



**FENIX RESOURCES LIMITED**

ABN 68 125 323 622

**ANNUAL REPORT**

FOR THE YEAR ENDED

30 JUNE 2023

## CORPORATE DIRECTORY

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### Directors

John Welborn *Chairman*  
Garry Plowright *Non-Executive Director*  
Craig Mitchell *Non-Executive Director*

### Company Secretary

Shannon Coates

### Share Registry

Automic Registry Services  
Level 5, 191 St Georges Terrace  
Perth WA 6000  
Telephone: 1300 288 664  
Facsimile: +61 2 9698 5414

### Stock Exchange Listing

Australian Securities Exchange  
ASX Code – FEX

### Registered and Principal Office

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West Perth WA 6005  
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Email: [info@fenixresources.com.au](mailto:info@fenixresources.com.au)  
Web: [www.fenixresources.com.au](http://www.fenixresources.com.au)

### Auditor

Grant Thornton Audit Pty Ltd  
Central Park  
Level 43, 152-158 St Georges Terrace  
Perth WA 6000

### Bankers

National Australia Bank Limited  
50 St Georges Terrace  
Perth WA 6000

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## DIRECTORS' REPORT

The Directors present the financial report for the consolidated entity consisting of Fenix Resources Limited (**Company** or **Fenix**) and the entities it controls (**Consolidated Entity** or **Group**) at the end of, or during, the year ended 30 June 2023.

### PRINCIPAL ACTIVITIES

The principal activity of the Group is to explore, develop and mine mineral tenements in Western Australia's Mid-West and the provision of related transport logistics.

### REVIEW OF OPERATIONS

During the year ended 30 June 2023, Fenix Resources Limited (**Fenix** or **the Company**) continued to build on its proven track record of strong operational performance at the Iron Ridge iron ore mine (**Iron Ridge Mine**) in Western Australia's Mid-West, which resulted in the shipment of more than 1.36 million wet metric tonnes (**wmt**) of high-quality iron ore.

#### Health and Safety

The Company is committed to maintaining a safe work environment and operating in a responsible manner that protects the health, safety and wellbeing of our people, contractors and communities. To achieve our commitment, the Company recognises the importance of maintaining a robust safety culture and continually improving its safety performance.

During the year ended 30 June 2023, the Company recorded:

- No Lost Time Injuries (**LTI**) at its Iron Ridge Mine and its Geraldton port operations; and
- One (1) LTI at Fenix-Newhaul, relating to a driver descending steps and injuring his shoulder.

#### Mining and Production

| Production Summary                    |             |            |            |            |            |
|---------------------------------------|-------------|------------|------------|------------|------------|
| Production Summary (kwmt)             | June Q FY23 | Mar Q FY23 | Dec Q FY23 | Sep Q FY23 | Total FY23 |
| Ore Mined                             | 362.1       | 327.1      | 416.8      | 368.6      | 1,474.5    |
| Lump Ore Produced                     | 161.2       | 137.7      | 167.6      | 155.4      | 622.0      |
| Fine Ore Produced                     | 182.0       | 189.7      | 197.0      | 195.3      | 764.0      |
| Lump Ore Hauled                       | 144.9       | 148.4      | 149.5      | 130.3      | 573.1      |
| Fine Ore Hauled                       | 208.2       | 184.0      | 185.8      | 196.2      | 774.2      |
| Lump Ore Shipped                      | 141.9       | 151.7      | 132.8      | 138.0      | 564.3      |
| Fine Ore Shipped                      | 209.9       | 199.2      | 165.7      | 222.9      | 797.8      |
| C1 Cash Cost<br>(A\$/wmt Shipped FOB) | 79.6        | 83.9       | 77.8       | 84.1       | 81.5       |

| Performance at a Glance                                   |          |             |            |            |            |            |
|-----------------------------------------------------------|----------|-------------|------------|------------|------------|------------|
| Item                                                      | Unit     | June Q FY23 | Mar Q FY23 | Dec Q FY23 | Sep Q FY23 | Total FY23 |
| Lump Product Sales                                        | k wmt    | 142         | 152        | 133        | 138        | 564        |
| Fines Product Sales                                       | k wmt    | 210         | 199        | 166        | 223        | 798        |
| Total Ore Sales                                           | k wmt    | 352         | 351        | 298        | 361        | 1,362      |
| Platts 62% Fe CFR Price, Average                          | US\$/dmt | 111.0       | 125.5      | 99.0       | 103.3      | 109.6      |
| Average Realised CFR price                                | US\$/dmt | 116.3       | 126.8      | 101.0      | 105.2      | 112.7      |
|                                                           | A\$/dmt  | 174.0       | 185.3      | 153.7      | 153.9      | 167.3      |
| Average Freight Cost                                      | US\$/dmt | (18.8)      | (17.4)     | (21.7)     | (26.6)     | (21.2)     |
|                                                           | A\$/dmt  | (28.2)      | (25.5)     | (33.0)     | (38.9)     | (31.4)     |
| Average Realised FOB Price (pre-QP Adjustments & hedging) | US\$/dmt | 97.4        | 109.4      | 79.3       | 78.6       | 91.5       |
|                                                           | A\$/dmt  | 145.8       | 159.8      | 120.7      | 115.0      | 135.9      |

## DIRECTORS' REPORT (continued)

During the year ended 30 June 2023, Fenix loaded a total of twenty-three (23) ships with a total of 1.36 million wmt of iron ore from the Iron Ridge Mine (564,345 wmt of lump and 797,757 wmt of fines).

