

QUARTERLY REPORT

For the period ending
30 June 2023



31 July 2023

JUNE 2023 QUARTERLY ACTIVITIES REPORT

C1 Cash Costs decreased to A\$79.63/t

Cash increased to A\$76 million

**Game-changing transaction announced to acquire Mount Gibson's
Mid-West iron ore, rail and port assets**

**Three million tonne production milestone achieved with net
operating margin exceeding A\$52/t**

Hedge book extended to December 2023

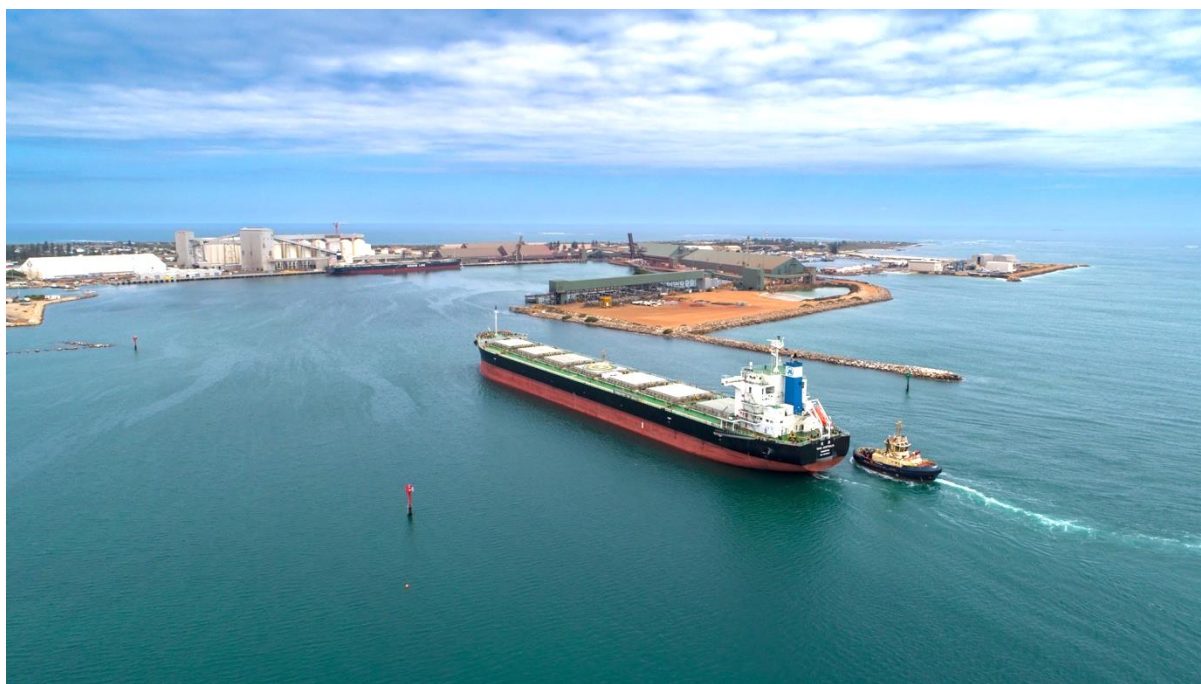
HIGHLIGHTS

- Six shipments totalling 351,828 wet metric tonnes (wmt) of iron ore from Fenix's 100% owned Iron Ridge Mine in Western Australia were sold during the quarter, consisting of 141,898 wmt of lump and 209,930 wmt of fines.
- C1 Cash Costs decreased by 5.1% to A\$79.63/wmt shipped FOB Geraldton (Mar Q: A\$83.9), equivalent to US\$53/wmt (Mar Q: US\$57/wmt).
- Average CFR price received, pre-hedging and quotation period price adjustments, of US\$116 per dry metric tonne (dmt), equivalent to A\$174/dmt CFR (Mar Q: US\$127/dmt).
- Shipping costs of US\$18.8/dmt (Mar Q: US\$17.4/dmt), equivalent to A\$28/dmt (Mar Q: A\$25/dmt).
- Net C1 operating margin, excluding hedge and quotation period adjustment, of ~A\$60/dmt (Mar Q: ~A\$71/dmt).
- Cash as at 30 June 2023 increased to A\$76.1 million (31 Mar 2023: A\$68.9 million).
- Fenix announced the acquisition of Mount Gibson's Mid-West iron ore, rail and port assets, expanding the Company's existing business to maximise long-term value for shareholders.
- Fenix achieved the significant production milestone of three million dry metric tonnes of high-grade iron ore sales only 28 months from first production.
- Hedge book extended out to December 2023 with cover of 50,000 tonnes per month from July 2023 through to December 2023 at a fixed price of A\$170.10 per dmt.

