.03–0.06	2–6
Detrital iron deposit		DID1	Fine hematite pisolites with variable colluvium fragment concentrations, coarse fragments common	30–50	20–35	4–12	0.02–0.06	2–6
		DID2	Semi-consolidated pisolite dominant, transition between DID1 and DID3	45–55	10–20	2–10	0.03–0.08	2–6
		DID3	Semi-consolidated pisolite dominant with hematite fragments and fine hematite matrix; minimal clasts	55–65	3–10	1–8	0.03–0.10	2–6
		DID4	Competent, hard, pisolite hematite fragments with fine hematite matrix	58–65	1–6	1–4	0.05–0.12	2–6
Channel iron deposit		CID	Goethite-rich clays, goethite oolites and pisolites with fossil wood and basal conglomerate, along with internal white clay layers/lenses	40–62	3–7	1–12	0.04–0.05	6–10
Bedded iron deposit		BID	Vuggy, goethitic hard-cap with weak to moderate remnant banding and alternating hematite and goethite-rich bands	55–62	30–50	2–10	0.03–0.06	2–6
Basement		BM	Weakly altered/mineralised to fresh BIF, chert and shale	Variable depending on geology				

Source: Snowden (2019)

Note: The wavy line represents the unconformity between the channel/detrital deposits above and the bedded deposit below.

4.3.4 Mineral Resource estimate

Mineral Resource estimates have been completed at the Anvil Project by Golder Associates in 2010 and Snowden in 2019.

For the 2019 resource, Snowden updated the 2010 geological interpretations to include additional drill hole data using cross sectional interpretations based on geological logging and geochemical characteristics. Mineralisation occurred in the DID1, DID2, DID3 and BID domains. There is no DID4 or CID mineralisation at the Anvil Project.

Fe, SiO_2, Al_2O_3, P, LOI, CaO, K_2O, MgO, MnO, Na_2O, S and TiO_2 were estimated into the updated model using Ordinary Kriging Interpolation. Bulk density was assigned to the model blocks as either an average value based on the lithology domain or was calculated using a multiple linear regression based on the Fe, SiO_2, Al_2O_3 and P grade.

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The Mineral Resources were classified as Inferred Mineral Resources due to the wider drill hole spacing (greater than 100 mE by 100 mN) and poor modelled geological continuity. The Mineral Resources were reported above a series of cut-off grades.

- DID1, DID2 and DID3 – >40% Fe and <8% Al_2O_3
- BID – >50% Fe and <6% Al_2O_3.

These cut-off grades were based on product optimisation carried out by Snowden using metallurgical regressions provided by Red Hawk – these regressions were based on 2017 metallurgical sampling.

The Anvil Project Mineral Resources have been reported in accordance with the guidelines of the JORC Code (2012). The Anvil Project Mineral Resources as at February 2019 are summarised in Table 4.3.

Table 4.3: Summary of the Anvil Project Mineral Resources

Project	Mineralisation Type	Classification	Cut-off Grade	Tonnes (Mt)	Fe (%)	P (%)	SiO_2 (%)	Al_2O_3 (%)	LOI (%)	Density (t/m^3)
Anvil	DID1, DID2, DID3	Measured	>40% Fe <8% Al_2O_3	-	-	-	-	-	-	-
		Indicated		-	-	-	-	-	-	-
		Inferred		164.9	46.5	0.040	22.3	6.3	3.8	2.6
		Total		**164.9**	**46.5**	**0.040**	**22.3**	**6.3**	**3.8**	**2.6**
	BID	Measured	>50% Fe <6% Al_2O_3	-	-	-	-	-	-	-
		Indicated		-	-	-	-	-	-	-
		Inferred		11.5	55.4	0.103	7.36	2.90	8.45	2.59
		Total		**11.5**	**55.4**	**0.103**	**7.36**	**2.90**	**8.45**	**2.59**
	Total Mineral Resources	Measured	>40–50% Fe <6–8% Al_2O_3	-	-	-	-	-	-	-
		Indicated		-	-	-	-	-	-	-
		Inferred		176.4	47.1	0.044	21.34	6.05	4.13	2.65
		Total		**176.4**	**47.1**	**0.044**	**21.34**	**6.05**	**4.13**	**2.65**

Source: Snowden (2019)

SRK considers the geological modelling and resource estimation approaches used by Snowden for the 2019 Mineral Resource update are generally reasonable, but some aspects are now out of date. In particular.

- The DID units need to be reinterpreted to match the geological interpretations used at the Blacksmith Project.
- Like the Blacksmith Project, the Dale Gorge Member, and wider bedrock stratigraphy, have not been modelled in sufficient detail.
- The cut-off grades used to report the 2019 Mineral Resources are quite low and are unikely to reflect those of a saleable product.
- The water table has not been modelled at the project.
- Like the Blacksmith Project, there is a lack of in situ bulk density data throughout the project.

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SRK considers the Inferred Mineral Resource classifications applied to the 2019 Mineral Resource estimate is reasonable, however SRK considers that the Mineral Resource reporting should be reviewed giving the issues highlighted above, particularly the cut-off grade used to report the Mineral Resources.

4.3.5 Exploration potential

As at Blacksmith, the absence of any geological mapping (stratigraphic or structural) and absence of useable downhole geophysical survey data has made the interpretation of bedrock difficult and the risk of misinterpretation is high. The presence of deep structurally related BID has not been tested

At Anvil F, there is minimal potential for additional BID in the southeast of the deposit area as it is constrained by the eastern tenement boundary and the intersected BID being <60% Fe. All holes at Anvil F were terminated in BID, so no potential exists at depth. Minor DID mineralisation potential remains however in the northeastern corner of the prospect area.

At Anvil G, there is minimal potential for additional BID although the BIF stratigraphy remains uncertain.