As at 30 June 2023, Fenix had shipped a total of approximately 3,199,602 wmt (3,033,586 dry metric tonnes (**dmt**)) of product from the Iron Ridge Mine since inception.

Average grade shipped for the year was 64.4% Fe for lump product (FY22: 64.3%) and 62.7% Fe for fines (FY22: 61.9%), further displaying the unique high-grade, high-quality nature of the Iron Ridge Mine ore body.

The 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%.

### Financial Performance

The Group made a net profit after tax of \$29,253,182 for the financial year ended 30 June 2023 (30 June 2022: \$50,694,454).

Iron ore markets remained volatile during the year with the average CFR price received by Fenix, prior to hedging returns and quotation period price adjustments, reducing to US\$113/dmt (FY22: US\$141/dmt). Fenix's received CFR iron ore price was slightly better than the annual average 62% Fe CFR index market price of US\$110/dmt (FY22: US\$138/dmt). Pleasingly, iron ore markets remain resilient, with the 62% Fe index price currently trading above US\$110/dmt.

Sea freight costs decreased 34% during the year to US\$21.2/dmt (equivalent to ~A\$31/dmt).

C1 FOB Cash Costs for the year reduced to A\$81.51 per wmt shipped, compared to A\$88.83 the previous year, an 8% decrease. This significant decrease in operating costs is a remarkable achievement for Fenix given the material cost inflation experienced by the West Australian mining industry during the period. The reduction in Fenix's C1 FOB Cash Costs was made possible by the consolidation of the ownership of the Fenix-Newhaul Joint Venture and the resulting savings of more than A\$10 per wmt that directly resulted from this transaction.

Fenix's C1 operating margin, not including hedging and quotation period adjustments, for the year was ~A\$49/dmt (FY22: ~A\$57/dmt). The C1 operating margin is calculated as the Average Realised FOB price less C1 Cash Costs, calculated on an equivalent dmt basis for the period.

At 30 June 2023, the Group had net assets of \$124,837,216 (30 June 2022: \$108,221,265) and cash assets of \$76,328,189 (30 June 2022: \$101,675,767).

Net operating cash flows for the year were \$16.3m (FY22: \$62.3m) and included corporate tax payments of \$29.6m made during the year, which included a \$16.4m payment associated with the FY22 tax year. Net operating cash flows for the year did not include:

- Sales receipts of ~\$8.8m for the last shipment of the year 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 Iron Limited's (**Mount Gibson**) Mid-West iron ore and port assets as these funds were only deployed upon closing of the transaction in late July 2023.

### 3 millionth tonne milestone

In late June 2023, Fenix announced that it had produced and sold its three millionth dmt from the Iron Ridge Mine at an average net margin of A\$52/t for the project to date. This milestone was achieved within 28 months of first sales as a result of the excellent work from Fenix's hard-working staff and contractors and Fenix's capabilities as a fully integrated mining, logistics and haulage business.

### Fenix-Newhaul Haulage Joint Venture

On 22 July 2022, Fenix announced that the acquisition of the remaining 50% interest in the Fenix-Newhaul Haulage Joint Venture had been completed. Fenix-Newhaul continues to deliver lower operating costs for Fenix, with additional value

## **DIRECTORS' REPORT (continued)**

expected to materialise following the Mount Gibson transaction as a result of increased operational flexibility as well as the ability to unlock new growth opportunities at the Iron Ridge Mine and other Mid-West assets.

During the year ended 30 June 2023, approximately 1.35 million tonnes of iron ore were hauled by Fenix-Newhaul, slightly higher than budgeted levels as a result of the transition to fully operating via a quad-trailer configuration as well as increased fleet capacity. As at 30 June 2023, Fenix-Newhaul operated twenty-five (25) truck and trailer combinations.

### **Business Development**

Post year-end, the Company completed the acquisition of Mount Gibson Iron Limited's Mid-West iron ore, rail and port assets. Refer to note 32 for further details. Following completion of 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 advance potential logistics business as well as investigate other regional opportunities for exploration, development and production assets. Fenix is seeking to further expand the Company's resource base so as to extend the mine-life of existing mining, haulage and port operations and/or expand existing production volumes either in collaboration with third parties and/or via the acquisition of quality mineral projects and mining infrastructure assets in the Mid-West.

Growth opportunities being considered also include existing mineral assets currently held by Fenix, including the potential for mining of additional resources identified at the Iron Ridge Mine, the newly acquired Shine iron ore mine as well as the Pharos tenements. Fenix is in the process of reviewing all tenements held in order to focus on optimal capital allocation across all growth opportunities.

### **CORPORATE UPDATE**

#### **Dividend Policy and Declaration**

On 31 July 2023, the Company updated its dividend policy such 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."

In accordance with this policy, Fenix has declared a final dividend of 2.0 cents per share for the financial year ended 30 June 2023 (30 June 2022: 5.25c) equating to a total dividend payment of approximately \$13.9 million (30 June 2022: \$28.7m). The record date is 4 September 2023 and the payment date is 15 September 2023.

#### **Board Changes**

On 25 July 2022, Fenix announced that Managing Director, Mr Rob Brierley, had tendered his resignation. Mr Brierley's resignation date was 21 October 2022.

On 1 September 2022, Mr Craig Mitchell was appointed as a Non-Executive Director following the acquisition of the remaining 50% of the Fenix-Newhaul Haulage Joint Venture. Refer to the ASX announcement released on 21 June 2022 for further information.

