Fenix Resources Limited
ASX:FEX

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Half Year Financial Results for six months to 31 December 2021

Strong operational performance underpins $14m net profit after tax

Iron Ore price received averaged US$126/t in the period compared with current spot prices of more than US$158/t

Highlights

- **Revenue of $114.6m drives Operating Profit before tax of $19.9m**
- **Net Profit after tax of $14m**
- **Outstanding production performance at the Iron Ridge Mine in WA, with total iron ore sales of 698,000 wet metric tonnes in the period (wmt), comprising 386,000wmt of lump and 312,000wmt of fines**
- **C1 Cash costs of A$90.52/wmt in line with expectations**
- **Average price received of A$116/t FOB (US$126/t on a CFR Basis and US$92/t FOB)**
- **Iron Ridge achieved cumulative sales of 1 million dry metric tonnes on 1 December 2021**
- **Cashflow from operations of $14.3m before mine development expenditure of $5m and exploration costs of $100,000**
- **Cash of $54.6m at 31 December 2021 after paying $24.1m in dividends during the period**
- **Strong outlook for positive full year results based on current high spot iron ore prices and ongoing excellent performance across the Fenix business**
- **Dividend policy reaffirmed with decision on a final dividend for the current financial year to be made in September**
- **Fenix will host an investor conference call today at 11am Sydney time (8am Perth time). The call can be accessed at** https://webcast1.boardroom.media/watch_broadcast.php?id=6227efbbb783f

Western Australian high-grade iron ore producer, Fenix Resources Limited (ASX: FEX), is pleased to report a $14 million net profit after tax for the six months to December 31, 2021.

Fenix generated an outstanding production performance during the period at its Iron Ridge iron ore project in Western Australia's Mid-West, culminating in the achievement of one million dry metric tonnes of cumulative project sales on 1 December 2021.

During the half-year, Fenix loaded 12 ships with a total of 697,980 wet metric tonnes (wmt) of iron ore from Iron Ridge (386,239 wmt of lump and 311,741 wmt of fines).

C1 cash costs for the period averaged slightly more than A$90 per tonne, in line with expectations given the focus on stripping waste at the pit and higher input costs.

As at 31 December 2021, Fenix has shipped 1,198,573 wmt of product from its Iron Ridge Project.

Fenix has a dividend policy of distributing between 50% and 80% of after-tax profits as fully franked dividends, subject to the availability of franking credits. Subject to this policy, and as previously indicated, an interim dividend was not considered due to the unavailability of franking credit balances. Given the projected profitability for the second half, and the associated taxation consequences, the Company expects to have franking credits available for the declaration of a final dividend for the full financial year. A decision on a final dividend for the current financial year will be made in September based on the full year results and subject to the Company's circumstances at the time.

Fenix Managing Director Rob Brierley said the strong ongoing operational performance at Iron Ridge generated profitability during a period which was challenged by lower iron ore prices.

"The high quality of our iron ore products combined with our ability to manage costs and maintain planned production rates has resulted in a positive first half performance from Fenix," Mr Brierley said.

"Fenix's high grade iron ore shipments realised an average CFR price of US$126/dmt during the six month period. The recent recovery in the benchmark price resulted in the Company realising an average CFR price of US$139/dmt during the first two months of this calendar year and this is only improving with the current strength in the spot iron ore price which is now above US$158/t."

"Additionally, shipping costs averaged US$34/dmt in the period under review but have averaged less than US$26/dmt so far this period, effectively delivering an extra margin of US$8/dmt for Fenix."

"The current high iron ore price environment, supported by Fenix's hedging arrangements which extend into the next financial year, combined with strong performance from our mining, haulage, and port operational teams, provides confidence in a positive full year result for Fenix."

As at 31 December Fenix held $54.9m in cash and had no bank debt. Closing cash balance as at 28 February 2022 totalled $74.6m representing strong operating cashflows in January and February based on higher iron ore prices.

For complete details of the Company's financial performance for the half year ended 31 December 2021, please refer to the Interim Financial Report released by Fenix today.

Fenix will host an investor conference call today at 11am Sydney time (8am Perth time). The call can be accessed at https://webcast1.boardroom.media/watch_broadcast.php?id=6227efbbb783f

Authorised by the Board of Fenix Resources Limited.

For further information, contact:

Rob Brierley
Managing Director
Fenix Resources Limited

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 Whishaw, 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 Whishaw 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.