



Sale of Non-Core Yalleen Iron Ore Interests for A\$0.5M Cash plus Royalties

Highlights

- ☐ **Divestment of diluting 14% interest in the non-core Yalleen Iron Ore Project JV for:**
 - **Cash payment of A\$0.5 million payable upon completion;**
 - **Uncapped 1% FOB royalty on all iron ore sales from the Tenement Area; and**
 - **Uncapped 1% NSR on certain precious or base metal production from the Tenement Area.**
- ☐ **Purchaser is JV partner, API Management Pty Ltd (50% Aquila, 50% AMCI/POSCO), owner of the contributing interest and manager of the Yalleen Iron Ore JV.**
- ☐ **Completion expected in the current quarter; sale remains conditional on approval by Baosteel's Board of Directors (Aquila's Owner).**
- ☐ **Consolidation and simplification of ownership at Yalleen and the broader West Pilbara Iron Ore Project facilitates further progress toward a mining decision by API Management at Yalleen.**

Helix Resources Limited (ASX:HLX) is pleased to announce that it has divested its diluting interest in the non-core Yalleen Iron Ore Project (YIOP) JV. The YIOP hosts the Kumina Creek West and Robe Exit Channel Iron Deposits (CID). The YIOP also forms part of the larger West Pilbara Iron Ore Project (WPIOP), located in the West Pilbara region of Western Australia.

In exchange for its diluting interests in the YIOP JV and all of Helix's other rights and interests in the YIOP tenements the Company will receive total consideration of:

- ☐ **A\$0.5 million cash** payable upon sale completion;
- ☐ an **uncapped 1% free on board (FOB) royalty** on any iron ore produced from the Yalleen Tenement Area (E47/1169, E47/1170 & E47/1171); and
- ☐ an **uncapped 1% net smelter royalty (NSR)** on certain future precious and base metal production from the Tenement Area.

At signing, Helix held an approximate 14% diluting interest in the YIOP JV (after electing to dilute in late 2012). The purchaser, API Management Pty Ltd (50% Aquila: 50% AMCI/POSCO), is the JV manager, and sole funding contributor to the YIOP JV.

Helix Managing Director, Mick Wilson, commented: *"By selling our diluting rights in the non-core Yalleen Project to API now, Helix has secured a non-dilutive cash funding boost of A\$0.5 million. Simplification of the Yalleen Project ownership structure also removes a key impediment to eventual development of the Project. This logically increases the potential for Helix to receive a significant future return from the Yalleen Project via its 1% FOB iron ore royalty."*

Yalleen Iron Ore Project (YIOP) JV

The YIOP hosts the Kumina Creek and Robe Exit Channel Iron Deposits (CID) with previously reported JORC 2004 compliant Indicated and Inferred resources totalling 84.3Mt @ 57.2% Fe¹. Further drilling has been completed by API on extensions and untested CID targets present on the YIOP tenements.

The recent purchase of junior partners' interests in the broader WPIOP (Helix's Yalleen interests and, previously, Cullen's Mt Stuart JV interests in 2017) has consolidated and simplified ownership within the WPIOP.

API Management ultimate shareholders include Baosteel and POSCO, both major steel producers in China and South Korea, respectively. Their ongoing requirement to source long-term iron ore feed provides a level of confidence in the potential development of the YIOP deposits, and development of the broader WPIOP.

Details of potential royalty income

Helix will receive a **1% free on board (FOB) royalty** from any iron ore sales produced from the Tenement Area. This royalty is payable quarterly in arrears and calculated on revenue from arm's length FOB sales and other sales that can be converted to the equivalent of arm's length FOB sales. If YIOP ore is blended with other ores, for the purposes of calculating the royalty the price per tonne for the ore extracted from the YIOP will be deemed to be the weighted average price received for the blended product in the relevant quarter subject to the application of a premium or discount to reflect the value of the blended product compared to that of the ore extracted from the YIOP.

Helix also retains a **1% net smelter royalty (NSR)** on certain precious and base metal production from the Tenement Area. The Tenement Area covers Archean aged Fortescue Group units and Hammersley Group units, which are potentially prospective for precious and base metals. (Minerals subject to Royalty: gold, platinum, palladium, silver, lead, zinc, copper, nickel, tin, cobalt, lithium and aluminium).

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Competent Persons Statement

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information reviewed by Mr M Wilson who is a full time employee of Helix Resources Limited and a Member of The Australasian Institute of Mining and Metallurgy. Mr M Wilson has sufficient experience which is 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 2004 and 2012 Editions of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr M Wilson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Details of the assumptions underlying any Resource estimations are contained in previous ASX releases or at www.helix.net.au

For full details of exploration results refer to previous ASX announcements on Helix's website. Helix Resources is not aware of any new information or data that materially effects the information in this announcement

¹ For full details of Yalleen JORC resources estimated by API refer to Helix's ASX announcement dated 24 April 2009.

Forward-Looking Statements

This ASX release may include forward-looking statements. These forward-looking statements are not historical facts but rather are based on Helix Resources Ltd.'s current expectations, estimates and assumptions about the industry in which Helix Resources Ltd operates, and beliefs and assumptions regarding Helix Resources Ltd.'s future performance. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "potential" and similar expressions are intended to identify forward-looking statements. Forward- looking statements are only predictions and are not guaranteed, and they are subject to known and unknown risks, uncertainties and assumptions, some of which are outside the control of Helix Resources Ltd. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast. Actual values, results or events may be materially different to those expressed or implied in this presentation. Given these uncertainties, recipients are cautioned not to place reliance on forward looking statements. Any forward- looking statements in this announcement speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and the ASX Listing Rules, Helix Resources Ltd does not undertake any obligation to update or revise any information or any of the forward-looking statements in this announcement or any changes in events, conditions or circumstances on which any such forward looking statement is based.

No new information that is considered material is included in this document. All information relating to exploration results has been previously released to the market and is appropriately referenced in this document. JORC tables are not considered necessary to accompany this document