#### **Hedging**

Fenix has an active hedging program which is designed to manage iron ore price risk and protect the Company's strong operating margins. 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 year, Fenix took advantage of a short term iron ore price increases to expand the Company's hedge book. Hedges in place during the year included:

- July 2022 through to September 2022: 50,000 dmt of iron ore per month at a fixed price of A\$230.30 per dmt.
- October 2022 through to December 2022: 35,000 dmt of iron ore per month at a fixed price of A\$180.65 per dmt.
- January 2023 through to June 2023: 50,000 dmt of iron ore per month at a fixed price of A\$173.25 per dmt.

## DIRECTORS' REPORT (continued)

As at 30 June 2023, the Company has 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.

The sale of iron ore under such hedge instruments is accounted for using the 'own use exemption' under AASB 9 Financial Instruments and as such all hedge revenue is recognised in the Statement of Profit or Loss and no fair value adjustments are subsequently made to sales yet to be delivered under the hedging program.

### Capital

During the year ended 30 June 2023, the Company issued a total of ~118 million fully paid ordinary shares in the capital of the Company as follows:

- 30.0 million fully paid ordinary shares issued upon completion of the acquisition of the remaining 50% interest in the Fenix-Newhaul Haulage Joint Venture (refer ASX announcement dated 21 June 2022);
- 37.5 million fully paid ordinary shares issued upon conversion of Class C Performance Shares following the shipment and sale of two million dmt of iron ore from the Iron Ridge Mine (refer ASX announcement dated 6 October 2022);
- 448,000 bonus shares issued to 112 staff and contractors to reward them for their commitment and loyalty, and recognising the Company's excellent performance during 2022 (refer ASX announcement dated 20 January 2023);
- 30.0 million fully paid ordinary shares issued upon conversion of Class D Performance Shares following the shipment and sale of three million dmt of iron ore from the Iron Ridge Mine (refer ASX announcement dated 27 June 2023); and
- 20.0 million fully paid ordinary shares issued to Newhaul Pty Ltd as the first milestone payment in relation the acquisition of the Fenix-Newhaul Haulage Joint Venture (refer ASX announcement dated 27 June 2023). Pursuant to the terms of the transaction, a total of up to a further 40.0 million fully paid ordinary shares in the capital of the Company may be issued under this transaction (refer ASX announcement dated 21 June 2022).

In addition to the above, the Company issued a total of 3 million performance rights and 3.5 million retention rights to key management (see ASX announcements dated 23 December 2022).

### TENEMENTS

As at 30 June 2023, the Company's interests in tenements are set out below:

| Location          | Project    | Tenement  | Interest                |
|-------------------|------------|-----------|-------------------------|
| Western Australia | Iron Ridge | M20/118-I | 100%                    |
| Western Australia | Iron Ridge | E20/936   | 100%                    |
| Western Australia | Iron Ridge | L20/83    | 100%                    |
| Western Australia | Iron Ridge | L20/84    | 100%                    |
| Western Australia | Iron Ridge | L20/85    | 100%                    |
| Western Australia | Iron Ridge | G20/28    | 100%                    |
| Western Australia | Pharos     | E20/948   | 100% of Iron Ore rights |
| Western Australia | Pharos     | E20/953   | 100% of Iron Ore rights |

Note: Excludes interests in tenements acquired post 30 June 2023 as part of the Mount Gibson transaction.

### Annual Mineral Resource and Ore Reserves Statement

The Company carries out an annual review of its iron ore Mineral Resources and Ore Reserves as required by the ASX Listing Rules. The review was carried out as at 30 June 2023. The estimates for Mineral Resources and Ore Reserves were prepared and disclosed under the JORC Code 2012 Edition. The original Mineral Resource was disclosed to the ASX on 21 August 2019 and Ore Reserves on 4 November 2020.

## DIRECTORS' REPORT (continued)

### Estimation Governance Statement

The Company ensures that all Mineral Resource and Ore Reserves estimations are subject to appropriate levels of governance and internal controls.

Exploration results are collected and managed by an independent competent qualified geologist. All data collection activities are conducted to industry standards based on a framework of quality assurance and quality control protocols covering all aspects of sample collection, topographical and geophysical surveys, drilling, sample preparation, physical and chemical analysis and data and sample management.

Mineral Resource and Ore Reserves estimates are prepared by appropriately qualified, independent Competent Persons. If there is a material change in the estimate of a Mineral Resource or Ore Reserves, the estimate and supporting documentation in question is reviewed by a suitable qualified independent Competent Person and announced to the ASX in accordance with the Listing Rules.

The Company reports its Mineral Resources and Ore Reserves on an annual basis in accordance with JORC Code 2012.

