

11 July 2019

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2019

Highlights

- Excellent preliminary metallurgical results validate high quality mining opportunity at Iron Ridge
- Testwork indicates potential Project products have low impurities or deleterious elements
- Joint Cooperation Agreement executed with Geraldton Port to investigate Port access for approximately 1 million tonne per annum export capacity
- Strategic Alliance with trucking specialist partner Minehaul Pty Ltd executed
- Significant experience of Mr Craig Mitchell secured to ensure the Iron Ridge's future trucking operations are managed effectively
- New drill program commenced at Iron Ridge comprising infill and geotechnical drilling
- Oversubscribed placement completed to accelerate development activities at Iron Ridge

Western Australian iron ore developer and explorer Fenix Resources Limited (**Fenix** or the **Company**) is pleased to report on its activities for the June 2019 quarter.

Excellent Preliminary Metallurgical Results Validate High Quality Mining Opportunity at Iron Ridge

During the quarter the Company advised it had received strongly positive metallurgical testwork results in respect of potential products from its Iron Ridge Project (**Project**), located in the Mid-West region of Western Australia.

Fenix engaged independent consultant METS Engineering Group Pty Ltd (**METS**) to prepare a metallurgical testwork summary report for the Project. The metallurgical testwork programme was designed to assess the characteristic properties of the Project potential product and its applicability for transport and downstream processing.

Testwork was performed by Nagrom, ALS (Iron Ore Technical Centre) and E-Precision laboratory and involved assessment of particular size distribution, reducibility, decrepitation, comminution and lump ore properties.

Key Outcomes

The report by METS summarised that the mineralisation tested has desirable characteristic properties. The samples tested were shown to be amenable to standard crushing and screening.

Key observations include the following:

- Deleterious elements including phosphorous in the lump and fines are low, well within the acceptable limits
- Premium >65% Fe lump products and >63% Fe fines products with low deleterious elements were generated
- The samples tested indicate the deposit delivers approximately 25-30% of the mineralisation as a lump product (+8 mm)
- The potential product is soft and friable, the 3 composite samples tested exhibited very low Crushing Work Index (CWi) and Bond Abrasion Index (Ai) values
 - Average CWi of 2.6 kWh/t indicates low power consumption for crushing the easily fragmented rock
 - Average Ai result of 0.018 indicates low equipment consumable consumption rates
- The lump product properties (Reduction Index, Reduction-Disintegration Index and Decrepitation Index) derived for the three composites were encouraging for blast furnace use

Ongoing work has been conducted through CSIRO to confirm the iron ore fines amenability to sintering.

Lump Ratio & Potential for Premium Pricing

Based on the drop tower test results, the expected lump product percentage is estimated to be 25-30%. Ultimately the ability for Fenix to extract a premium pricing for this anticipated lump component will be determined by discussions with end users, the specific requirements of each end user, and any offtake agreement(s) that might be established. Fenix intends to assume nil lump premium in its base case assessment of the Project until end user verification is received.

Fenix Signs Joint Cooperation Agreement with Geraldton Port

On 29 May 2019 Fenix announced it had signed a cooperation agreement with the manager of the Port of Geraldton (**Port**), the Mid West Ports Authority (**MWPA**), relating to the export of Iron Ore product.

Fenix and MWPA have signed the Joint Cooperation Agreement (**JCA**) in relation to the investigation into how MWPA might provide approximately 1 million tonnes per annum of export capacity through the Port. Pursuant to the JCA agreement, Fenix and MWPA have agreed to negotiate Port access, capacity reservations, handling services and Iron Ore product export contracts.

The JCA provides a further breakthrough in the progression of the Project as the Company advances towards development. A key component of the Project, being the Port Logistics, is now a step closer to being finalised as part of the agreement.

Strategic Alliance with Key Trucking and Logistics Provider

During the quarter Fenix advised that it had formed a strategic alliance with trucking and logistics company, Minehaul Pty Ltd (**Minehaul**), signalling a significant development milestone of the Project.

Fenix and Minehaul have formed a new 50/50 joint venture company (**JVC**) known as Premium Minehaul Pty Ltd (**PM**). It is intended that PM will provide all trucking services to the Project and hence the JVC represents a significant step forward in the Company's aim to commercialise the Project.

Mr Craig Mitchell, the owner of Minehaul, has been elected as Chairman and CEO of the newly formed JVC. Mr Mitchell was the founder and former owner of Mitchell Corp, a major supplier of transport and logistics services to the Western Australian mining industry. Mitchell Corp was acquired by Toll Group for approximately \$110 million in 2011.

Pursuant to the JVC agreement, Fenix has provided an undertaking that it will ensure all iron ore transport it is involved with in the Mid-West region of WA (including relating to the Project) will be conducted through the JVC.

The terms relating to the provision of these services are to be agreed in the coming months and pursuant to a separate road haulage contract agreement, however the Company expects the JVC arrangements to provide several key benefits to Fenix, including but not limited to:

- Greater transparency in relation to the likely transport costs associated with the Project;
- Significant experience that Mr Craig Mitchell brings to Fenix's trucking operations;
- Potential for significant cost savings relating to transport costs; and
- Elimination of management role duplication and the sharing of the benefits of innovation throughout the life of the project.