At Anvil H, some potential for hardcap BID remains particularly where drilling has not closed out the hardcap BID mineralisation laterally and it remains open to the west and northwest. The is minimal potential for deep BID however, as all holes have finished in BIF, at relatively shallow depth. Some potential for DID remains to the north and south of Anvil H, although logging and modelling here is inconsistent (CSA Global 2020a).

At Anvil J, no BID has been intercepted. South of Anvil J, CSA Global (2020a) notes the remaining potential for BID in the Dales Gorge Member beneath the interpreted Whaleback Shale Member. However, given the absence of any deep BID intersected in the current drilling, the probability is low and therefore the target has remained low priority. Some potential for BID in the Joffre Member is proposed by CSA Global (2020a).

4.3.6 Opportunities and risks

As at Blacksmith, the absence of any geological mapping (stratigraphic or structural) has made the interpretation of bedrock difficult. This, coupled with an absence of useable downhole geophysics, makes the risk of misinterpretation high at Anvil.

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5 Other considerations

5.1 Iron ore market

China is the world's largest importer of seabourne traded iron ore at around 76%. Europe and Japan import only 7% of seaborne traded iron ore, respectively. Steel production and demand are the main drivers for this trade. The major exporters are Australia, Brazil, Canada and South Africa with 56%, 23%, 4% and 3% of the seabourne traded market, respectively.

In the September 2024 quarter, spot iron ore prices fell to 2-year lows due to weakness in global steel demand and falling steel production in China (Figure 5.1).

The Department of Industry, Science and Resources (DISR), Quarterly Report for September 2024, noted that the weakness in global steel production has been largely driven by China. While China's residential property sector weakness has yet to show any sign of recovery, less restrictive monetary policies in advanced economies should see western steel demand recover in H2 2024 and into 2025. However, increasing trade sanctions resulting from the large volumes of cheap steel entering world markets from China could further disrupt global steel markets.

DISR notes that China's imports of iron ore have continued to grow despite the weak steel demand. Global construction, representing about 50% of world steel demand, is expected to see steady growth over the next few years. This will be spurred by substantial levels of infrastructure investment pledged across many large economies in recent years.

As the world's largest exporter of key commodities required for steel production, Australia is well placed to benefit from the demand growth projected in global markets in 2025 and 2026.

Figure 5.1: Iron ore price CFR China, 62% Fe



Source: World Bank

Notes: Iron ore (any origin) fines, spot price, CFR. China, 62% Fe.

For the purpose of this valuation exercise, SRK has adopted the China CFR 62% Fe price average for December 2024 at A$161/t ore as set out in Figure 5.1.

5.2 Previous valuations

The VALMIN Code (2015) requires that an Independent Valuation Report should refer to other recent valuations or IERs undertaken on the mineral assets being assessed.

Having asked the question of Red Hawk, SRK is not aware of any previous publicly disclosed valuations prepared in accordance with the VALMIN Code (2015) relating to the Red Hawk mineral assets.

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6 Valuation

6.1 Valuation methodology

The objective of this section is to provide BDO and the shareholders of Red Hawk with SRK's opinion regarding the Market Value of Red Hawk's mineral assets. SRK has not valued Red Hawk or its corporate subsidiaries as the beneficial owners of the mineral assets.

The term 'mineral asset' as defined by VALMIN Code (2015) refers to all property including but not limited to:

- tangible property
- intellectual property
- mining and exploration tenure
- other rights held or acquired in connection with the exploration, development of and production from those tenures.

In valuing these mineral assets, SRK has relied on information provided by Red Hawk, as well as information sourced from the public domain, SRK's internal databases and SRK's subscription databases.

The VALMIN Code (2015) outlines three accepted valuation approaches:

1. Market Approach
2. Income Approach
3. Cost Approach.

The **Market Approach** is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The mineral asset being valued is compared with the transaction value of similar mineral assets under similar time and circumstance on an open market (VALMIN Code, 2015). Methods include comparable transactions, metal transaction ratio (MTR) and option or farm-in agreement terms analysis.

The **Income Approach** is based on the principle of anticipation of economic benefits and includes all methods that are based on the anticipated benefits of the potential income or cashflow generation of the mineral asset (VALMIN Code, 2015). Valuation methods that follow this approach include discounted cashflow (DCF) modelling, capitalised margin, option pricing and probabilistic methods.

The **Cost Approach** is based on the principle of cost contribution to value, with the costs incurred providing the basis of analysis (VALMIN Code, 2015). Methods include the appraised value method and multiples of exploration expenditure (MEE), where expenditures are analysed for their contribution to the exploration potential of the mineral asset.

The applicability of the various valuation approaches and methods varies depending on the stage of exploration or development of the mineral asset and hence the amount and quality of the information available on the mineral potential of the assets.

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Most mineral assets can be classified as either:

- **Exploration Project**: properties where mineralisation may or may not have been identified, but where a Mineral Resource has not been identified.
- **Advanced Exploration Project**: properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the resource category.
- **Pre-development Project**: properties where Mineral Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further Valuation, Technical Assessment, delineation or advanced exploration is being undertaken.
- **Development Project**: properties for which a decision has been made to proceed with construction and/or production, but which are not yet commissioned or are not yet operating at design levels.
- **Operating Mines**: mineral properties, particularly mines and processing plants that have been commissioned and are in production.

Table 6.1 presents the valuation approaches for the valuation of mineral properties at the various stages of exploration and development.

Table 6.1: Suggested valuation approaches according to Development status

Valuation approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

Source: VALMIN Code (2015)

In general, these methods are accepted analytical valuation approaches that are in common use for determining Market Value (defined below) of mineral assets, using market-derived data.

The Market Value is defined in the VALMIN Code (2015) as '… *in respect of a mineral asset, the amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should change hands on the Valuation Date between a willing buyer and a willing seller in an arms-length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion*.' The term Market Value has the same intended meaning and context as the International Valuation Standards Council's (IVSC's) term of the same name. This has the same meaning as Fair Value in RG 111. In the 2005 edition of the VALMIN Code this was known as Fair Market Value.

