



ASX ANNOUNCEMENT – DISCOVEX RESOURCES LIMITED

03/05/2022

Option Agreements executed with Rio Tinto for the sale of Iron Ore rights at Sylvania.

Potential payments to be made of up to \$9.3M

- **Option Agreements signed with Rio Tinto Exploration to explore for iron ore at the Sylvania Project.**
- **Potential total consideration of up to \$9.3M, inclusive of option extension fees and option exercise payments, plus a royalty on future production.**
- **Rio Tinto to acquire the iron ore rights only. Ownership of all other minerals to remain unaffected.**
- **Data sharing to help advance the gold and base metal potential of the project.**

Putting the Explore back into Modern Exploration

DiscovEx Resources Limited (ASX: DCX, DiscovEx or the Company) is pleased to announce that it has executed two binding Option Agreements with Rio Tinto Exploration Pty Ltd (RTX or Rio Tinto), a wholly owned subsidiary of the global metals and mining group of Rio Tinto Limited. Both Agreements give Rio Tinto the option to acquire 100% of the iron ore rights of four tenements held within the Sylvania Project, located approximately 15km southwest of Newman, WA.

The Option Agreements will allow Rio Tinto to explore and investigate potential development opportunities within the tenements, inclusive of the Spearhole detrital iron ore deposit.

DCX Managing Director, Toby Wellman, commented:

“Attracting a tier one global miner to explore the iron ore potential at Sylvania speaks volumes about the quality of the tenement package DiscovEx has been able to accumulate over the past 2 years. Rio has the infrastructure network and industry knowledge to maximise the value of these assets. Not only is this an opportunity for DCX to monetise the iron ore assets held within the project, but we also see the advantages of data sharing with Rio to progress our main focus, that being the discovery of gold and base metals resources.”

Key Terms of the Option Agreement

Two Binding Option Agreements between DiscovEx and Rio Tinto have been executed over four Exploration Licences which form part of DiscovEx's broader Sylvania Project in the Pilbara Region of Western Australia. The first Agreement covers the existing known Spearhole detrital iron ore deposit ("**Spearhole Agreement**") with the second Agreement to include three tenements that covers the broader exploration area ("**Sylvania Agreement**") inclusive of several outcropping banded iron-ore ridges and potential buried detrital iron deposits. Both Agreements give Rio Tinto the rights to explore, evaluate and develop iron ore mineralisation within the areas of interest.

Spearhole Agreement

The Spearhole Agreement includes tenement E52/3780, on which the Spearhole detrital iron ore deposit is located, for which exploration results were previously reported by Dynasty Metals Australia¹. (1- refer ASX:DMA announcements at www.dmaltd.com.au).

Key terms of the Spearhole Agreement are summarised below²:

- Option Payment:
 - \$67,500 for a 2-year Initial Option Period.
- Option extension fees of:
 - \$180,000 per year for an additional 2-year Option Period.
 - \$225,000 per year for an additional 2-year Option Period.
- Option Exercise Fee of:
 - \$7,200,000 - Payable at any time during the Option Period.
- Upon exercise of the Option, a Free on Board (FOB) Royalty of 0.9% to be paid for the first 20 years of production.

2. E52/3780 is subject to a JV Agreement between Lighthouse Resource Holdings and Crest Investment Group 3 Pty Ltd. Certain payments exclusive of those listed above are to be paid to Crest in line with the 90% DCX:10% Crest tenement ownership.

Sylvania Agreement

The Sylvania Agreement includes tenements E52/3365, E52/3366 and E52/3980. All tenements are owned 100% by Lighthouse Resource Holdings Pty Ltd (a 100% owned subsidiary of DCX), however a royalty is held by Gateway Mining Limited (**ASX:GML or Gateway**) over tenements E52/3365 and E52/3366. This royalty will be subject to a variation as it relates to iron ore in the event the Option is exercised and is detailed below.

Key terms of the Sylvania Agreement are summarised below with payments split between DiscovEx and Gateway as follows:

- Option Payment:
 - \$50,000 for a 2-year Initial Option Period (\$40,000 – DCX and \$10,000 – GML)
- Option extension fees of:
 - \$50,000 per year for an additional 4-year Option Period (\$40,000 – DCX and \$10,000 – GML).
- Option Exercise Fee of:
 - \$1,150,000 - Payable at any time during the Option Period (\$1.050M – DCX and \$100,000 GML).

- Upon exercise of the Option, a Free on Board (FOB) Royalty of 1% to be paid for the first 12 years of production on tenements E52/3365 and E52/3366, to be split 0.4% DCX and 0.6% GML. A Free on Board (FOB) Royalty of 1% to be paid for the first 12 years of production on tenement E52/3980, payable to DCX.