"Fenix continues to generate strong positive cashflow while strengthening our unique advantage in the Mid-West as a fully integrated mining, haulage, rail and logistics business."

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Fenix Resources Limited (ASX: FEX) (Fenix or the Company) is pleased to report on activities for the quarter ending 30 June 2023 (**June Quarter**). The Company shipped 351,828 wmt of high-grade iron ore and reduced C1 cash costs by a further 5.1% during the quarter to ~A\$79.6/wmt. Despite lower prevailing iron ore prices during the quarter, the Company generated an impressive net C1 operating margin, excluding hedge and quotation period adjustment, of ~A\$60/dmt.



Fenix has shipped 3 million tonnes of high quality iron ore from the Iron Ridge Mine at a net operating of ~A\$52/t using Company-owned facilities at Geraldton Port

MANAGEMENT SUMMARY

“An outstanding and exciting quarter for Fenix with further operating cost reductions resulting from excellent production performance and the ongoing benefits of Fenix-Newhaul’s efficient haulage operations. The recent acquisition of Mount Gibson’s Mid-West iron ore, rail and port assets expands our unique advantage in the Mid-West as a fully integrated mining, haulage, rail and logistics company.”

JOHN WELBORN

Chairman

IRON RIDGE PROJECT - OPERATIONS

Health & Safety

Fenix is committed to maintaining a safe work environment for all personnel. During the June Quarter, the Company recorded no Lost Time Injuries in mining operations.

Mining & Production

During the June Quarter, Fenix loaded six ships with a total of 351,828 wmt of iron ore from Iron Ridge (141,898 wmt of lump and 209,930 wmt of fines), with completion dates of 16 April, 26 April, 15 May, 27 May, 1 June and 25 June 2023.

To date, Fenix has shipped 3,199,602 wmt (3,033,586 dmt) of product from the Iron Ridge Iron Ore Mine.

Average grade shipped during the June Quarter was 64.4% Fe for lump product (previous quarter: 64.2%) and 63.3% Fe for fines (previous quarter: 62.9%), again demonstrating the unique high-grade high-quality nature of the Iron Ridge ore body.

The current project-to-date lump to fines ratio of 45%:55% continues to be significantly higher than the life-of-mine assumed average of 25%:75%.

Production Summary

Production Summary (k wmt)	Jun Q FY23	Mar Q FY23	Dec Q FY23	Project to Date
Ore Mined	362.1	327.1	416.8	3,429.2
Lump Ore Produced	161.2	137.7	167.6	1,539.5
Fine Ore Produced	182.0	189.7	197.0	1,784.2
Lump Ore Hauled	144.9	148.4	149.5	1,455.6
Fine Ore Hauled	208.2	184.0	185.8	1,774.3
Lump Ore Shipped	141.9	151.7	132.8	1,433.7
Fine Ore Shipped	209.9	199.2	165.7	1,765.9
C1 Cash Cost (A\$/wmt Shipped FOB)	79.6	83.9	77.8	85.5

Performance at a Glance

Item	Unit	Jun Q FY23	Mar Q FY23	Dec Q FY23
Lump product sales	k wmt	142	152	133
Fines product sales	k wmt	210	199	166
Total Ore Sales	k wmt	352	351	298
Platts 62% Fe CFR price, average	US\$/dmt	111.0	125.5	99.0
Average Realised CFR price	US\$/dmt	116.3	126.8	101.0
	A\$/dmt	174.0	185.3	153.7
Average Freight cost	US\$/dmt	(18.8)	(17.4)	(21.7)
	A\$/dmt	(28.2)	(25.5)	(33.0)
Average Realised FOB price	US\$/dmt	97.4	109.4	79.3
(pre-QP Adjustments & hedging)	A\$/dmt	145.8	159.8	120.7

Operating Financial Performance

Unaudited C1 FOB Geraldton Cash Costs for the June Quarter were A\$79.63 per wmt shipped, equivalent to ~US\$53/wmt. Cash Costs were 5.1% lower than the previous quarter primarily due to the efficiency of Fenix-Newhaul's haulage operations.

