

8 February 2021

Fenix farms in to the iron ore rights on tenements adjoining its Iron Ridge Project

Highlights

- Fenix has executed a farm-in and joint venture agreement with Scorpion Minerals Limited to earn a majority interest in 33,954 hectares of tenements adjoining the Company's flagship Iron Ridge Project.
 - Fenix may earn 70% of the iron ore rights on the tenements by sole-funding exploration and resource definition drilling to identify up to 10 million tonnes of iron ore.
 - Alternatively, Fenix may earn 70% of a discreet portion of the tenement package by self-funding a feasibility study on an identified Mineral Resource of at least 1 million tonnes of iron ore.
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West Australian high-grade iron ore producer, Fenix Resources Limited (**Fenix** or the **Company**) (ASX: FEX) is pleased to announce that it has executed a farm-in and joint venture terms sheet with Scorpion Minerals Limited (**Scorpion**) (ASX: SCN) over tenements E20/953 (currently the subject of an option to acquire between Scorpion and Element 25 Limited) and E20/948 (currently 100%-owned by Scorpion) (together **Tenements**) (**Farm-In and Joint Venture Agreement**). The Tenements lie contiguous and adjacent to the tenements comprising Fenix's flagship Iron Ridge Project and contain numerous known iron ore targets (See Figures 1, 2 and 3).

Fenix Managing Director, Rob Brierley, commented: "Fenix is excited by the opportunity to increase its land holding and, potentially, its iron ore resource to further benefit from the regional infrastructure, ore transport and port facilities already established for the Iron Ridge Project."

Farm-In and Joint Venture Agreement

Material terms of the Farm-In and Joint Venture Agreement are as follows:

- (a) Scorpion grants to Fenix the right to earn a 70% interest in the Iron Ore Rights, as defined below, in the tenements during the farm-in period of four years (**Farm-In Period**); and
- (b) for the remainder of the Farm-in Period, Scorpion grants to Fenix the sole and exclusive right to carry out exploration for iron ore on the tenements for the purpose of exercising the Iron Ore Rights as required to satisfy the Farm-in Requirements.

During the Farm-in Period and, if Fenix satisfies the Farm-in Requirements during the Farm-in Period, during the continuance of the Joint Venture, Scorpion agrees that it will not exercise the Iron Ore Rights in respect of the tenements

- (a) Subject to paragraph (b), to earn a 70% interest in the Iron Ore Project, Fenix must fund all drilling up to 10,000,000 tonnes of Iron Ore JORC-compliant Mineral Resources.
- (b) Notwithstanding paragraph (a), if at any time during the Farm-in period, Fenix completes resource definition drilling and a Feasibility study on a minimum 1,000,000 tonne Iron Ore deposit (**Development Deposit**), Fenix may, by notice in writing to Scorpion:
 - (i) elect to treat the Development Deposit as a stand-alone Iron Ore Project (**Development Project**); and
 - (ii) delineate a mining area within the Tenements (covering the Development Deposit and such other areas as are reasonably sufficient for the conduct of the proposed mining operation.

in which event:

- (iii) Fenix will be deemed to have satisfied the Farm-in Requirements in respect of the Development Project and the Development Area, and to have earned a 70% interest in the Development Project; and
- (iv) Scorpion and Fenix will be deemed to have established the Joint Venture in respect of the Development Project.

For the avoidance of doubt, if at any time during the Farm-in Period, Fenix establishes any further Development Area, that Development Area will form part of the same Joint Venture and any and all such Development Areas will form part of the same Joint Venture upon satisfaction of the full Farm-in Requirements under paragraph (a).

- (c) Upon satisfaction of the Farm-in Requirements during the Farm-in Period, Fenix will be deemed to have earned a 70% interest in the Iron Ore Project, and Fenix and Scorpion will be deemed to have formed a joint venture in respect of the Iron Ore Rights and the Iron Ore Project in their respective percentage interests from time to time (the **Joint Venture**).
- (d) If Fenix fails to complete the Farm-in Requirements prior to the expiry of the 4-year Farm-in Period, Fenix will be deemed to have surrendered its right to earn an interest in the Iron Ore Project (other than any existing Development Project)

Fenix may withdraw from the Terms Sheet at any time prior to the expiry of the Farm-in Period provided that it has expended not less than \$350,000 on exploration expenditure on the Tenements at the time of withdrawal.