#### Iron Ridge Mineral Resource as at 30 June 2023 – 58% Fe cut-off applied.

| JORC Classification | Mt         | Fe (%)      | Al <sub>2</sub> O <sub>3</sub> (%) | LOI (%)     | P (%)       | SiO <sub>2</sub> (%) | TiO <sub>2</sub> (%) |
|---------------------|------------|-------------|------------------------------------|-------------|-------------|----------------------|----------------------|
| Inferred            | 6.3        | 65.3        | 2.04                               | 1.66        | 0.04        | 2.68                 | 0.09                 |
| Indicated           | 0.3        | 61.4        | 2.82                               | 4.43        | 0.05        | 4.75                 | 0.10                 |
| <b>Total</b>        | <b>6.6</b> | <b>65.1</b> | <b>2.07</b>                        | <b>1.78</b> | <b>0.04</b> | <b>2.77</b>          | <b>0.09</b>          |

#### Iron Ridge Mineral Resource as at 30 June 2022 - 58% Fe cut-off applied.

| JORC Classification | Mt         | Fe (%)      | Al <sub>2</sub> O <sub>3</sub> (%) | LOI (%)     | P (%)       | SiO <sub>2</sub> (%) | TiO <sub>2</sub> (%) |
|---------------------|------------|-------------|------------------------------------|-------------|-------------|----------------------|----------------------|
| Inferred            | 0.3        | 61.6        | 2.77                               | 4.24        | 0.05        | 4.66                 | 0.10                 |
| Indicated           | 8.0        | 65.0        | 2.23                               | 1.69        | 0.04        | 2.88                 | 0.09                 |
| <b>Total</b>        | <b>8.3</b> | <b>64.8</b> | <b>2.25</b>                        | <b>1.78</b> | <b>0.04</b> | <b>2.95</b>          | <b>0.09</b>          |

Mineral Resources totalled 6.6 Mt at 65.1 Fe% as at 30 June 2023, inclusive of Ore Reserves. This represents a 21% decrease in Mineral Resources when compared to the remaining total Mineral Resources as at 30 June 2022. Depletion in the Mineral Resource occurred due to iron ore production, which commenced in December 2020.

#### Iron Ridge Ore Reserves as at 30 June 2023 - 58% Fe cut-off applied.

| JORC Classification | Mt          | Fe (%)      | Al <sub>2</sub> O <sub>3</sub> (%) | LOI (%)     | P (%)       | SiO <sub>2</sub> (%) | TiO <sub>2</sub> (%) |
|---------------------|-------------|-------------|------------------------------------|-------------|-------------|----------------------|----------------------|
| Probable            | 4.14        | 64.8        | 2.17                               | 1.71        | 0.04        | 2.84                 | 0.09                 |
| <b>Total</b>        | <b>4.14</b> | <b>64.8</b> | <b>2.17</b>                        | <b>1.71</b> | <b>0.04</b> | <b>2.84</b>          | <b>0.09</b>          |

#### Iron Ridge Ore Reserves as at 30 June 2022 – 58% Fe cut-off applied.

| JORC Classification | Mt          | Fe (%)      | Al <sub>2</sub> O <sub>3</sub> (%) | LOI (%)     | P (%)       | SiO <sub>2</sub> (%) | TiO <sub>2</sub> (%) |
|---------------------|-------------|-------------|------------------------------------|-------------|-------------|----------------------|----------------------|
| Probable            | 5.64        | 64.6        | 2.40                               | 1.76        | 0.04        | 3.09                 | 0.09                 |
| <b>Total</b>        | <b>5.64</b> | <b>64.6</b> | <b>2.40</b>                        | <b>1.76</b> | <b>0.04</b> | <b>3.09</b>          | <b>0.09</b>          |

Ore Reserves totalled 4.14 Mt at 64.8 Fe% as at 30 June 2023. This represents a 27% decrease in Ore Reserves when compared to the Ore Reserves as at 30 June 2022. Depletion in the Ore Reserve occurred due to iron ore production, which commenced in December 2020.

Note: Tonnage figures in the above tables have been rounded and as a result may not add up to the totals quoted.

### Competent Person's Statement

The information in this report that relates to the Iron Ridge 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

## DIRECTORS' REPORT (continued)

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 and all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

The information in this report that relates to the Shine iron ore mine 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 3.6Mt Inferred.

The information in this report that relates to the Processing and Metallurgy for the Iron Ridge Mine is based on and fairly represents, information and supporting documentation compiled by Mr Damian Connelly who is a Fellow of the Australasian Institute of Mining and Metallurgy and a full time employee of METS Engineering Group. Mr Connelly has sufficient experience 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 Company confirms it is not aware of any new information or data that materially affects the information included in the relevant market announcement and all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

The information in this report that relates to Ore Reserves is based on information compiled by Mr John Battista, a Competent Person who is a Member and Chartered Professional (Mining) of the Australasian Institute of Mining and Metallurgy and is currently employed by Mining Plus (UK) Ltd. Mr Battista 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 and all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. In relation to the production target and forecast financial information referred to in the report, the Company confirms that all material assumptions underpinning the production target and the forecast financial information derived from the production target continue to apply and have not materially changed since the announcement of the feasibility study on 4 November 2019.

This Annual Mineral Resource and Ore Reserves Statement is based on and fairly represents the information and supporting documentation prepared by the above mentioned Competent Persons. It is approved as a whole by Mr Steve O'Grady, a Competent Person who is a Member of Australasian Institute of Mining and Metallurgy and is currently employed by Intermin Engineering Consultants. Mr O'Grady has sufficient experience 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 the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code).

### DIRECTORS

The names of Directors who held office during the year and up to the date of signing this report, unless otherwise stated are:

|                 |                                                                                                                                                                    |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| John Welborn    | Chairman (appointed 16 November 2021)                                                                                                                              |
| Robert Brierley | Managing Director (appointed as Non-Executive Director 1 June 2018, Executive Director 21 November 2018, Managing Director 1 March 2019, resigned 21 October 2022) |
| Garry Plowright | Non-Executive Director (Appointed as Executive Director 21 November 2018, transitioned to Non-Executive Director 1 January 2021)                                   |
| Craig Mitchell  | Non-Executive Director (appointed 1 September 2022)                                                                                                                |

## **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

The significant changes in the state of affairs of the Consolidated Entity during the financial period and to the date of this report are set out in the review of operations above.