Iron ore markets remained volatile during the quarter with the average CFR price received by Fenix, prior to hedging returns and quotation period price adjustments, reducing to US\$116/dmt (Mar Q: US\$127/dmt). Fenix's received CFR iron ore price was slightly better than the quarterly average 62% Fe CFR index market price of US\$111/dmt (Mar Q: US\$126/dmt). Pleasingly, iron ore markets remain resilient, with the 62% Fe index price currently trading around US\$110/dmt.

Sea freight costs increased 8% during the quarter to US\$18.8/dmt (equivalent to ~A\$28/dmt).

Fenix's C1 operating margin, not including hedging and quotation period adjustments, for the June Quarter was ~A\$60/dmt. The C1 operating margin is calculated as the Average Realised FOB price less C1 Cash Costs, calculated on an equivalent dry metric ton basis for the period.

Cash as at 30 June 2023 increased to A\$76.1 million. Cash flows during the quarter included the following material items:

- Further FY23 income tax prepayments of ~\$4.4 million. As from 1 July 2023, Fenix has moved to a monthly income tax prepayment model; and
- Net capital expenditure of ~\$0.3 million related to new prime mover trucks acquired, net of older trucks disposed of as part of the Company's fleet replacement program and the maintenance of a state-of-the-art haulage fleet. As at 30 June 2023, the asset value of Fenix-Newhaul's haulage fleet and associated infrastructure was ~A\$32 million offset by debt obligations totalling ~A\$21 million.

The cash flows generated during the quarter did not include:

- Sales receipts of ~A\$8.8 million for the last shipment for the quarter which sailed on 25 June 2023 as the funds for this shipment were received in early July 2023; and
- The \$10m payable for the acquisition of Mount Gibson's Mid-West iron ore and port assets as these funds were only deployed upon closing of the transaction in late July 2023.



Iron Ridge Mine – July 2023

ACQUISITION OF MOUNT GIBSON'S MID-WEST ASSETS

On 29 June 2023, Fenix announced that it had entered into a binding agreement with Mount Gibson to acquire its Mid-West iron ore, rail and port assets. The assets that Fenix has acquired are:

- Shine Iron Ore Mine – Operational iron ore mine currently on care and maintenance with a Mineral Resource Estimate of 15 million tonnes at 58% Fe (see ASX announcement dated 29 June 2023).
- Two On-Wharf Storage Sheds at Geraldton Port – Excellent infrastructure consisting of Shed 4 with storage capacity of 120,000 tonnes and Shed 5 with storage capacity of 240,000 tonnes both with in-loading access via truck or rail.
- Two Mid-West rail sidings - Ruvindini and Perenjori rail sidings providing access to the main Mid-West rail network connecting to Geraldton Port and assembly locations for product storage and blending activities.
- Assets at the Extension Hill Iron Ore Mine – Large scale operational crushing and screening plant, associated equipment, and interests in an operational 138 bed mining camp, all currently on care and maintenance.

The transaction provides Fenix opportunity to:

- Reduce the cost of the Company's existing Iron Ridge production, with C1 Costs Savings of \$5 per tonne targeted on Iron Ridge production;
- Expand production from Iron Ridge, unlocked via a 400% increase in Fenix's Geraldton port capacity;
- Re-commission the Shine Iron Ore Mine (**Shine**) as a second production asset, with a 15 million tonne increase in iron ore resource base offering the potential to market high quality blended iron ore products;
- Create a substantial new revenue generating business from the provision of logistics solutions, including access to rail as an alternative to existing haulage solutions, to current and future Mid-West bulk commodity producers, diversifying Fenix's revenue base; and
- Benefit from the expected growth in bulk commodity production and export in the Mid-West, to be achieved via Fenix's new port agreements with the Mid West Ports Authority (**MWPA**) and aligned to the MWPA's growth and expansion objectives which aims to grow export volumes through Geraldton Port by more than 10 million tonnes per annum.