Authorised by the Board of Fenix Resources Limited.

For further information, contact:

Rob Brierley
Managing Director
Fenix Resources Limited

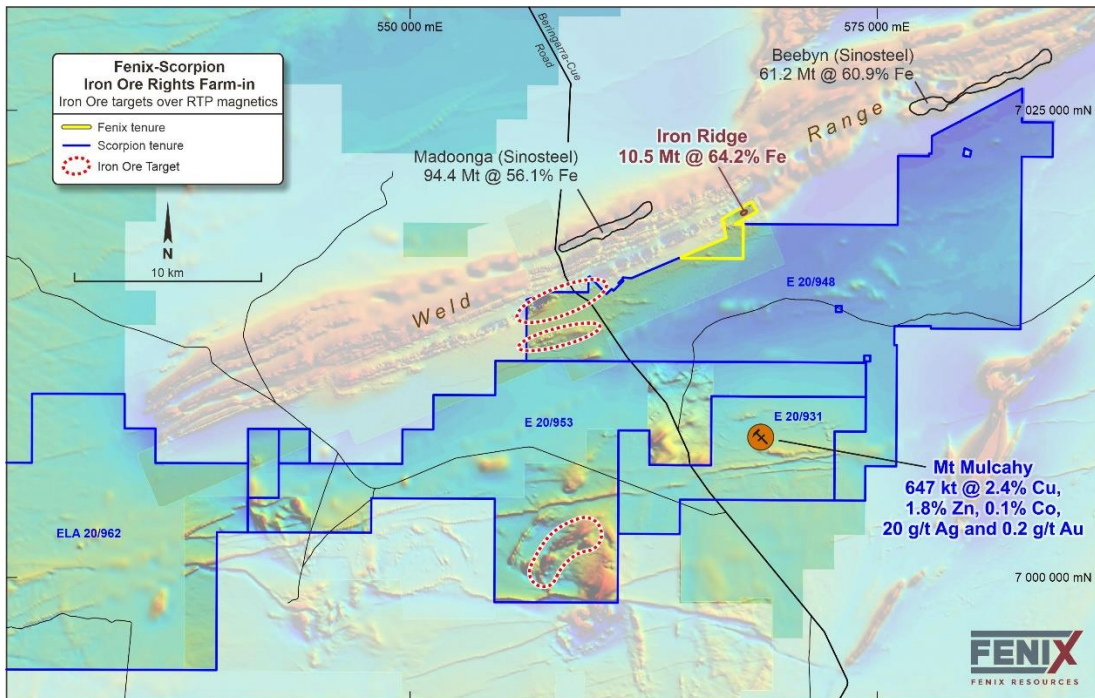


Figure 1: Fenix-Scorpion Location

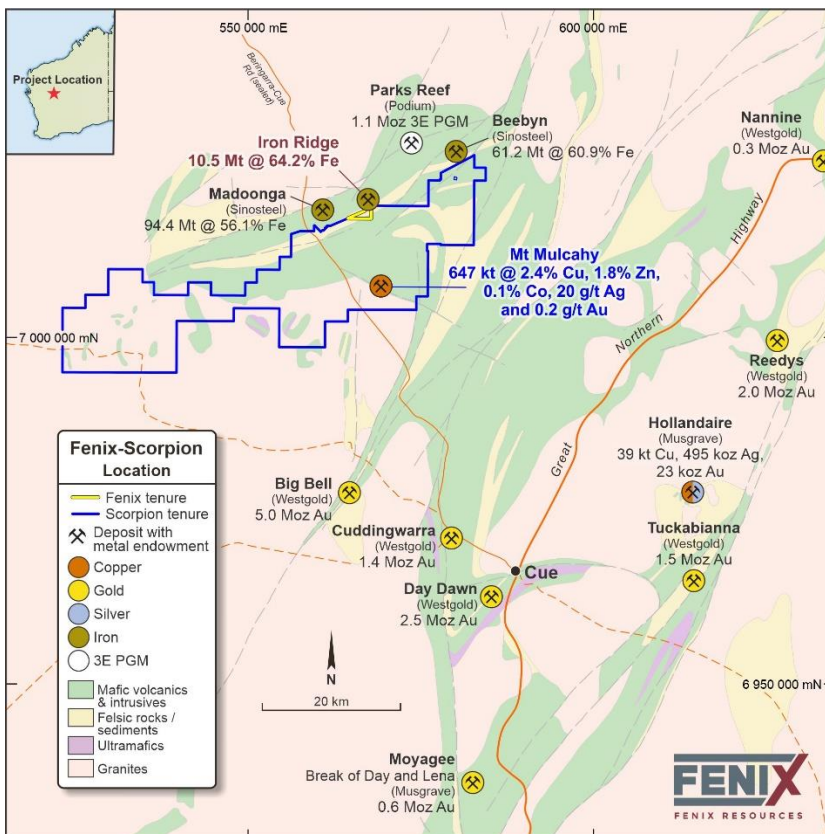


Figure 2: Fenix-Scorpion Regional Geology

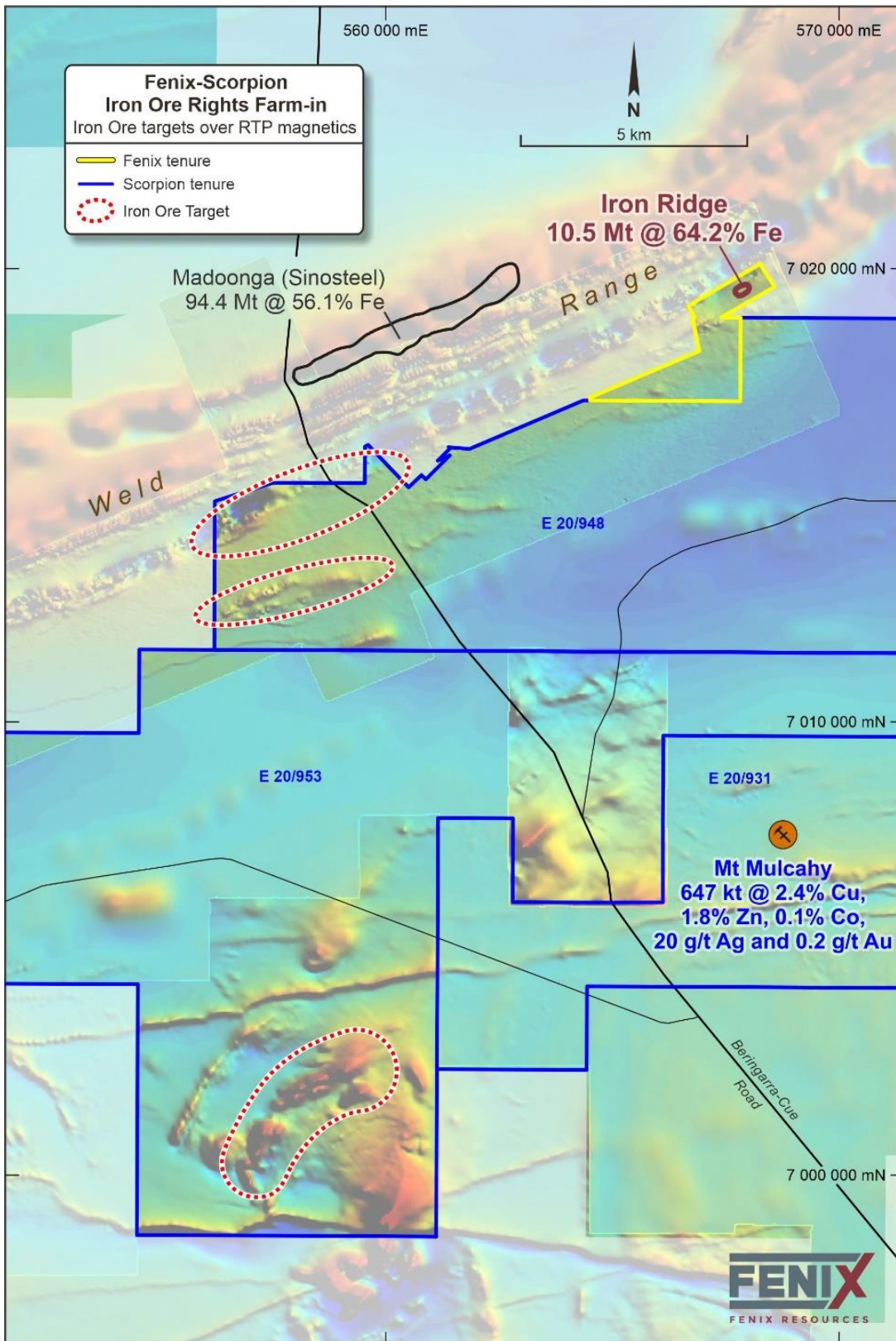


Figure 3: Fenix-Scorpion Regional Location

About Fenix Resources

Fenix Resources is an ASX-listed, WA-based iron ore miner.

The Company's 100% owned, flagship Iron Ridge Iron Ore Project is a premium DSO deposit which hosts a JORC 2012 compliant resource located around 490 km by road from Geraldton port.

High grade iron ore attracts a premium price on the seaborne market as Chinese steel works increasingly demand more pure inputs with lower emissions due to increasingly strict government regulations.

Only requiring crushing and screening, 1.25 million tonnes of ore per annum is scheduled to be trucked to the port by a JV company owned 50% by Fenix and 50% by Newhaul Pty Ltd, headed by respected logistics expert Craig Mitchell who was the founder and owner of Mitchell Corp before selling to Toll Group. In relation to the production target, the Company confirms that all material assumptions underpinning the target continue to apply and have not materially changed since the announcement of the feasibility study on 4 November 2019.

Export capacity has been secured through binding agreements with the Mid-West Ports Authority for the use of its Geraldton Port facilities. Product sales are planned to be conducted 50% through an offtake arrangement with Sinosteel International Holding Company Limited and 50% through a marketing agreement with Atlas Iron Limited.