## **MATTERS SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

Subsequent to the end of the reporting period:

- 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 - Ruvidini 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 the opportunity to:
  - Reduce the cost of the Company's existing Iron Ridge Mine production, with C1 Costs Savings of \$5 per tonne targeted on Iron Ridge Mine production;
  - Expand production from the Iron Ridge Mine, unlocked via a 400% increase in Fenix's Geraldton port capacity;
  - Re-commission the Shine iron ore mine 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.
- The Transaction consideration comprised an upfront payment of \$10 million in cash, an upfront consideration of 60 million ordinary shares in Fenix; and 25 million options on Fenix shares, expiring 60 months from completion (12.5 million options with an exercise price of \$0.25/share and 12.5 million options with an exercise price of \$0.30/share). As the transaction is only effective in FY24, Fenix has not yet completed its purchase price calculation and resultant allocation as at the date of this annual report.
- Refer to ASX announcements dated 29 June 2023 and 24 July 2023 for further information on the transaction.

No other material matters have occurred subsequent to the end of the year which requires reporting on, other than those which have been noted above or reported to the ASX.

**INFORMATION ON DIRECTORS**

The following information is current as at the date of this report.

|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Mr John Welborn</b>                      | <b>Chairman</b><br><i>Appointed 16 November 2021</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Experience                                  | <p>Mr Welborn is a dynamic industry leader with extensive experience in the resources sector who was appointed Chairman of the Company in November 2021. Mr Welborn's experience includes the successful exploration, development and operation of numerous mining projects in Africa and Australia and more than twenty years as a senior executive in corporate management, finance and investment banking.</p> <p>Mr Welborn holds a Bachelor of Commerce degree from the University of Western Australia and is a Fellow of the Institute of Chartered Accountants in Australia, a Fellow of the Australian Institute of Management and is a member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors.</p> |
| Committee Memberships                       | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Equity Interests                            | 12,200,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Directorships held in other listed entities | <p>Current directorships:</p> <ul style="list-style-type: none"> <li>- Non-Executive Chair – Apollo Minerals from May 2022</li> <li>- Managing Director and CEO – Equatorial Resources from November 2020</li> <li>- Chairman – Orbital Corporation from March 2015</li> </ul> <p>Former directorships in the previous three years:</p> <ul style="list-style-type: none"> <li>- Managing Director and CEO – Resolute Mining – February 2015 to October 2020</li> </ul>                                                                                                                                                                                                                                                                                             |
| <b>Mr Robert Brierley</b>                   | <b>Managing Director</b><br>Managing Director (appointed 1 March 2019), Executive Director (appointed 21 November 2018), Non-Executive Director (appointed 1 June 2018, resigned 21 October 2022).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Experience                                  | <p>Mr Brierley holds a Bachelor of Engineering (Mining Engineering) and a Graduate Diploma in Applied Finance and Investment. Mr Brierley has experience in financial markets, predominantly as Head of Equities Research and has also acted as Registered Mine Manager/Quarry Manager at several iron ore mines including Yandi, Marandoo and Koolan Island.</p> <p>Mr Brierley is a Graduate Member of the Australian Institute of Company Directors.</p>                                                                                                                                                                                                                                                                                                         |
| Committee Memberships                       | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Directorships held in other listed entities | Mr Brierley has held no other listed company directorships in the previous three years.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

**Mr Garry Plowright**

**Non-Executive Director**

*Appointed 21 November 2018 as Executive Director, and transitioned to Non-Executive Director 1 January 2021*

Experience

Mr Plowright is an experienced Executive with over 25 years' experience in finance, commercial and technical development within the mining and exploration industry, working for some of Australia's leading resource companies. He has been involved in gold, base metals and iron ore exploration and mining development projects in Australia and worldwide.

Previous experience includes the supply and logistics of services to the mining and exploration industry including capital raising, corporate governance and compliance, project management, mining and environmental approvals and regulations, contract negotiations, tenure management, land access, stakeholder and community engagement.

Mr Plowright has extensive experience in mining law and has provided services to the industry in property acquisitions, project generation and joint venture negotiations. Mr Plowright has held global operational and corporate roles with Gindalbie Metals Ltd, Mt Edon Gold Ltd, Pacmin Mining, Atlas Iron Ltd, Tigris Gold (South Korea) and Westland Titanium (New Zealand).

Committee Memberships

Not applicable

Equity Interests

26,644,972 ordinary shares

Directorships held in other listed entities

Current directorships:

- Non-Executive Director – Hexagon Energy Materials Ltd from June 2015

Mr Plowright has held no other listed company directorships in the previous three years.

**Mr Craig Mitchell**

**Non-Executive Director**

*Appointed 1 September 2022*

Experience

Mr Mitchell founded Mitchell Corp in 1997 which became one of Australia's largest bulk haulage businesses before its sale to Toll Group in 2011. Mr Mitchell was awarded the Ernst and Young Western Australian Young Entrepreneur of the Year 2006.

In 2019, Mr Mitchell founded trucking and logistics company Newhaul, which formed a joint venture with Fenix Resources.

