

9 February 2022

# Fenix secures 100% ownership of iron ore rights over Scorpion's Pharos project

## Tenements cover 640 km<sup>2</sup> of Pharos contiguous with Fenix's Iron Ridge mine in WA's Mid-West

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### Highlights

- Fenix has executed a new agreement with Scorpion which accelerates and expands the previous Farm-In agreement for the iron ore rights of the Pharos Project
  - Pharos tenements are contiguous to Fenix's flagship Iron Ridge Project
  - Under the new agreement Fenix has secured a 100% interest in the Iron Ore Rights, free from encumbrances, of the Pharos Project tenements for the life of the tenements
  - Consideration to be paid by Fenix to Scorpion consists of:
    - Upfront Consideration of 4 million ordinary shares in Fenix; and
    - Deferred consideration of:
      - 5 million Fenix ordinary shares on delineation of an inferred resource of at least 10Mt Fe, or an indicated and/or measured resource of at least 1Mt Fe; and
      - 5 million Fenix ordinary shares on first shipment from Pharos Project tenements
  - Fenix and Scorpion have agreed to collaborate on future exploration and mining activities
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West Australian Mid-West high-grade iron ore producer, Fenix Resources Limited (**Fenix** or the **Company**) (ASX: FEX) is pleased to announce that it has executed a Deed of Amendment agreement with Scorpion Minerals Limited (**Scorpion**) (ASX: SCN) in relation to tenements E20/953 and E20/948 (currently 100%-owned by Scorpion) (together the **Pharos Project Tenements**).

Fenix executed a farm-in and joint venture agreement with Scorpion in February 2021 which enabled the Company to earn a 70% interest in the Iron Ore Rights over the Pharos Project Tenements by sole funding exploration and resource definition to identify up to 10 million tonnes (Mt) of iron ore (see ASX Announcement dated 8 February 2021).

The Pharos Project Tenements cover 640 km<sup>2</sup> and are contiguous to the tenements comprising Fenix's flagship Iron Ridge Project and contain numerous known iron ore targets (See Figures 1, 2 and 3 below).

The new agreement signed between Fenix and Scorpion accelerates and expands the previous farm-in and joint venture agreement such that Fenix is deemed to have earned a 100% interest in the Iron Ore rights on the Pharos Project Tenements in exchange for the issue of 4 million ordinary Fenix shares to Scorpion.

Additionally, Fenix has agreed to issue to Scorpion:

- (a) 5 million Fenix Shares upon the delineation and public announcement by Fenix to the ASX of an inferred resource of at least 10Mt of iron ore, or an indicated and/or measured resource of at least 1Mt; and
- (b) 5 million Fenix Shares upon the first shipment of iron ore by Fenix from the Tenements.

Fenix Chairman, Mr John Welborn, commented: “We are delighted to have secured 100% ownership of the iron ore rights over a vast area of highly prospective ground in and around our existing mine. The new agreement with Scorpion has several advantages for Fenix. The earn-in structure now has greater clarity for both parties, Fenix has secured the sole and exclusive right to explore for iron ore, and our agreement to collaborate in the future means Fenix will enjoy Scorpion’s support for any mining licences, miscellaneous licences or other licence applications required by Fenix to expand our operations. Most importantly, we can now explore with confidence that any commercially viable iron ore deposit we define can be processed and mined for the benefit of Fenix using our existing infrastructure and capabilities.”

“Given Fenix’s existing mining operations at Iron Ridge, the Fenix-Newhaul operational transport joint-venture, and our Company owned export facilities at Geraldton Port, the opportunity to expand our regional footprint and seek to add to our existing iron ore resource inventory is an obvious value add for Fenix.”

“We welcome Scorpion as a shareholder of Fenix and look forward to future co-operation with them on our mutual exploration and mining activities.”

Scorpion’s Chairman, Ms Bronwyn Barnes, commented: “Scorpion is very pleased to have expanded our agreement with Fenix to further unlock the iron ore potential of our Pharos Project. Based on Fenix’s successful development of Iron Ridge we can see there is obvious potential to work collaboratively to expand operations. This is a sensible deal for Scorpion that provides strategic exposure to any future iron ore exploration and development success on our tenements. Importantly, it also allows our team to focus its resources on gold and nickel, copper and PGE exploration across our portfolio.”

