SALE OF EXTENSION HILL ASSETS

HIGHLIGHTS

- **Fenix has agreed to transfer to Terra Mining and Extension Hill Pty Ltd all of the residual Extension Hill assets, liabilities, rights and obligations for consideration of up to $2 million.**
- **Consideration to be received by Fenix as follows:**
  - **$250,000 payable on the earlier of one month after the first shipment of ore from the Extension Hill Magnetite Project and 12 months after completion; and**
  - **a royalty of $0.50 per tonne of material produced and sold from the Extension Hill Magnetite Project, up to a cap of $1,750,000.**
- **Terra Mining will assume Fenix's rehabilitation obligations of approximately $5 million relating to Mount Gibson's historical hematite mining operations at Extension Hill.**
- **The consolidation of the Extension Hill assets and obligations provides the buyers an opportunity to fast track the Extension Hill Magnetite Project into production, with Terra Mining expected to operate under the existing mining approvals.**
- **Fenix and Terra Mining are investigating additional opportunities for collaboration and cooperation with regard to haulage logistics and port services which will further support the Extension Hill Magnetite Project.**

Fenix Resources Limited (**ASX:FEX**) (**Fenix** or **the Company**) is pleased to announce it has signed a binding agreement with Terra Mining Pty Ltd (**Terra Mining**) and Extension Hill Pty Ltd (**EHPL**)(together, **the Buyers**) to transfer all of Fenix's assets, liabilities, rights and obligations relating to the decommissioned Extension Hill hematite operation (the **Extension Hill Assets**) from its wholly owned subsidiary Fenix Extension Hill Pty Ltd to the Buyers (the **Transaction**).

Commenting on the Transaction, Mr John Welborn, Chairman of Fenix, said:

"The Extension Hill Magnetite Project is an exciting regional development. The Extension Hill assets we acquired from Mount Gibson hold little value for Fenix, but have significant immediate value for the Buyers as they move into production.

The opportunity to recommission the Mount Gibson crushing and screening plant provides potential for larger-scale magnetite processing in the future. Fenix is investigating further opportunities for collaboration on haulage and port services.

The transaction is a logical consolidation which will provide Fenix with future payments of up to $2 million while also removing a rehabilitation liability of approximately $5 million.

Background to the Transaction

In July 2023, Fenix completed the acquisition of Mount Gibson Iron Limited's (ASX:MGX) (**Mount Gibson**) Mid-West iron ore, port and rail assets (see ASX Announcement dated 24

July 2023**).** The Mid-West assets Fenix acquired include the Shine Iron Ore Mine, two on-wharf bulk material storage sheds at Geraldton Port, two rail sidings at Ruvidini and Perenjori, and residual mining assets and obligations at the Extension Hill Iron Ore Mine.

The assets Fenix acquired at the completed Extension Hill Iron Ore Mine consisted of a large scale crushing and screening plant, associated equipment, and interests in an operational 138 bed mining camp, which were all on long term care and maintenance following the completion of mining activities by Mount Gibson at Extension Hill in early 2021. As part of the transaction, Fenix also assumed rehabilitation obligations at Extension Hill which had been provisioned in Mount Gibson's accounts for approximately $5 million.

About Terra Mining and the Extension Hill Magnetite Project

Terra Mining is a privately-owned, well-established mining services business with offices in Perth and Kalgoorlie. Under an arrangement with Extension Hill Pty Ltd (**EHPL**), Terra Mining is the operator of the Extension Hill Magnetite Project.

EHPL holds the rights to the magnetite resources beneath and surrounding the decommissioned Extension Hill Iron Ore Mine which was operated by Mount Gibson from 2011 to 2020.

The Extension Hill Magnetite Project is a large-scale mining opportunity and environmental approvals have been received for a large open pit operation,.

Terra Mining and EHPL have identified the opportunity for a low-cost direct shipping ore (**DSO**) Magnetite operation at Extension Hill as part of a phased development approach. Terra Mining has commenced mining activities and is targeting first shipment of DSO magnetite for late 2023.