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The Technical Value is defined in the VALMIN Code (2015) as '… *an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations*.' The term Technical Value has an intended meaning that is similar to the IVSC term Investment Value.

Under prevailing industry norms, regulatory guidance and as required by the VALMIN Code (2015), Practitioners are required to estimate Market Value. There is no requirement to report Technical Value, which is only generally estimated as a step to report Market Value.

Valuation methods are, in general, subsets of valuation approaches and for example the Income Approach comprises several methods. Furthermore, some methods can be primary methods for valuation while others are secondary methods or rules of thumb considered suitable only to benchmark valuations completed using primary methods.

Methods traditionally used to value exploration and development projects include:

- DCF Model (income based)
- MEE (expenditure-based)
- JV Terms Method (expenditure-based)
- Geoscientific Rating Methods (e.g. Kilburn – area-based)
- Comparable Transactions Method (market based)
- MTR analysis (ratio of the transaction value to the gross dollar metal content, expressed as a percentage – market based)
- Yardstick/Rule of Thumb Method (e.g. cost/resource or production unit, percentage of an in situ value)
- Geological Risk Method.

In summary, however, the various recognised valuation methods are designed to provide an estimate of the mineral asset or project value in each of the various categories of development. In some instances, a particular mineral asset or project may comprise assets which logically fall under more than one of the previously discussed development categories.

6.2 Valuation basis

Red Hawk has a developed cashflow model (the Model) for the Blacksmith Project and has provided this to BDO and SRK.

SRK has reviewed the underlying technical inputs to the Model and provided recommendations to BDO to make adjustments to various technical inputs and cost assumptions. These recommendations have been modelled by BDO and as a result, in consultation with BDO, it has been agreed that an Income Approach would not be appropriate to assess the value of the Blacksmith Project. This is because the values derived from a DCF analysis are lower than those using a Market Approach. On this basis, BDO and SRK consider it more appropriate to value the Blacksmith Project on a highest and best use basis using market base metrics.

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In estimating the Market Value of Red Hawk's mineral assets as at the Effective Date, SRK has considered various valuation methods within the context of the VALMIN Code (2015). SRK has used comparable market transaction analysis as its primary valuation method. To support its comparable market transaction valuation of the Mineral Resources, SRK has also considered a peer group analysis and the yardstick method as a valuation crosscheck.

Across all Red Hawk's mining rights, the geology and the extent of the iron ore mineralisation is well understood. In SRK's opinion, there is limited potential for the discovery of new iron ore deposits at economically extractable depths and along the lateral extensions within the current mining tenure. However, additional exploration works will be required, particularly drilling, to increase the confidence in and upgrade the currently defined Mineral Resources, particularly those within the Inferred category. In SRK's opinion, this future exploration should add further value to the current iron ore assets, as the projects are de-risked and there is greater confidence in the mineralisation defined.

Given the valuation methods adopted, and the multiples assumed for valuation purposes, SRK considers the value lies with the defined Mineral Resources and exploration potential where drilling has taken place within Red Hawk's mineral tenures but no Mineral Resources have been defined as yet.

6.2.1 Mineral Resources

Table 6.2 summarises the stated Mineral Resources and contained iron held by Red Hawk as reported on a 100% equity basis. For the purpose of this valuation exercise, the following adjustments were made based on the review in the previous sections of this report:

- Measured Resources at Delta were downgraded to Indicated Resources
- Mineral Resources above the water table were separated from resources below the water table.

In allocation, SRK has exercised its professional judgement in assigning the stated tonnages to the relative resource categories in line with Red Hawk's ASX disclosures.

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Table 6.2: Mineral Resources summary

Deposits	Classification	Mineral Resources contained Fe (Mt)	SRK adjusted contained Fe (Mt)	Above the water table contained Fe (Mt)	Below the water table contained Fe (Mt)
Delta	Measured	40.09			
	Indicated	9.56	49.65	38.96	10.69
	Inferred	2.22	2.22	1.82	0.40
	Total	**51.87**	**51.87**	**40.77**	**11.09**
Paragon	Indicated	7.32	7.32	5.62	1.70
	Inferred	0.24	0.24	0.20	0.03
	Total	**7.56**	**7.56**	**5.82**	**1.74**
Champion	Indicated	22.60	22.60	12.21	10.39
	Inferred	0.24	0.24	0.17	0.06
	Total	**22.84**	**22.84**	**12.39**	**10.45**
Blackjack	Indicated	18.84	18.84	18.69	0.15
	Inferred	2.33	2.33	2.34	0.00
	Total	**21.17**	**21.17**	**21.03**	**0.14**
Eagle	Indicated	40.70	40.70	13.90	26.80
	Inferred	0.12	0.12	0.13	-0.02
	Total	**40.82**	**40.82**	**14.03**	**26.78**
Total Blacksmith	Measured	40.09			
	Indicated	99.02	139.11	89.38	49.73
	Inferred	5.14	5.14	4.67	0.47
	Total	**144.25**	**144.25**	**94.04**	**50.21**
Anvil	Inferred	83.08	83.08	-	-

Source: SRK analysis (2025)

Notes: Totals are rounded and as such rounding errors may occur.

6.2.2 Exploration potential

In addition to the defined Mineral Resource there are two deposits, Ajax and Badger, where drilling, exploration and modelling has taken place. The Ajax and Badger deposits were previously classified as Mineral Resources as part of a project wide Mineral Resource estimate completed in March 2018 (refer to the Flinders Mines Ltd ASX release dated 1 March 2018; PIOP Mineral Resource Estimate Update). The geological models and Mineral Resource estimates for the Ajax and Badger deposits have not been updated since the March 2018 estimate and the March 2018 Mineral Resources for the deposits appear to have been declassified by Red Hawk.

Red Hawk states in its 2024 *Blacksmith Project Pre-feasibility Study* (Red Hawk Mining, 2024b, page 16) that there is potential for extensions to the mineralisation at the Ajax and Badger deposits. SRK considers that there is additional potential value within the subject mining lease and has estimated a range of exploration potential as detailed in Table 6.3, for the purpose of valuing the exploration upside.