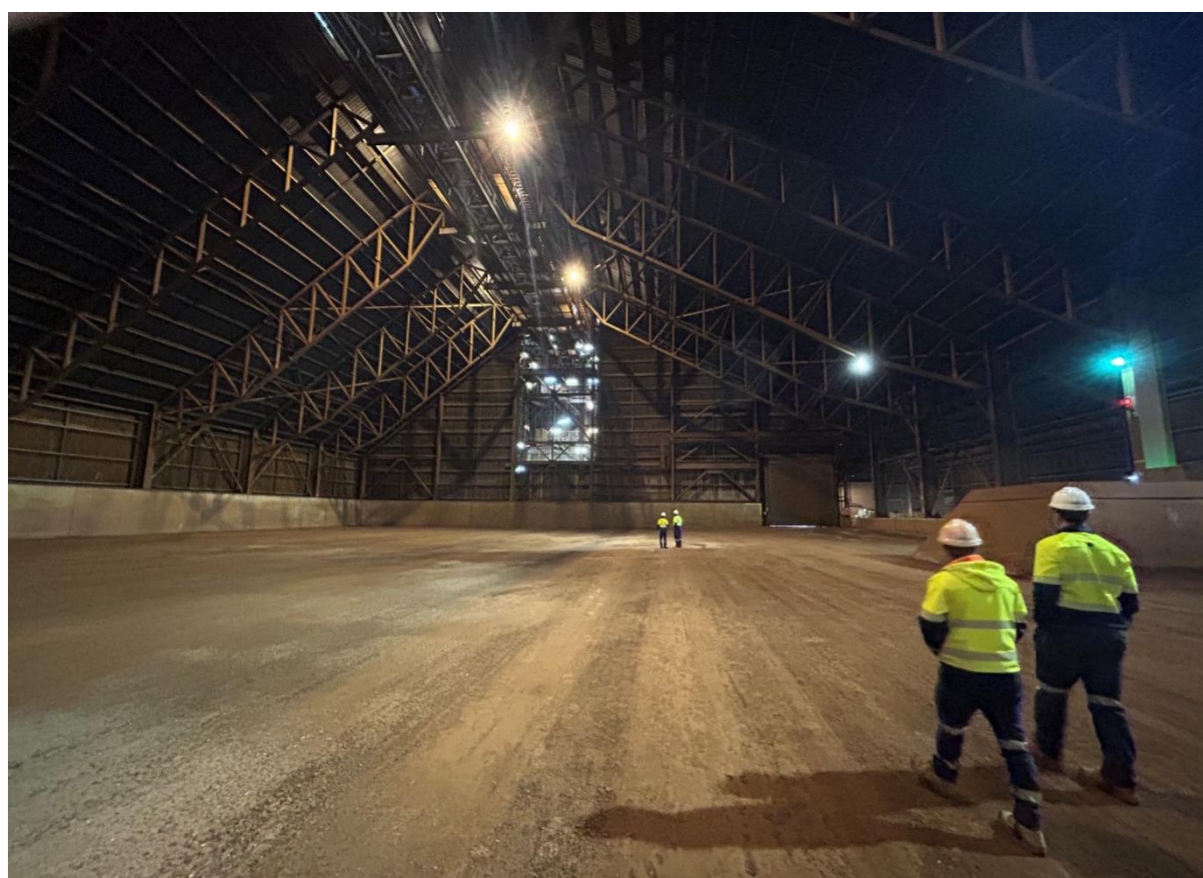
Refer to ASX announcements dated 29 June 2023 and 24 July 2023 for further information on the transaction, which completed in late July 2023.



Shine Iron Ore Mine, mid-2021



Fenix's Geraldton Port infrastructure



Fenix's Shed 5 with in-loading access via truck or rail and capacity of 240,000 tonnes

CORPORATE

Three million tonne production milestone

In late June 2023, Fenix announced that it had successfully shipped its three millionth dry metric tonne of product from the Iron Ridge mine. This was achieved within 28 months of the first sale of Iron Ridge product and at an unaudited net operating margin of ~A\$52 per dmt shipped, demonstrating the excellent performance of Fenix's hard-working team of staff and contractors and Fenix's capabilities as a fully integrated mining, haulage, ras business.