Committee Memberships

Not applicable

Equity Interests

49,990,000 ordinary shares

Directorships held in other listed entities

Mr Mitchell has held no listed company directorships in the previous three years.

## DIRECTORS' REPORT (continued)

### Mr Stuart Ausmeier

#### Chief Financial Officer

*Commenced 15 August 2022 and was appointed CFO 1 September 2022*

#### Experience

Mr Ausmeier is a Chartered Accountant and Chartered Financial Analyst with over 20 years' finance experience. Mr Ausmeier's most recent role prior to joining Fenix was at an ASX-listed global engineering company, where he held multiple senior finance roles and was employed as Group Treasurer. Prior to this, Mr Ausmeier worked at global investment bank NM Rothschild & Sons, where he focused on strategic advisory mandates as well as debt and equity capital market transactions across the mining industry.

#### Committee Memberships

Not applicable

#### Equity Interests

4,000 ordinary shares  
1,000,000 performance rights

#### Directorships held in other listed entities

Mr Ausmeier has held no listed company directorships in the previous three years.

### Company Secretary

#### Ms Shannon Coates

LLB, B(Juris), AGIA, ACIS, GAICD

Ms Coates is a qualified Lawyer, Chartered Secretary, and graduate of the AICD's Company Directors course. Ms Coates has over 25 years' experience in corporate law and compliance, is Managing Director of national company secretarial and governance service provider Source Governance and is currently Company Secretary to a number of ASX listed companies, with a strong focus on resources.

### Meetings of Directors

During the financial year there have been ten (10) meetings of Directors.

|                           | Directors'<br>Meetings    |                 |
|---------------------------|---------------------------|-----------------|
|                           | Number eligible to attend | Number attended |
| J Welborn                 | 10                        | 10              |
| R Brierley <sup>(1)</sup> | 3                         | 3               |
| G Plowright               | 10                        | 9               |
| C Mitchell <sup>(2)</sup> | 8                         | 8               |

<sup>1</sup> Mr Brierley resigned 21 October 2022.

<sup>2</sup> Mr Mitchell was appointed on 1 September 2022.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

- A. Introduction
- B. Remuneration governance
- C. Key management personnel
- D. Remuneration and performance
- E. Remuneration structure
  - Directors
  - Executives
- F. Executive service agreements
- G. Details of remuneration
- H. Share-based compensation
- I. Other information

This report details the nature and amount of remuneration for each Director and key management personnel of Fenix Resources Limited.

#### A. INTRODUCTION

The remuneration policies have been designed to align Director and Management objectives with shareholder and business objectives by providing a fixed remuneration component, and offering specific short-term and long-term incentives, based on key performance areas affecting the Group's financial results. Key performance areas include financial and operational performance, growth in share price and advancement of the Group's strategic objectives. The Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Management and Directors to run and manage the Group, as well as create goal congruence between Directors, Executives and Shareholders.

During the year the Company has engaged remuneration consultants, BDO Reward (WA) Pty Ltd, to provide a Board and KMP benchmarking report. As at the date of this report the work is still ongoing. Following the Mount Gibson transaction, the Board will re-evaluate the appropriateness of the current remuneration framework.

#### B. REMUNERATION GOVERNANCE

The Board retains overall responsibility for remuneration policies and practices of the Company.

The Board opted to disband the Remuneration and Nomination Committee during FY22, when the Board reduced in size to three members. Currently the full Board undertakes remuneration and nomination responsibilities, in accordance with a Remuneration and Nomination Committee Charter.

At the 2022 annual general meeting, the Company's remuneration report was passed by the requisite majority of Shareholders (90.80% by way of poll).

#### C. KEY MANAGEMENT PERSONNEL

The key management personnel in this report are as follows:

##### *Directors – Current*

- John Welborn, appointed 16 November 2021
- Garry Plowright, appointed 1 January 2021
- Craig Mitchell, appointed 1 September 2022

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (AUDITED) (continued)

#### Executive Key Management Personnel – Current

- Stuart Ausmeier, commenced 15 August 2022 and was appointed CFO 1 September 2022

#### Executives – Former

- Robert Brierley, appointed 1 June 2018, resigned 21 October 2022

### D. REMUNERATION AND PERFORMANCE

The following table shows the gross revenue, net profits/(losses) attributable to members of the Company and share price of the Company at the end of the current and previous four financial years. See Remuneration Structure for short-term incentives subject to key performance indicators.

|                                                          | 30 June 2023 | 30 June 2022 | 30 June 2021 | 30 June 2020 | 30 June 2019 |
|----------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
|                                                          | \$           | \$           | \$           | \$           | \$           |
| Revenue from continuing operations                       | 196,849,504  | 249,168,360  | 114,377,844  | 71,730       | 31,808       |
| Net profit/(loss) attributable to members of the Company | 29,253,182   | 50,694,460   | 49,040,926   | (1,274,638)  | (2,613,166)  |
| Dividend declared                                        | 28,413,722   | 24,791,223   | -            | -            | -            |
| Share price                                              | 0.285        | 0.315        | 0.345        | 0.076        | 0.100        |

### E. REMUNERATION STRUCTURE

#### Director remuneration structure

Fees and payment to Directors reflects the demands that are made on them and the responsibilities of the Directors from time to time.

Directors' fees and payments are reviewed annually by the Board. For the year ended 30 June 2023, remuneration for a Director/Chairman was between \$50,000 and \$320,000 per annum exclusive of superannuation. There are no termination or retirement benefits paid to Directors (other than statutory superannuation). At the general meeting held on 2 February 2022, shareholders approved the aggregate amount of fees that may be paid to Non-Executive Directors as a whole, for the years from and including the year commencing 1 July 2021, be increased from \$300,000 per annum to \$500,000 per annum. Directors' fees cover all normal Board activities.