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In estimating the exploration potential, SRK has selected a low and high range from the March 2018 Blacksmith Project Mineral Resource estimate's grade tonnage curve for the Ajax and Badger deposit areas.

Table 6.3: Exploration potential

	Range	Cut-off (Fe%)	Tonnage (Mt)	Fe grade (Fe%)	Contained Fe (Mt Fe)
Ajax	High	54.0	45.5	57.20	26.05
	Low	57.5	18.6	59.70	11.07
Badger	High	53.0	10.4	57.35	5.96
	Low	57.5	4.8	59.60	2.89

Source: Snowden, 2019

6.3 Comparable transactions valuation

For its evaluation of Red Hawk's Mineral Resources and exploration potential as outlined in Table 6.2 and Table 6.3, SRK has complied transaction data relating to Australian iron ore resource projects using its internal databases, as well as the S&P Capital IQ Pro subscription database. The raw data relied on for the resource valuation are presented in Appendix A (Comparable Market Transactions).

Due to the differences in product specification, market perception of value, and the additional processing required for magnetite ores to reach export grades (relative to hematite ores), SRK has excluded transactions involving Australian magnetite projects from its analysis.

On this basis, SRK has identified 22 iron ore transaction between 2017 and 2024 that had sufficient information from which to derive transaction multiples that were considered useful. All transactions involved iron ore resource projects located in Western Australia. Of those transactions, 4 involved assets at the advanced exploration stage, 8 were in the feasibility study stage, 5 were pre-development and 5 transactions involved operating assets.

Table 6.4: Resource based multiple transaction analysis

	Implied value (A$/t Fe)	Normalised value (A$/t Fe)
All		
Count	22	22
Minimum	0.001	0.001
Median	0.371	0.589
Average	1.095	0.960
Maximum	4.787	3.777
1st Quartile	0.066	0.077
3rd Quartile	1.725	1.194

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	Implied value (A$/t Fe)	Normalised value (A$/t Fe)
Advanced Exploration		
Count	4	4
Minimum	0.003	0.005
Median	0.051	0.050
Average	0.272	0.262
Maximum	0.984	0.942
1st Quartile	0.030	0.030
3rd Quartile	0.294	0.282
Pre-feasibility to Feasibility Study		
Count	8	8
Minimum	0.001	0.001
Median	0.193	0.347
Average	0.301	0.415
Maximum	0.992	1.166
1st Quartile	0.048	0.052
3rd Quartile	0.452	0.646
Pre-development		
Count	5	5
Minimum	0.125	0.140
Median	0.583	0.912
Average	1.589	1.261
Maximum	4.787	3.777
1st Quartile	0.288	0.271
3rd Quartile	2.161	1.203
Operating		
Count	5	5
Minimum	0.210	0.375
Median	2.947	2.446
Average	2.529	2.092
Maximum	4.073	2.807
1st Quartile	1.969	2.112
3rd Quartile	3.447	2.720

Sources: S&P Capital IQ Pro; SRK analysis (2025)

Based on this analysis, SRK notes that there is a clear relationship between the development stage of the assets that host defined Mineral Resources and their implied multiples, with the average and median values broadly increasing with development. When considering the average normalised multiples only, SRK notes its analysis implies the following normalised transaction multiples (based on the averages set out in Table 6.4):

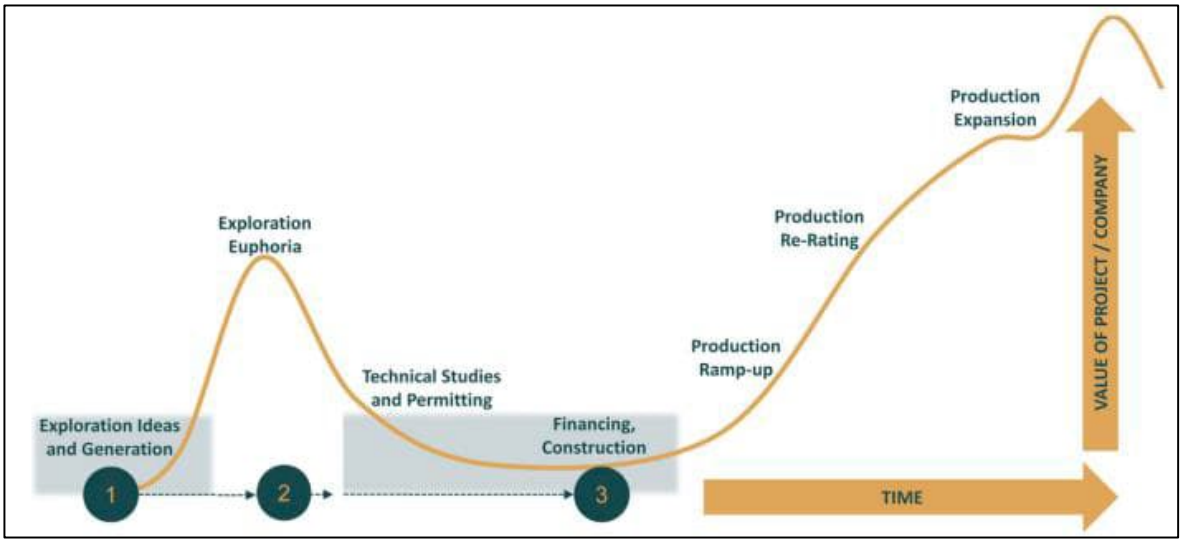
- projects in advanced exploration – A$0.262/t of iron

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- projects at the pre-feasibility to feasibility stage – A$0.415/t of iron
- projects at the pre-development stage – A$1.261/t of iron
- operating mines – A$2.092/t of iron.

The value curve identified by this metric is aligned with the prevailing theory on value through a mining project's life cycle (Figure 6.1).