Commercial Terms of the Transaction

The Transaction will be effected by a tri-partite asset sale Deed between Fenix, Terra Mining and EHPL, whereby EHPL will acquire the Extension Hill mining camp and Terra Mining will acquire all of the other Extension Hill Assets held by Fenix as a result of the Mount Gibson acquisition.

The transaction consideration payable from Terra Mining to Fenix comprises:

- $250,000 payable on the earlier of one month after the first shipment of ore from the Extension Hill Magnetite Project and 12 months after completion; and
- a royalty of $0.50 per tonne of material produced and sold from the Extension Hill Magnetite Project, up to a cap of $1,750,000.

In addition to the cash consideration above, the Transaction relieves Fenix of approximately $5 million of rehabilitation obligations it assumed from Mount Gibson as part of the transaction to purchase MGX's Mid West iron ore assets in July 2023 (refer to announcements dated 29 June 2023 and 24 July 2023).

The Extension Hill Assets to be disposed by Fenix to Terra Mining include:

- crushing and screening plant;
- inventory of crusher spare parts; and
- various contractual rights, consents and authorisations relating to the Extension Hill Assets to be transferred to Terra Mining or its nominee. The assets to be disposed by Fenix to EHPL comprise the camp near Extension Hill, including 138 beds, 34 x 4 room accommodation units and 2 x manager's rooms, dry mess, wet mess, kitchen, gym and workshop.

The key conditions precedent in respect of the Transaction include:

- that the Company completes its acquisition of the Extension Hill Assets under its contract with Mount Gibson;
- the parties entering into a deed of assignment and assumption in respect of the agreements governing the mining rights and related matters; and
- the parties entering into a deed of assignment and assumption in respect of the existing native title agreement.

The Company expects to complete the Transaction early in the December 2023 quarter.

No shareholder approvals are required to give effect to the disposal of the Extension Hill Assets.

Authorised by the Board of Fenix Resources Limited.

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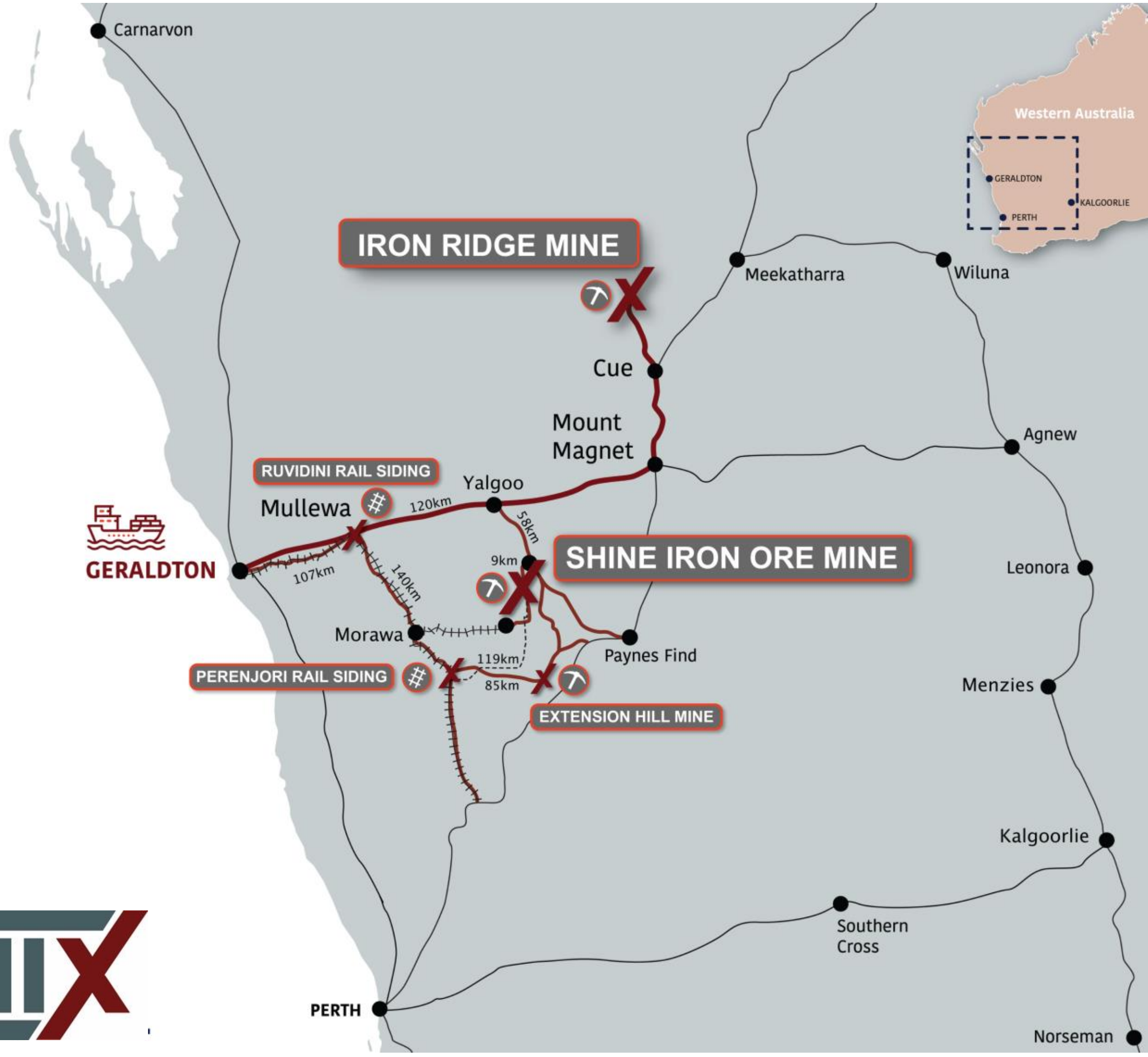