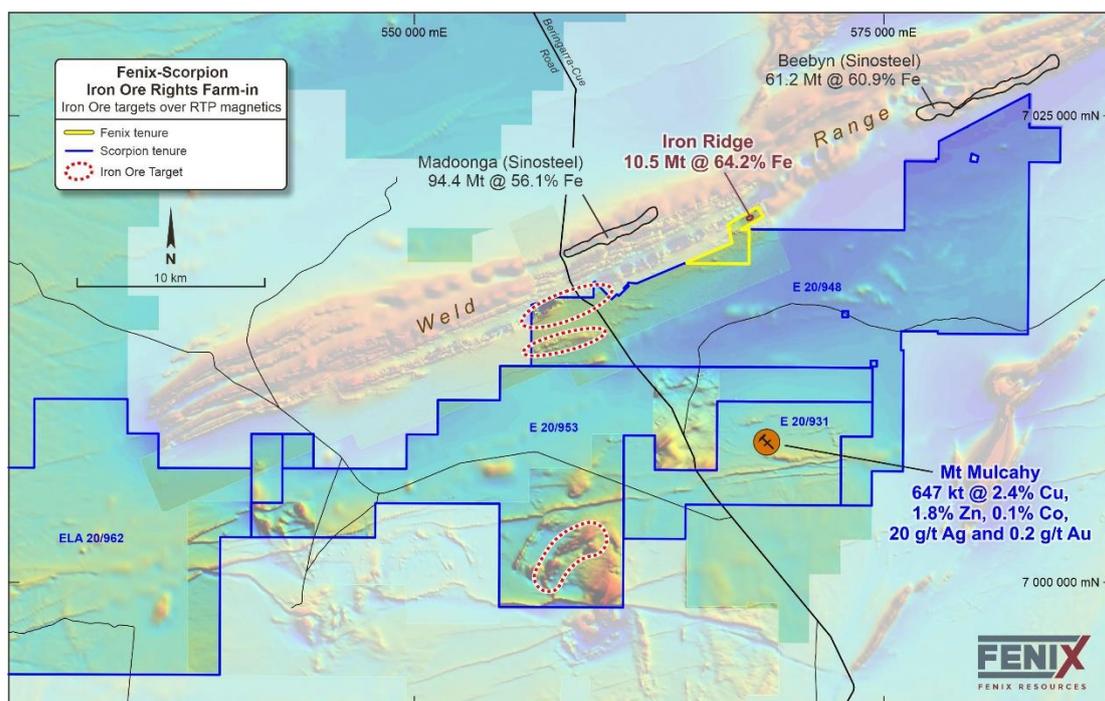


Figure 1: Fenix’s Iron Ridge Project & Scorpion’s Pharos Project\*

Historical exploration and recent field work at Pharos has identified areas that are highly prospective for iron ore. Several target areas in close proximity to the Company’s existing Iron Ridge mining operations have been prioritised as having the potential to host high grade iron mineralisation similar to Iron Ridge.

Having secured all required clearance, the Company is currently reviewing data and conducting ground truthing prior to finalising a potential first-pass drilling program over the high priority target areas.

Authorised by the Board of Fenix Resources Limited.

For further information, contact:

Rob Brierley  
 Managing Director  
 Fenix Resources Limited

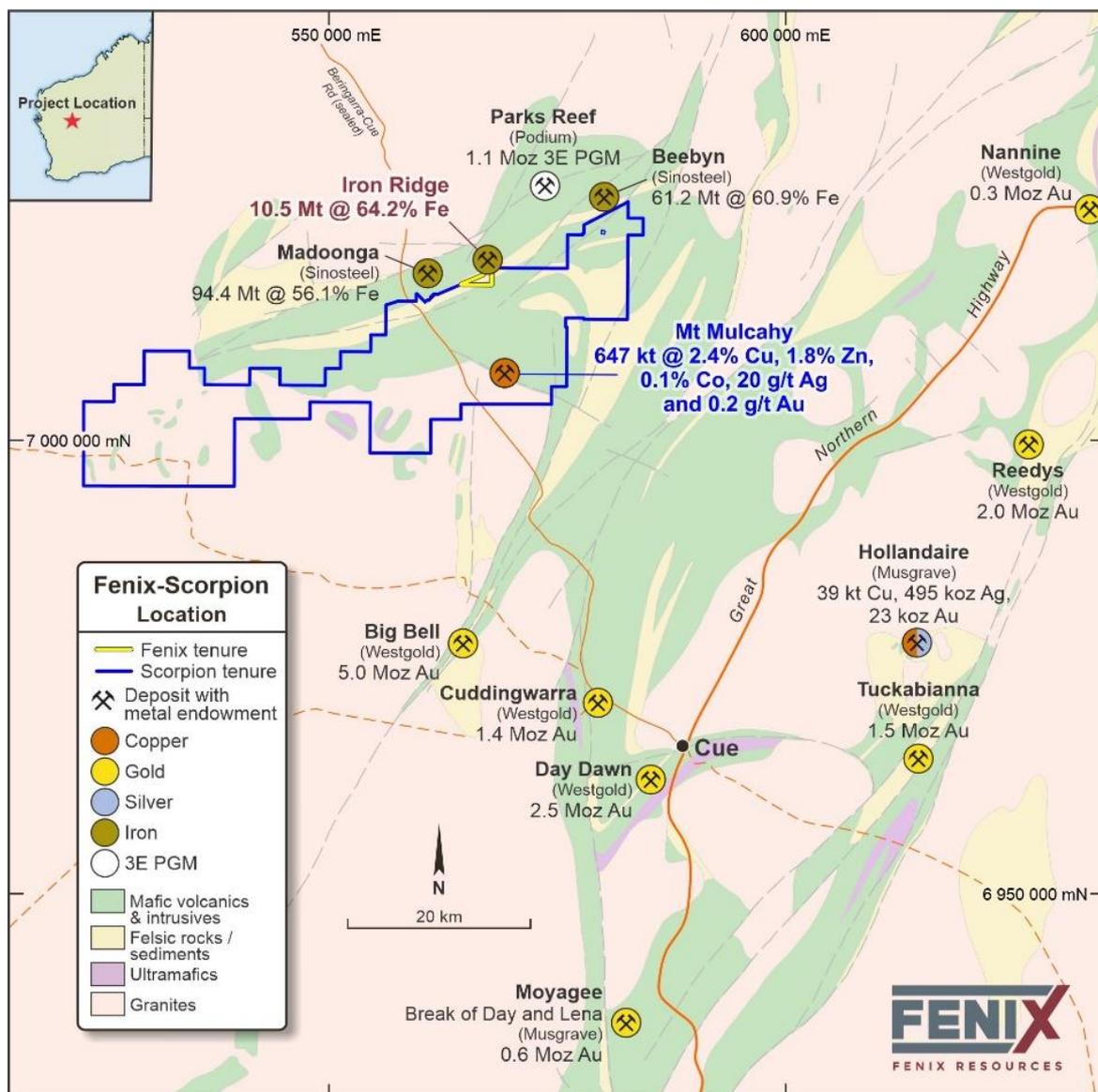
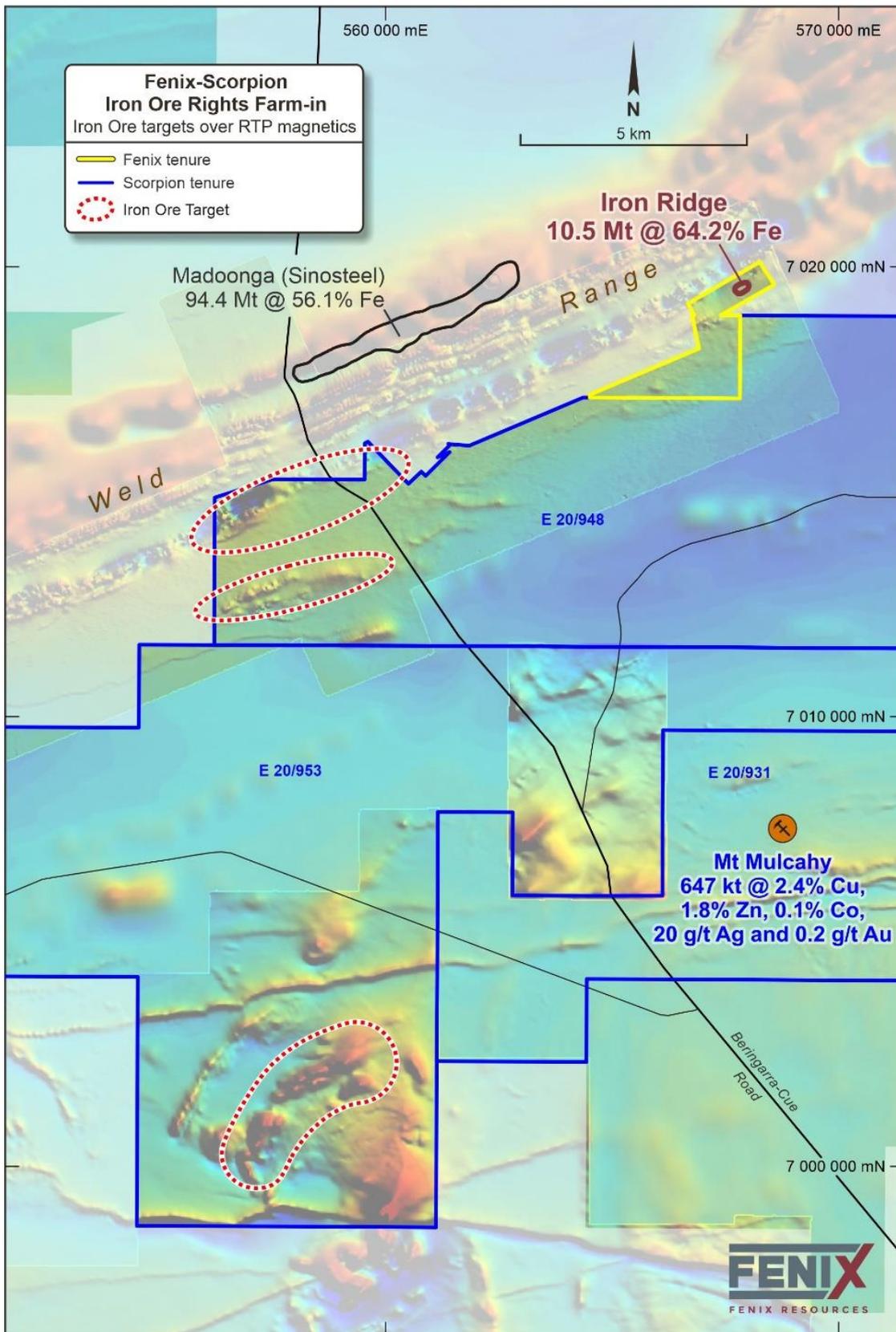