Figure 6.1: Project value curve



Source: SRK Consulting

Figure 6.2 shows the multiples for all 22 transactions. It is noted that the Robe Mesa transaction at an implied multiple of A$3.78/t of iron – which forms the maximum of the dataset – was announced in January 2024 but remains to be approved by the Foreign Investment Review Board as the final condition.

In January 2024, Miracle Iron Resources Pty Ltd entered into definitive agreement to acquire an 85% interest in the Robe Mesa Project from CZR Resources Ltd for approximately A$102 M.

The Robe Mesa deposit lies adjacent to the Robe River JV operations (Rio Tinto 53%, Mitsui 33%, Nippon Steel 14%) operated by Rio Tinto. The DFS was released on 10 October 2023. The owners of the project are seeking strategic partners to bring this project into operation. Robe Mesa hosts Ore Reserves of 33.4 Mt and planned production of 3.5–5 Mtpa. On this basis, SRK considers there is a premium on this transaction and therefore, it is not entirely comparable to the Blacksmith Project.

Mid-West, Paulsen East and JWD are all operating mines and therefore are more advanced than the Blacksmith Project. Red Hill, Kumina, Wiluna and Buckland are all pre-development projects and considered more aligned to the range of multiples that may be adopted by the market in considering the value of the Blacksmith Project. The implied multiples of these transactions ranges between A$0.140/t of iron and A$1.203/t contained iron (excluding Robe Mesa).

On this basis, SRK has selected a multiple range equating to approximately the third quartile of projects at the feasibility stage in assigning its multiples to the Blacksmith Project. This selected range for those Mineral Resource above the water table (Table 6.2) of between A$0.420/t and

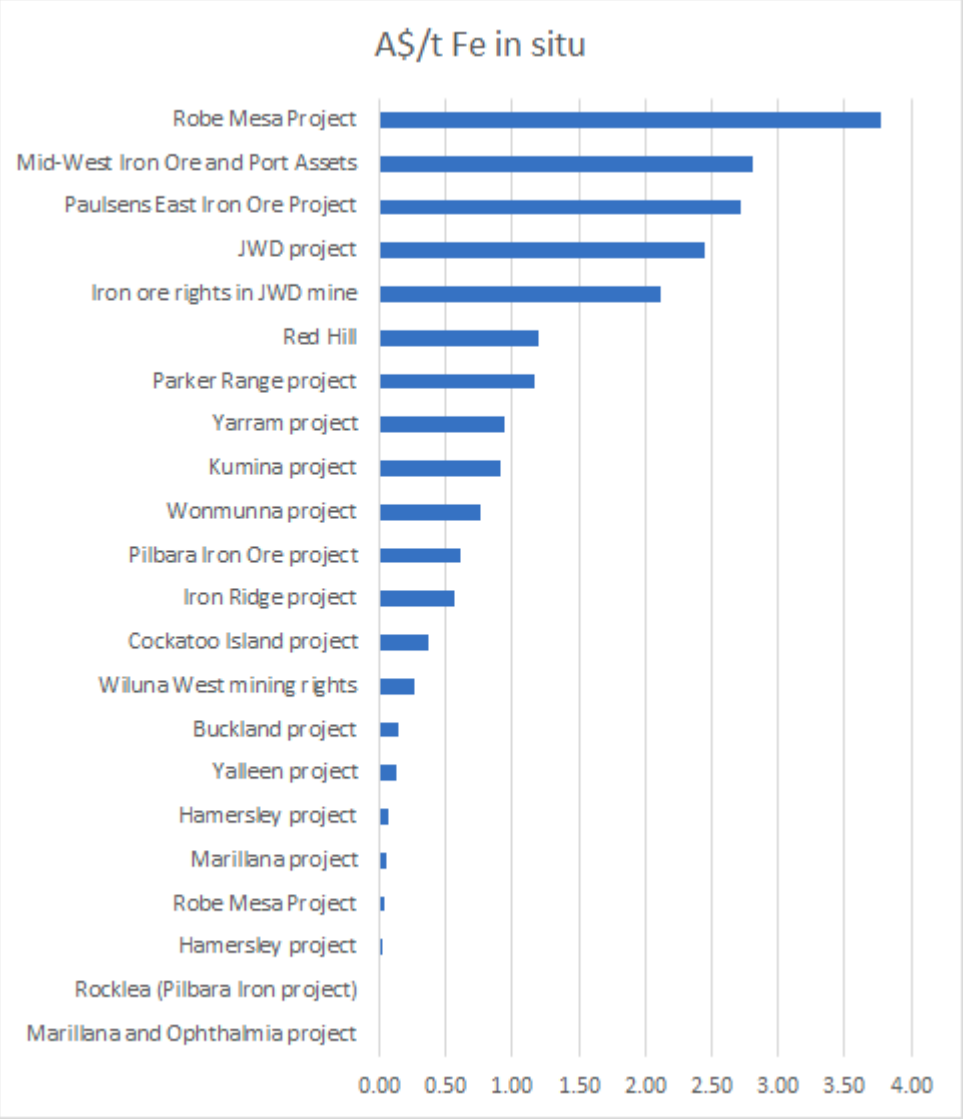
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A$0.845/t contained iron also lies within the first quartile and median values associated with pre-development projects and is considered by SRK to be most appropriate.

To account for the perceived additional conditions that may be applied by DEMIRS and associated costs for mining below the water table, SRK has applied a 15% discount to the multiple range of between A$0.350/t and A$0.550/t contained iron.

In the case of the Anvil Project, which relates to only Inferred Mineral Resources that have not been subject to advanced techno-economic analysis, SRK has selected a range between A$0.140/t and A$0.260/t of contained iron, which also lies below the first quartile of the pre-development project dataset.

Figure 6.2: Iron ore transaction implied multiples, between 2017 and 2024



Sources: S&P Capital IQ Pro; SRK analysis (2025)

Notes: Normalised to the average November 2024 iron ore price.