A Director may also be paid fees or other amounts as the Directors determine, if a Director performs special duties or otherwise performs duties outside the scope of the normal duties of a Director. A Director may also be reimbursed for out-of-pocket expenses incurred as a result of their directorship or any special duties.

Directors are able to participate in the employee share option or performance rights plans. In addition, in order to align their interests with those of shareholders, the Non-Executive Directors are encouraged to hold shares in the Company.

The Company has established an employee options plan (**Plan**) to attract Directors with suitable qualifications, skills and experience to plan, carry out and evaluate the Company's Strategy and to motivate and retain those Directors and Employees. Participants in the Plan may be Directors of the Company or any of its subsidiaries or any other related body corporate of the Company.

On 2 February 2022, shareholders approved:

- the Company's Share Loan Plan, including approval to issue up to 20,000,000 Plan Shares; and
- the issue of up to 10,000,000 Plan Shares to Mr John Welborn.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (AUDITED) (continued)

The aim of the long-term incentive plans are to allow participation in, and benefit from, the growth of the Company as a result of their efforts and to assist in motivating and retaining those key employees over the long term.

During the next financial year, the Company will engage remuneration consultants to review and develop the remuneration framework for the 2024 financial year.

At the 2022 annual general meeting, the Company's remuneration report was passed by the requisite majority of Shareholders (90.80% by way of poll).

#### Executive KMP remuneration structure

The Board's policy for determining the nature and amount of remuneration for Senior Executives of the Group is set out in the remuneration policy, which comprises the terms and conditions for Executive Directors and other Senior Executives, as developed and approved by the Board. All Executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and a combination of short-term and long-term performance incentives. The Board reviews Executive packages annually by reference to the Group's performance, Executive performance and comparable information from industry sectors and other listed companies in similar industries.

The employees of the Group receive a superannuation guarantee contribution required by the Government, which for the 2023 financial year was 10.5% and from 1 July 2023 is 11%, and do not receive any other retirement benefits.

#### F. EXECUTIVE SERVICE AGREEMENTS

Remuneration and other terms of employment for key management personnel are formalised in service agreements. The service agreements specify the components of remuneration, benefits and notice periods. Participation in the share and performance rights plans are subject to the Board's discretion. Other major provisions of the agreements relating to remuneration are set out below. Termination benefits are within the limits set by the *Corporations Act 2001* such that they do not require shareholder approval.

##### Contractual arrangement with key management personnel

###### *Executives – Current*

| Name                 | Effective date | Term of agreement | Notice period | Base salary per annum \$ | Termination payments |
|----------------------|----------------|-------------------|---------------|--------------------------|----------------------|
| Stuart Ausmeier, CFO | 15-Aug-22      | No fixed term     | 2 months      | 280,000                  | 2 months             |

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (AUDITED) (continued)

#### G. DETAILS OF REMUNERATION

Details of remuneration of the key management personnel (**KMP**) (as defined in AASB 124 Related Party Disclosures) of the Company is set out below.

Remuneration of KMPs for the 2023 financial year is set out below:

|                                              | Short-term benefits |                                  |                      | Post-employment benefits | Share-based payments                        | Total            |
|----------------------------------------------|---------------------|----------------------------------|----------------------|--------------------------|---------------------------------------------|------------------|
|                                              | Cash salary         | Non-cash benefits <sup>(1)</sup> | Bonus <sup>(2)</sup> | Super-annuation          | Performance Rights / Options <sup>(3)</sup> |                  |
|                                              | \$                  | \$                               |                      | \$                       | \$                                          | \$               |
| <b>Executive Directors and KMP – Current</b> |                     |                                  |                      |                          |                                             |                  |
| S Ausmeier <sup>(4)</sup>                    | 246,522             | 528                              | 1,000                | 25,885                   | 26,148                                      | 300,083          |
| J Welborn                                    | 245,714             | -                                | -                    | 25,800                   | 183,064                                     | 454,578          |
| <b>Non-Executive Director – Current</b>      |                     |                                  |                      |                          |                                             |                  |
| G Plowright                                  | 50,000              | -                                | -                    | 5,250                    | -                                           | 55,250           |
| C Mitchell <sup>(5)</sup>                    | 41,667              | -                                | -                    | 4,375                    | -                                           | 46,042           |
| <b>Executives – Former</b>                   |                     |                                  |                      |                          |                                             |                  |
| R Brierley <sup>(6)</sup>                    | 259,489             | 186                              | -                    | 15,275                   | -                                           | 274,950          |
| <b>Total</b>                                 | <b>843,392</b>      | <b>714</b>                       | <b>1,000</b>         | <b>76,585</b>            | <b>209,212</b>                              | <b>1,130,903</b> |

1 Other benefits include the provision of a mobile phone allowance.

2 During the year the Board proposed a short-term incentive for eligible staff and contractors.

3 Instruments granted, AASB 2 – Share-Based Payments requires the fair value at grant date of the instruments granted to be expensed over the vesting period.