Hedging

Fenix has an active hedging program which is designed to manage iron ore price risk and protect the Company's strong operating margins.

During the June quarter, Fenix took advantage of a short term iron ore prices increase to expand the Company's hedge book by a further 10,000 dmt. As a result, the Company has now secured hedges of 50,000 dmt of iron ore per month from July 2023 through to December 2023 at a fixed price of A\$170.10 per dmt. These hedging arrangements are structured as swap contracts facilitated by Macquarie Bank Limited and are based on the Monthly Average Platts TSI 62 Index converted to AUD for the relevant month. Cash settlement under the hedge contracts occurs 5 business days after the end of each month.

During the June Quarter, a total of ~A\$0.1 million was paid for the three hedging contracts settled (March 2023, April 2023 and May 2023).

Quotation Period Adjustments

During the June quarter, market iron ore prices declined. As a result, quotation period price adjustments arising from the prior quarter's shipments resulted in a total cash outflow of US\$1.0 million (~A\$1.5 million). For comparison purposes, during the March 2023 quarter, where market iron ore prices increased from the previous quarter, quotation period price adjustments resulted in a total cash inflow of US\$3.3 million (~A\$4.8 million).

Capital Structure

During the June Quarter, new shares were issued in respect of the conversion of the Class D performance shares as well as the payment of the first milestone shares to Newhaul Pty Ltd. Refer to the announcement issued on 27 June 2023 for further information.

In accordance with ASX Listing Rule 5.3.5, \$805,338 in payments were made to related parties or their associates during the quarter, comprising Executive Director salaries, superannuation and bonus payments, Non-Executive Director fees and superannuation payments, as well as Fenix-Newhaul payments to Newhaul (an entity associated with Fenix Director Mr Craig Mitchell).

Business Development

Fenix operates a unique fully integrated mining and logistics business. Following the Mount Gibson transaction, Fenix has received a number of expressions of interest from third parties seeking logistics solutions for assets located in the Mid-West. Fenix will continue to actively explore both these as well as other new regional opportunities for exploration, development and production, either in collaboration with third parties and/or the acquisition of quality mineral projects and mining infrastructure assets in the Mid-West, with a view to either expand the Company's resource base so as to extend the mine-life of existing mining, haulage and port operations and/or expanding existing production volumes.

Growth Opportunities and Dividend Policy

Fenix adopted a dividend policy in August 2021 which provided that the Company would distribute between 50% and 80% of after-tax profits as fully franked dividends, subject to the availability of franking credits. This policy was adopted following the Company commencing production from Iron Ridge in December 2020 and reaching steady state production in March 2021. At the time of adopting the dividend policy the Company had successfully established a sustainable iron ore business on-time and on-budget and was committed to maximising returns to shareholders from available positive cashflows and did not foresee any significant future funding requirements either to sustain production or to fund future growth.

The acquisition of Mount Gibson's Mid-West iron ore, port and rail assets is a game-changing transaction which 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 which provides an opportunity for Fenix to expand iron ore production. In addition, the on-wharf bulk material storage sheds at the Geraldton port, and the two rail sidings at Ruvidini and Perenjori, provide additional opportunities to establish cash generating future business through the provision of third-party logistics solutions of rail access and port storage in addition to Fenix's existing capabilities in road haulage.

Fenix has a strong balance sheet with significant cash reserves and the ongoing disciplined performance of the business, supported by the Company's hedging activities, provides a strong base for the funding of future growth opportunities. Fenix intends to investigate funding structures appropriate for future growth opportunities as they develop.

The Board of Fenix remains committed to rewarding shareholders and maximising positive shareholder returns. Recognising the exciting growth opportunities ahead for Fenix and the need to appropriately fund the business, the Board has updated the Company's dividend policy to provide that Fenix will consider the declaration of a dividend on an annual basis based on the full financial year profitability of the Company and with regard to the future funding requirements of the business and the availability of franking credits.

Authorised by the Board of Fenix Resources Limited.