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The Ajax and Badger deposits within the Blacksmith Project have not been sufficiently advanced to define Mineral Resources, but SRK has estimated an exploration potential with an implied multiple range of A$0.070/t of iron and A$0.130/t of iron which is considered most appropriate.

Based on the comparable market transaction analysis, SRK considers the market is likely to pay in the range from A$73.4 M to A$138.5 M for a 100% interest in the defined Mineral Resources and exploration potential held by Red Hawk. Further details are outlined in Table 6.5.

Table 6.5: Comparable transactions valuation of Red Hawk's Mineral Resources and exploration potential

Deposit/Project	Contained Fe ('000 t)	Value multiple Low (A$/t Fe)	Value multiple High (A$/t Fe)	Low (A$'000)	High (A$'000)
Mineral Resources					
Blacksmith above the water table					
Delta	40,774	0.455	0.845	18,600	34,500
Paragon	5,819	0.455	0.845	2,600	4,900
Champion	12,388	0.455	0.845	5,600	10,500
Blackjack	21,029	0.455	0.845	9,600	17,800
Eagle	14,032	0.420	0.780	5,900	10,900
Total	**94,043**			**42,300**	**78,600**
Blacksmith below the water table					
Delta	11,091	0.385	0.715	4,300	7,900
Paragon	1,736	0.385	0.715	700	1,200
Champion	10,455	0.385	0.715	4,000	7,500
Blackjack	143	0.385	0.715	100	100
Eagle	26,784	0.350	0.650	9,400	17,400
Total	**50,209**			**18,500**	**34,100**
Anvil					
Anvil	83,077	0.140	0.260	11,600	21,600
Total Mineral Resources	**227,328**			**72,400**	**134,300**
Exploration potential					
Ajax	18,564*	0.070	0.130	800	3,400
Badger	4,424*	0.070	0.130	200	800
Total	**22,988***			**1,000**	**4,200**
Grand total	**250,316**			**73,400**	**138,500**

Sources: S&P Capital IQ Pro, SRK analysis (2025)

Notes: *Midpoint of the exploration potential range.
Totals are rounded to the nearest 100,000 and as such rounding errors may occur.

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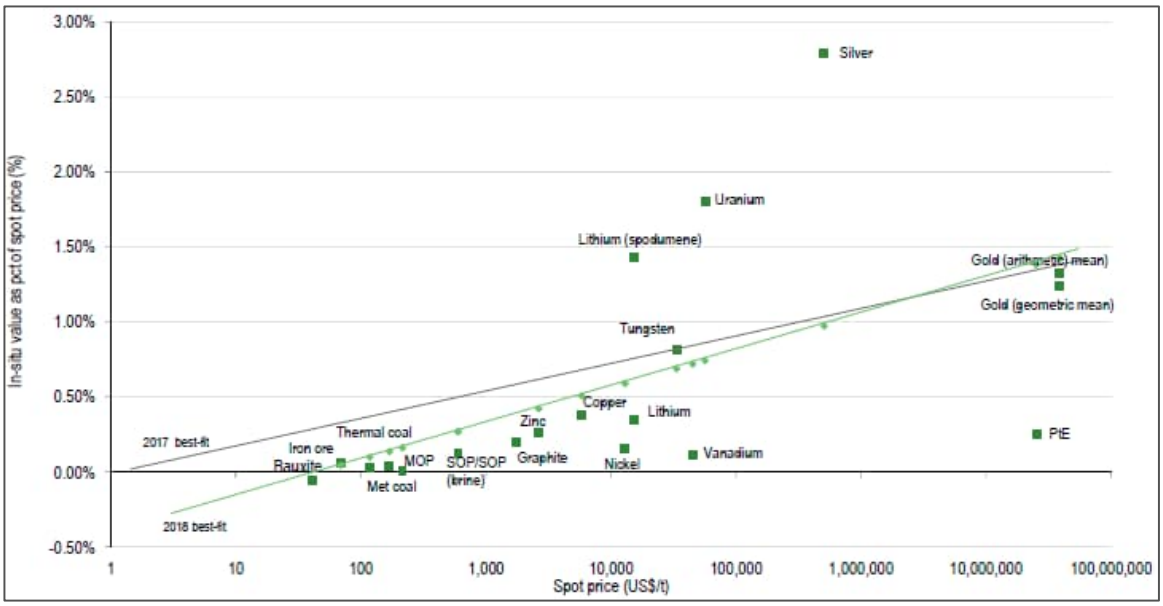
6.4 Yardstick multiples

To support the values implied by SRK's comparable transaction analysis of Red Hawk's Mineral Resources and exploration potential, SRK has also used the yardstick method as validation. This method was first described by MacArthur (1989) specifically for gold projects and was based on a percentage of contained value ranging from 0.1% and 3.0%. This method was further described by Baxter and Chisholm (1990) in estimating the value of the contained metal.

SRK has modified this method for iron ore projects and has modified the assigned percentages to better reflect in situ iron ore value based on analysis by both SRK and Edison Investment Research (Edison, 2019).

Edison's mining sector report in January 2019 showed that for iron ore company values as a percentage of spot iron ore price is significantly less than 0.5% (Figure 6.3).

Figure 6.3: In situ values versus spot prices, selected metals and minerals



Sources: Edison Investment Research, January 2019

SRK analysed the comparable transaction dataset (Appendix A) and calculated the deal value of the in situ iron ore resource as a percentage of the iron ore price at the time of the transactions – 90% of the values lie within 0.002% and 0.386% with a median of 0.130%.

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Table 6.6: Market transaction in situ values versus spot prices

Statistic	Value
Minimum	0.001%
Median	0.242%
Average	0.323%
Maximum	1.077%
1st Quartile	0.031%
3rd Quartile	0.505%

Source: SRK analysis

Based on this analysis, using the yardstick method of valuation, SRK's adopted specified percentages of the iron ore price are applied to the defined Mineral Resources and exploration potential (Table 6.7).