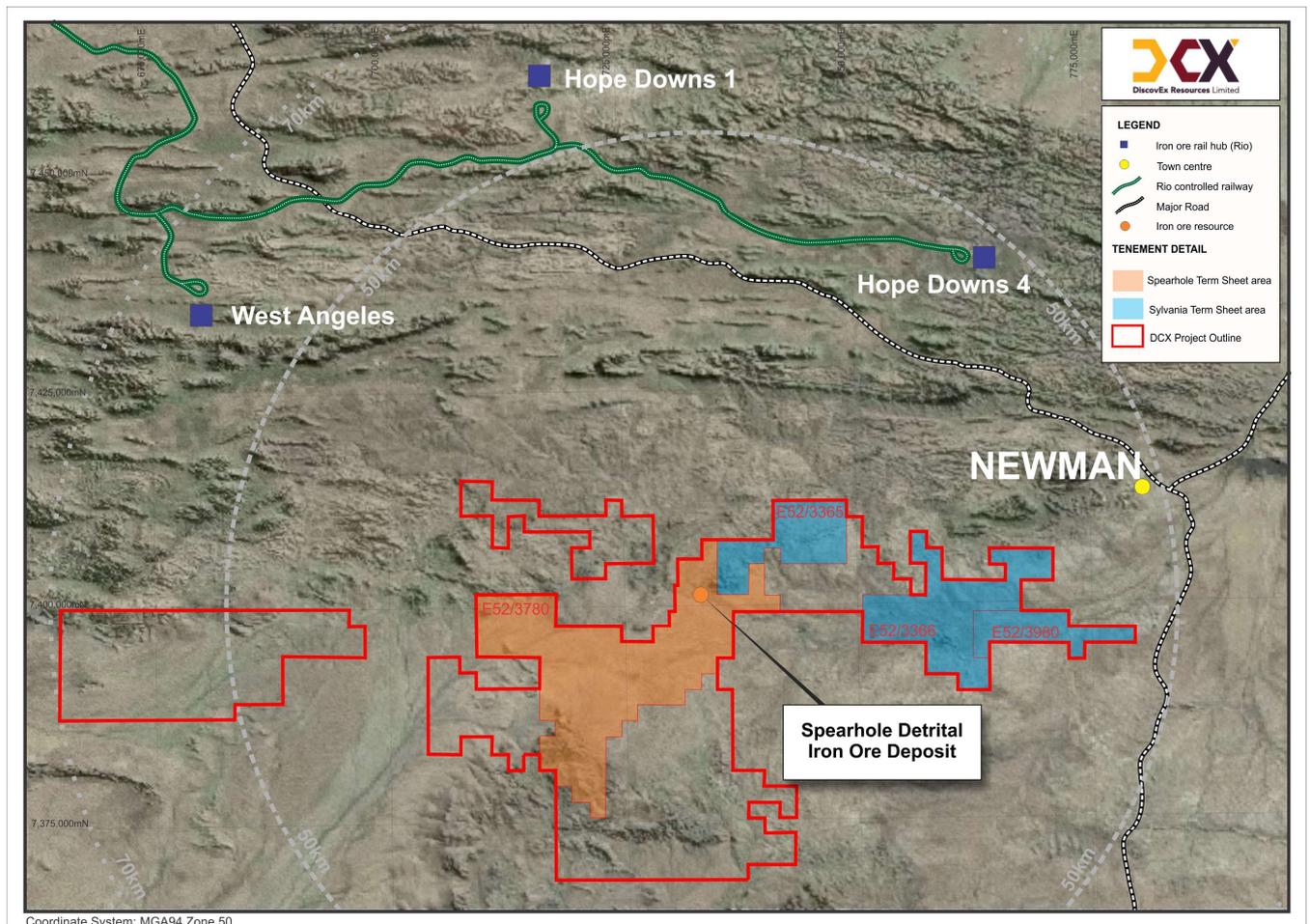


Figure 1: Location of DCX Sylvania Project relative to surrounding Rio Tinto infrastructure

Competent Person's Statement

The information in this announcement that relates to Exploration Results is based on and fairly represents information and supporting documentation compiled by Mr Toby Wellman, a competent person who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Wellman has sufficient experience that 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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Wellman is the Executive Technical Director and Exploration Manager of DiscovEx Resources Limited and consents to the inclusion in this announcement of the Exploration Results in the form and context in which they appear.

The forward-looking statements in this announcement are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward-looking statements in this announcement. Forward looking statements generally (but not always) include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

Authorised for release by and investor enquiries to:

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