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Tenement Schedule

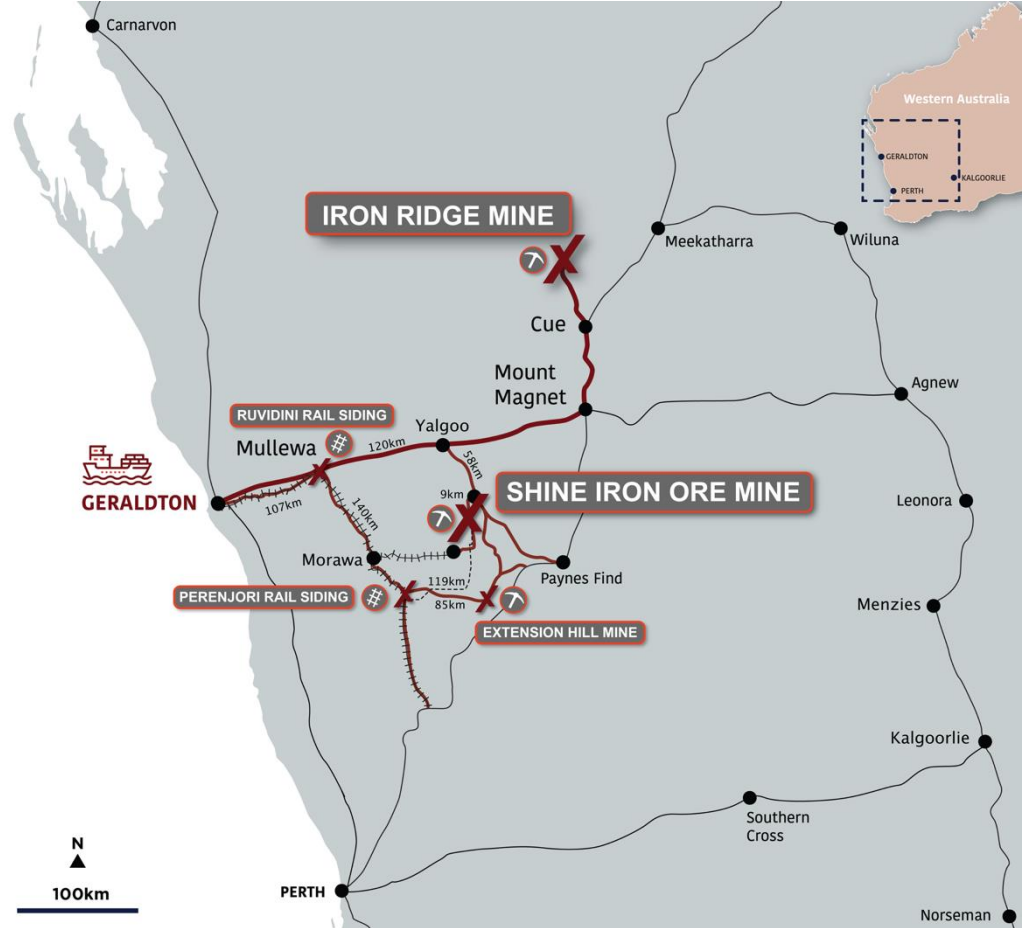
The Company's interests in tenements are set out below:

Location	Project	Tenement No.	Interest at Beginning of Quarter	Interest at End of Quarter
Western Australia	Iron Ridge	M20/118-I	100%	100%
Western Australia	Iron Ridge	E20/936	100%	100%
Western Australia	Iron Ridge	L20/83	100%	100%
Western Australia	Iron Ridge	L20/84	100%	100%
Western Australia	Iron Ridge	L20/85	100%	100%
Western Australia	Iron Ridge	G20/28	100%	100%
Western Australia	Pharos	E20/948	100% of Iron Ore rights	100% of Iron Ore rights
Western Australia	Pharos	E20/953	100% of Iron Ore rights	100% of Iron Ore rights

Note: Excludes interests in tenements acquired post 30 June as part of the Mount Gibson transaction.

Competent Person Statement

The information in this announcement relating to the Shine Mineral Resources is based on information compiled by Ms Elizabeth Haren, a Competent Person who is a member and Chartered Professional of the Australasian Institute of Mining and Metallurgy and member of the Australian Institute of Geoscientists. Ms Haren is a consultant to Fenix Resources Limited. Ms Haren has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcement on 29 June 2023 and all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Mineral Resource comprises 5.1Mt Measured, 6.3Mt Indicated and 3.6 Inferred.



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 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.