- Measured Resources – 0.376% to 0.500% of the spot price
- Indicated Resources – 0.253% to 0.376% of the spot price
- Inferred Resources – 0.129% to 0.253% of the spot price.
- Exploration Target - 0.005% to 0.129% of the spot price.

SRK has adopted the China CFR 62% Fe price average for December 2024 at A$260/t of iron (A$161/t ore equivalent).

Table 6.7: Yardstick multiples

Resource	Value range	
	A$/t Fe Low	A$/t Fe High
Measured	0.977	1.298
Indicated	0.656	0.977
Inferred	0.334	0.656
Target	0.013	0.334

Source: SRK analysis

Notes: Used average China CFR 62% Fe price for December 2024 at A$260/t Fe contained.

SRK considers this a generic method, and problems lie with different types of iron ore, geographic markets, available infrastructure and processing yields. Despite this, SRK considers this method as a reasonable guide.

Based on the application of these multiples, SRK considers the Mineral Resources and exploration potential value lies between A$121.0 M and A$201.4 M.

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Table 6.8: Yardstick valuation of Red Hawk's Mineral Resources and exploration potential

Deposit/Project	Contained Fe ('000 t)	Low (A$'000)	High (A$'000)
Mineral Resource			
Blacksmith			
Delta	51,865	33,300	50,000
Paragon	7,555	4,900	7,300
Champion	22,843	14,900	22,200
Blackjack	21,172	13,100	19,900
Eagle	40,816	26,700	39,800
Anvil			
Anvil	83,076	27,800	54,500
Total	**227,328**	**120,700**	**193,700**
Exploration potential			
Ajax	18,564*	200	6,200
Badger	4,424*	100	1,500
Total	**22,988***	**300**	**7,700**
Grand total	**250,316**	**121,000**	**201,400**

Sources: S&P Capital IQ Pro, SRK analysis (2025)

Notes: * Midpoint of the exploration potential range.

Totals are rounded to the nearest 100,000 and as such rounding errors may occur.

6.5 Peer group analysis

As a further crosscheck of the Market Value derived using the comparable transaction and yardstick methods, SRK has considered the Enterprise Values (EVs) per defined Mineral Resource of similar listed companies with defined Mineral Resources in Western Australia.

SRK has identified four companied listed on the ASX that are broadly similar to Red Hawk, albeit with some differences (Table 6.9).

Table 6.9: Peer group analysis

	Market cap (A$ M)	Enterprise Value (A$ M)	Contained Fe Resources and Reserves (Mt)	Unit Enterprise Value (A$/t Fe)
CZR Resources	47.3	46.7	53.35	0.88
Fenix Resources	194.6	158.8	28.17	5.64
Equinox Resources	14.2	9.1	62.93	0.14
Pearl Gull Iron	2.7	1.8	9.72	0.19

Source: S&P Global Capital IQ Pro; SRK analysis 2025

Note: Market capitalisation and EV as at 17 January 2025.

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Fenix Resources Ltd (Fenix) operated small iron ore mines in the mid-west of WA, but is also integrated with haulage and port management and is considered by SRK to be the least comparable to the assets of Red Hawk. Fenix has an implied multiple of A$5.64/t contained iron which provides an upper cap on the valuation exercise.

CZR Resources Ltd (CZR) holds three iron ore exploration projects in the Pilbara region but also has other non-related exploration projects in Australia. While the iron ore projects are at similar stages of development to the subject project, it is expected that the implied multiple of A$0.88/t contained iron also attributes value to the other non-related exploration projects.

Equinox Resources Ltd (Equinox) holds the Hamersly Iron Ore Project as its main focus but also has an early-stage rare earth elements exploration project in Brazil. SRK considers its implied multiple of A$0.14/t of iron is more indicative of its 62.9 Mt iron contained resource, than the rare earth project.

Pearl Gull Iron Ltd has the Cockatoo Island project in WA but is also investigating an earn-in agreement for a rare earth elements exploration project in Chile. SRK also considers its implied multiple of A$0.19/t of iron is more indicative of its 9.7 Mt iron contained resource than the rare earth project.

Based on this analysis, SRK has adopted the Equinox multiple of A$0.14/t of iron as representative of the lower end of its valuation range and the CZR multiple of A$0.88/t of iron as the upper end of its adopted range. Applying these multiples to Red Hawk's Mineral Resources and exploration potential implies a value of between A$36.2 M and A$219.1 M, as outlined in Table 6.10.

Table 6.10: Peer group valuation

	Contained Fe Resource (Mt)	Adopted metric (A$/t Fe)	Implied value (A$ M)
Low	250.32	0.14	36.2
High	250.32	0.88	219.1
Midpoint	**250.32**	**0.51**	**127.7**

Source: SRK analysis (2025)

6.6 Valuation summary

In forming its overall opinion regarding the Market Value for the iron assets of Red Hawk, SRK has considered the market-based approach using comparable transaction analysis as its primary valuation method while the yardstick and peer group analysis provide secondary validation.

The yardstick approach values overall are around 50% more than the values implied by comparable transaction analysis overall, while the peer group analysis values were around 20% more. The comparable transaction analysis range falls within the value range implied by peer group analysis but the yardstick method range is significantly higher than the comparable transactions range.

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Bases on this analysis, SRK considers the market is likely to pay between A$73.4 M and A$138.5 M, for the iron ore assets held by Red Hawk (Table 6.11). As this range falls within the peer group analysis range of A$36.2 M and A$219.1 M, although a wide range, SRK considers it provided support for the selected value range.