Figure 2: Fenix-Scorpion tenure and Mid-West Regional Resource Projects\*



**Figure 3: Fenix-Scorpion Pharos Project Iron Ore Targets\***

\*Mineral Resource estimates quoted above in Figures 1, 2, and 3 are quoted pre-mining dilution.

## About Scorpion Minerals Limited

**Scorpion Minerals Limited** (ASX: SCN) is a WA based mineral exploration company focused on gold base metals and iron ore. Scorpion's focus is the 100% owned Pharos project that covers 640km<sup>2</sup> and is located 60 km northwest of Cue in the Murchison Mineral Field, Western Australia. The Pharos project is prospective for gold, iron ore, PGE-Ni-Cu and VMS hosted Cu-Zn-Ag Au mineralisation.

The strategic location of the Pharos tenements is further enhanced by exploration success in the region (Figure 3) for iron ore (Fenix Resources) copper (Cyprrium), PGE-Ni-Cu (Podium) and gold (Musgrave Minerals). Pharos project area appears to host a multitude of commodities targets that require detailed evaluation.

Scorpion has completed resource definition drilling at the Mount Mulcahy copper-zinc volcanic-hosted massive sulphide (VMS) deposit, a zone of mineralisation with a JORC 2012 Measured, Indicated and Inferred Resource of 647,000 tonnes @ 2.4% copper, 1.8% zinc, 0.1% cobalt and 20g/t at the 'South Limb Pod' (SLP).

## About Fenix Resources

Fenix Resources is an ASX-listed, West Australian based high-grade iron ore miner currently producing ~1.25 million tonnes of iron ore per annum.

The Company has mined and shipped more than 1 million tonnes of ore at a grade above 63% Fe from its 100% owned flagship Iron Ridge Iron Ore Project. Iron Ridge is a premium Direct Shipping Ore (DSO) deposit which hosts a JORC 2012 compliant Mineral Resource of 9.8 million tonnes of iron ore at 64.4% Fe (see ASX Announcement dated 15 September 2021). Iron Ridge is located 486km by road from Geraldton port. Production commenced in December 2020 and first sales were generated in February 2021.

Fenix's produces high-grade high-quality iron ore products which attract a premium price on the seaborne market. Global customers are demanding higher grade ore to reduce the environmental impact and meet the lower emission targets set by increasingly strict government regulations.

The Company hauls iron ore from Iron Ridge to Geraldton Port using a joint-venture company, Fenix Newhaul Pty Ltd. Export capacity has been secured at Geraldton through binding agreements with the Mid West Ports Authority for the use of its facilities. At Geraldton Port, Fenix owns its own iron ore storage shed, truck unloading and conveyor systems.

Product sales are conducted 50% through an offtake arrangement with Sinosteel International Holding Company Limited and 50% through an exclusive marketing agreement with Atlas Iron Pty Ltd. The Company has protected its margins with a hedge book which consists of 50,000 tonnes per month at a price A\$230 per dry metric tonne through to September 2022.

The Company has adopted a dividend policy which provides that, to the extent that dividends can be fully franked, Fenix will distribute between 50% and 80% of after-tax earnings to shareholders in the form of dividends.

Fenix has generated some 170 full time equivalent jobs and the Company is focussed on promoting opportunities for local businesses and the community.

### **Competent Person Statement**

The information in this report that relates to the Company's 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 originally released on 21 August 2019 and updated on 15 September 2021; and all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.