Production commenced on 21 December 2020, road haul continues on a routine basis with the first shipment scheduled for early February 2021

The Project's Mineral Resource, announced on 21 August 2019, is categorised into Indicated and Inferred Mineral Resources as shown in Table A.

Classification	Tonnes Mt	Fe %	Al ₂ O ₃ %	LOI %	P %	SiO ₂ %	TiO ₂ %
Indicated	10.0	64.3	2.56	1.90	0.046	3.21	0.09
Inferred	0.5	62.5	2.80	3.13	0.046	4.41	0.12
Total	10.5	64.2	2.57	1.96	0.046	3.26	0.09

Table A: Iron Ridge Mineral Resource Estimate reported above a 58% Fe cut-off grade.

The Project's Ore Reserves are categorised in Table B below, as announced on 4 November 2019 titled "Feasibility Study Generates Outstanding Cashflow".

Classification	Tonnes Mt	Fe %	Al ₂ O ₃ %	LOI %	P %	SiO ₂ %	TiO ₂ %
Probable	7.76	63.9	2.79	2.00	0.05	3.46	0.09
Total Ore Reserves	7.76	63.9	2.79	2.00	0.05	3.46	0.09

Table B: Iron Ridge Ore Reserves

Competent Person Statements

The information in this report that relates to Mineral Resources is based on information compiled by Mr Alex Wishaw, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and is a former employee of CSA Global Pty Ltd. Mr Wishaw has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code). The Company confirms it is not aware of any new information or data that materially affects the information included in the relevant market announcement and all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

The information in this report that relates to the Processing and Metallurgy for the Iron Ridge Project is based on and fairly represents, information and supporting documentation compiled by Mr Damian Connelly who is a Fellow of The Australasian Institute of Mining and Metallurgy and a full time employee of METS Engineering Group. Mr Connelly has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Company confirms it is not aware of any new information or data that materially affects the information included in the relevant market announcement and all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

The information in this report that relates to Ore Reserves is based on information compiled by Mr John Battista, a Competent Person who is a Member and Chartered Professional (Mining) of the Australasian Institute of Mining and Metallurgy and is currently employed by Mining Plus (UK) Ltd. Mr Battista has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code). The Company confirms it is not aware of any new information or data that materially affects the information included in the relevant market announcement and all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. In relation to the production target and forecast financial information referred to in the report, the Company confirms that all material assumptions underpinning the production target and the forecast financial information derived from the production target continue to apply and have not materially changed since the announcement of the feasibility study on 4 November 2019.