Fenix Resources (ASX: FEX) is a high grade, high margin iron ore producer with assets in the Mid-West mining region of Western Australia.

The Company's 100% owned, flagship Iron Ridge Iron Ore Mine is a premium direct shipping ore deposit located approximately 360km north east of Geraldton that hosts some of the highest grade iron ore in Western Australia.

Production commenced at Iron Ridge in December 2020 and is currently operating at the production run rate of 1.3 million tonnes per annum. Fenix has produced and exported more than 3 million tonnes of premium iron ore, generating excellent cash flow and profitability since commencement of production.

Fenix operates a unique fully integrated mining and logistics business. High quality iron ore products are transported by road to Geraldton using the Company's 100% owned Fenix-Newhaul haulage and logistics business. The Company operates its own loading and storage facilities at the Geraldton Port with storage capacity of up to 400,000 tonnes and loading capacity of more than 5Mt per annum.

The acquisition of Mount Gibson Iron Limited's Mid-West iron ore, port and rail assets in July 2023 significantly expands Fenix's Mid-West asset base and provides an excellent foundation for future growth. The assets acquired include the Shine Iron Ore Mine currently on care and maintenance located 230km east of Geraldton, two on-wharf bulk material storage sheds at Geraldton Port, two rail sidings at Ruvidini and Perenjori, and remaining mining assets and obligations at Extension Hill Iron Ore Mine.

The Company is led by a proven team with deep mining and logistics experience and benefits from strategic alliances and agreements with key stakeholders, including the Wajarri Yamatji people who are the Traditional Custodians of the land on which the Iron Ridge Iron Ore Mine is located.

Fenix is focused on promoting opportunities for local businesses and the community. The Company has generated more than 200 local jobs. Fenix is proud to have a strong indigenous representation in the Company's workforce and to be in partnership with leading contract service providers including MACA Ltd, Alpha 1 WA Pty Ltd, Champion Bay Electrical Ltd, the Schwarze Brothers Pty Ltd, and other leading local and national service providers.