Anticipated Trucking Costs

The Project is located approximately 490km by road from the Geraldton port and therefore it is expected that a significant proportion of the total operating costs associated with the Project will be related to the cost of road transport and logistics. This proportion will be confirmed through ongoing studies relating to the Project.

Consequently, the JVC represents a significant milestone in the management and reduction of the most significant discrete operating cost at the Project.

Concurrent Equity Investment by Minehaul

Demonstrating its support for Fenix and alignment of interests, an associated company of Minehaul subscribed for \$0.25 million of new shares as part of a larger placement of 22,750,000 shares (**Placement**) to raise \$1.25 million that the Company completed on 18 June 2019. The funds were raised at a share price of 5.5¢ per share.

Commencement of New Drill Program at Iron Ridge

During the quarter the Company announced that it has commenced a combined infill and geotechnical diamond drill program at the Iron Ridge Project. The drill program was designed to consist of seven holes for 880m of infill diamond drilling targeting the conversion of a portion of the existing Inferred Mineral Resource (see ASX release dated 19 March 2019 titled "Significant Upgrade to Iron Ridge Mineral Resource") to Indicated

category, plus four geotechnical assessment holes for 690m and two extensions to the resource infill holes for a further 145m.

Results from this program are due to be progressively released from July 2019 onwards. The Project feasibility study is now due to be completed in October 2019.

During June, Fenix commenced a further 650m of drilling for the purpose of hydrological studies.

Tenement Acquisition

Subsequent to the end of the period, the Company was granted Ministerial consent to acquire tenement E20/936 from Mr Gary Powell for consideration of \$20,000 and a \$1 per tonne royalty on any iron ore mined and sold from the tenement. E20/936 is located adjacent to M20/118-I, the mining lease that the Company's Iron Ridge project is situated on. Whilst Fenix considers the tenement to be of low prospectivity for hosting iron ore mineralisation, it is strategic as it lies on the flat terrain making it ideal to house some of the infrastructure required for the development of the Iron Ridge project (e.g.; offices, camp, workshops, product stockpiles). Additionally, approximately 2km of the existing access track to the project lies on E20/936. The acquisition is due to settle in July 2019.

Corporate

During the quarter the Company advised it had raised \$1.75 million (before costs) through a placement of 31,930,000 shares at an issue price of 5.5¢ per share pursuant to its ASX Listing Rule 7.1 capacity.

The Placement was managed by Hartleys Limited as Lead Broker and was heavily oversubscribed with demand from new and existing Institutional Shareholders significantly exceeding expectations.

The proceeds of the Placement were earmarked to be used to accelerate the development activities at the Iron Ridge Project in the Mid-West region of Western Australia, including for funding in respect of:

- Ongoing metallurgical test-work at the Project;
- Discussions with potential off-take partners;
- Mine design and scheduling work at the Project;
- The statutory permitting process for the Project;
- Road haulage, port storage and handling arrangements; and
- Feasibility studies at the Project

Additionally, the Company advised that Mr Rob Brierley was appointed Managing Director (previously Executive Director) effective 1 March 2019. The key terms of Mr Brierley's engagement comprise a salary of \$200,000 exclusive of superannuation, participation in the Employee Incentive Scheme and 3-month termination notice period.

Change of Registered Office

During the quarter the Company advised that the details of its registered office and principal place of business had changed to:

Office Address: Unit 1, Level 1
89 St Georges Terrace
Perth WA 6000

Postal Address: PO Box Z5187
Perth WA 6831

Telephone: +61 8 9226 2011
Facsimile: +61 8 9226 2099

On Behalf of Fenix Resources Limited:



Rob Brierley

Managing Director
Fenix Resources Limited

About Fenix Resources

Fenix Resources is a WA-based minerals explorer transitioning to 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 increasing strict government regulations.

Only requiring crushing and screening, the ore is proposed to be trucked to the port by a JV signed off on 7 May, with trucking specialist Minehaul Pty Ltd headed by respected logistics expert Craig Mitchell who was the founder and owner of Mitchell Corp before selling to Toll Group.

Negotiations are well advanced with Mid West Ports Authority at Geraldton where export capacity is available.

Pit planning, metallurgical work and mining and environmental approvals are currently being undertaken.

TENEMENT SCHEDULE

The Company's interests in tenements is as follows:

Location	Project	Tenement No.	Interest
Western Australia	Iron Ridge	M20/118-I	100%

Competent Persons Statement

The information in this report that relates to Exploration Results, Exploration Targets and Mineral Resources is based on information compiled by Mr James Potter. Mr Potter is a full-time employee of CSA Global Pty Ltd and is a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Potter 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 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). Mr Potter consents to the disclosure of the information in this report in the form and context in which it appears. Additionally, Mr Potter confirms that the entity is not aware of any new information or data that materially affects the information contained in the ASX releases referred to in this report.

The information in this report that relates to Mineral Resources is based on information compiled by Alex Wishaw. Mr Wishaw is a full-time employee of CSA Global Pty Ltd and is a Member of the Australasian Institute of Mining and Metallurgy. 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 Competent Persons as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code). Mr Wishaw consents to the disclosure of information in this report in the form and context in which it appears.

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 Damian Connelly who is a Fellow of The Australasian Institute of Mining and Metallurgy and a full-time employee of METS Engineering Group. Damian 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'. Damian Connelly consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.