Table 6.11: Valuation summary

Method	Low (A$ M)	High (A$ M)	Preferred (A$ M)
Comparable transactions	60.8	112.7	86.9
Yardstick	92.9	139.2	
Total Blacksmith	**60.8**	**112.7**	**86.9**
Comparable transactions	11.6	21.6	16.6
Yardstick	27.8	54.5	
Total Anvil	**11.6**	**21.6**	**16.6**
Comparable transactions	1.0	4.2	2.3
Yardstick	0.3	7.7	
Total exploration potential	**1.0**	**4.2**	**2.3**
Total			
Comparable transactions	73.4	138.5	106.0
Yardstick	121.0	201.4	
Total selected	**73.4**	**138.5**	**105.8**
Peer group analysis	36.2	219.1	

Sources: SRK analysis (2025)

Note: Values have been rounded to the first decimal millions and, as such, totals may not add up due to rounding differences.

In selecting a preferred value, SRK has considered the selected value range and adopted the midpoint of A$105.8 M as the preferred Market Value, as we have no preference for either end of the range.

In particular SRK notes that its adopted values reflect local nuances associated with Red Hawk's Mineral Resources and exploration potential (such as significant material below the water table) that are not directly evident in the multiples implied by either the peer analysis or yardstick. As such SRK is comfortable with its adopted range and preferred values.

6.7 Discussion on valuation ranges

In assigning its valuation range and preferred value, SRK is mindful that the valuation range is also indicative of the uncertainty associated with exploration and pre-development assets.

The range in values is driven by the confidence limits placed around the size and quality of the mineral occurrences assumed to occur within each project area. Typically, this means that as exploration progresses and a prospect moves from an early to advanced stage prospect, through Inferred, Indicated or Measured Resource categories to Ore Reserve status, there is greater confidence around the likely size and quality of the contained mineral and its potential to be extracted profitably.

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Estimated confidence bands of plus or minus 60% to 100% or more are not uncommon for exploration areas and are within acceptable bounds given the level of uncertainty associated with early to advanced stage exploration assets. By applying narrower confidence ranges, one is actually implying a greater degree of certainty regarding these assets than may be the case in reality.

The Red Hawk exploration tenements are assets in the early to advanced stages of assessment. Therefore, there are significant uncertainties around their attributes. This results in a wide valuation range. Where possible, SRK has endeavoured to narrow its valuation range. In recognising this wide range, SRK has also indicated a preferred value for each project.

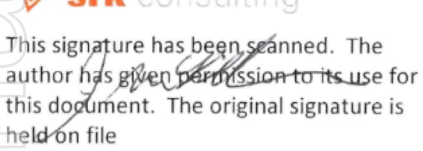
Closure

This report, Independent Specialist Report on the mineral assets of Red Hawk Mining Ltd, was prepared by



Shaun Barry
Principal Consultant

and reviewed by



Jeames McKibben
Principal Consultant

All data used as source material plus the text, tables, figures, and attachments of this document have been reviewed and prepared in accordance with generally accepted professional engineering and environmental practices.

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Appendix A Comparable transactions

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Date	Target	Buyer	Seller	Unit Value (A$/t Fe)	Normalised Unit Value (A$/t Fe)	Metal transaction ratio (%)
26/07/2018	Marillana and Ophthalmia project	Mineral Resources Limited	Brockman Mining Ltd	0.001	0.001	0.001%
31/08/2017	Rocklea (Pilbara Iron project)	WA Iron Pty Ltd	Riva Resources Ltd	0.003	0.005	0.003%
09/07/2021	Hamersley project	Equinox Resources Ltd	Pathfinder Resources Ltd	0.053	0.030	0.006%
20/12/2022	Robe Mesa Project	CZR Resources Ltd	Fortescue Metals Group Limited	0.039	0.038	0.014%
17/11/2017	Marillana project	Todd Corporation Limited	Brockman Mining Ltd	0.031	0.059	0.044%
12/10/2021	Hamersley project	Equinox Resources Ltd	Investor group	0.064	0.062	0.023%
15/01/2018	Yalleen project	API Management Proprietary Limited	Helix Resources Ltd	0.074	0.124	0.080%
31/03/2020	Buckland project	Mineral Resources Limited	BCI Minerals Ltd	0.125	0.140	0.060%
17/09/2020	Wiluna West mining rights	CuFe Limited	Gold Valley Holdings Pty Ltd	0.288	0.271	0.098%
13/09/2017	Cockatoo Island project	Cockatoo Iron NL	Pelican Resources Ltd	0.210	0.375	0.258%
07/05/2018	Iron Ridge project	Fenix Resources Limited	Prometheus Mining Pty Ltd	0.312	0.571	0.402%
02/09/2019	Pilbara Iron Ore project	Investor group	Flinders Mines Ltd	0.517	0.608	0.275%
26/03/2018	Wonmunna project	Australian Aboriginal Mining Corporation Pty Limited	Ascot Resources Ltd	0.430	0.761	0.518%
22/10/2018	Kumina project	Mineral Resources Limited	BCI Minerals Ltd	0.583	0.912	0.549%
21/08/2020	Yarram project	CuFe Limited	Gold Valley Iron & Manganese P	0.984	0.942	0.348%
21/08/2019	Parker Range project	Mineral Resources Limited	Cazaly Resources Ltd	0.992	1.166	0.528%
30/07/2021	Red Hill	Mineral Resources Limited	Red Hill Iron Ltd	2.161	1.203	0.258%
26/08/2024	Iron ore rights in JWD mine	Newcam Minerals Pty Ltd	CuFe Ltd	1.969	2.112	0.872%
25/05/2021	JWD project	CuFe Limited	GWR Group Ltd	4.073	2.446	0.566%
03/01/2024	Paulsens East Iron Ore Project	Miracle Iron Holdings Pty Ltd	Strike Resources Limited	3.447	2.720	0.827%
28/06/2023	Mid-West Iron Ore and Port Assets	Fenix Resources Limited	Mount Gibson Iron Limited	2.947	2.807	1.030%
11/01/2024	Robe Mesa Project	Miracle Iron Resources Pty Ltd	CZR Resources Ltd	4.787	3.777	1.148%

Sources: S&P Capital IQ Pro, SRK analysis 2025

Notes: The unit values were normalised to the average December 2025 iron ore price (any origin) fines, spot price, CFR. China, 62% of A$161/t.

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