4 Mr Ausmeier commenced 15 August 2022 and was appointed CFO on 1 September 2022.

5 Mr Mitchell was appointed 1 September 2022.

6 Mr Brierley resigned 21 October 2022.

The following table sets out each KMP's relevant interest in fully paid ordinary shares, options, performance rights and performance shares to acquire shares in the Company, as at 30 June 2023:

| Name                      | Fully paid ordinary shares | Options | Performance rights |
|---------------------------|----------------------------|---------|--------------------|
| J Welborn                 | 12,200,000                 | -       | -                  |
| G Plowright               | 26,644,972                 | -       | -                  |
| C Mitchell <sup>(1)</sup> | 49,990,000                 | -       | -                  |
| S Ausmeier <sup>(2)</sup> | 4,000                      | -       | 1,000,000          |

1 Mr Mitchell was appointed 1 September 2022.

2 Mr Ausmeier commenced 15 August 2022 and was appointed CFO 1 September 2022.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (AUDITED) (continued)

Remuneration of KMPs for the 2022 financial year is set out below:

|                                         | Short-term benefits |                                  |                      | Post-employment benefits | Share-based payments   | Total            |
|-----------------------------------------|---------------------|----------------------------------|----------------------|--------------------------|------------------------|------------------|
|                                         | Cash salary         | Non-cash benefits <sup>(1)</sup> | Bonus <sup>(2)</sup> | Super-annuation          | Options <sup>(4)</sup> |                  |
|                                         | \$                  | \$                               |                      | \$                       | \$                     | \$               |
| <b>Executive Directors – Current</b>    |                     |                                  |                      |                          |                        |                  |
| R Brierley <sup>(3)</sup>               | 470,000             | 600                              | 235,000              | 71,675                   | -                      | 777,275          |
| <b>Non-Executive Director – Current</b> |                     |                                  |                      |                          |                        |                  |
| J Welborn <sup>(5)</sup>                | 50,000              | -                                | -                    | 5,000                    | 59,182                 | 114,182          |
| G Plowright                             | 50,000              | -                                | -                    | 5,000                    | -                      | 55,000           |
| <b>Non-Executive Director – Former</b>  |                     |                                  |                      |                          |                        |                  |
| W Davies <sup>(6)</sup>                 | 30,000              | -                                | -                    | 3,000                    | -                      | 33,000           |
| R Nicholls-Maltman <sup>(7)</sup>       | 18,750              | -                                | -                    | 1,875                    | -                      | 20,625           |
| <b>Total</b>                            | <b>618,750</b>      | <b>600</b>                       | <b>235,000</b>       | <b>86,550</b>            | <b>59,182</b>          | <b>1,000,082</b> |

1 Other benefits include the provision of a mobile phone allowance.

2 During the year the Board proposed a cash-based short-term incentive for the Managing Director equal to 50% of his Total Fixed Remuneration at grant date (base salary plus superannuation).

3 At year end, 100% key performance indicators were deemed met.

4 Instruments granted, AASB 2 – Share-Based Payments requires the fair value at grant date of the instruments granted to be expensed over the vesting period.

5 Mr Welborn was appointed 16 November 2021.

6 Mr Davies resigned 16 November 2021.

7 Mr Nicholls-Maltman resigned 15 November 2021.

## H. SHARE-BASED COMPENSATION

### Employee Securities Incentive Plan

During the year securities were issued to employees and contractors as an incentive pursuant to the Company's Employee Securities Incentive Plan. Mr Ausmeier received 4,000 fully paid ordinary shares at a deemed issue price of \$0.25.

### Share Loan Plan

On 2 February 2022, shareholders approved the Company's Share Loan Plan, including approval to issue up to 20,000,000 Plan Shares and the issue of up to 10,000,000 Plan Shares to Mr John Welborn. The Plan Shares have been issued under a Share Loan Plan and are treated as compensation.

During the year ended 30 June 2023, the following shares were issued, vested and/or lapsed to KMPs:

| Grant date              | Grant value <sup>(1)</sup><br>\$ | Number granted as remuneration | Number vested during prior periods | Number vested during the year | Number vested but not yet exercisable | Number lapsed during the year | Maximum value yet to expense<br>\$ |
|-------------------------|----------------------------------|--------------------------------|------------------------------------|-------------------------------|---------------------------------------|-------------------------------|------------------------------------|
| John Welborn – Chairman |                                  |                                |                                    |                               |                                       |                               |                                    |
| 4-Mar-22 <sup>(2)</sup> | 1,833,649                        | 10,000,000                     | -                                  | -                             | -                                     | -                             | 1,591,403                          |

1 The fair value of instruments is calculated as the fair value of the rights at grant date and allocated to remuneration equally over the period from grant date over the vesting period, refer to Note 24.

2 The securities were approved on 4 March 2022 at the Company's General Meeting.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (AUDITED) (continued)

Under AASB 2, shares issued under the Share Loan Plan are treated as options issued. The options are fair valued and recognised as an expense over the vesting period.

| Grant date <sup>(1)</sup> | Grant value <sup>(2)</sup><br>\$ | Number issued | Value per option <sup>(3)</sup><br>\$ | Expiry date | Vesting date | Number exercised | Vested % |
|---------------------------|----------------------------------|---------------|---------------------------------------|-------------|--------------|------------------|----------|
| John Welborn – Chairman   |                                  |               |                                       |             |              |                  |          |
| 4-Mar-22                  | 1,833,649                        | 10,000,000    | 0.1834                                | 7-Mar-32    | -            | -                | 100%     |

- 1 The securities were approved on the 4 March 2022 at the Company's General Meeting.
- 2 Value of options has been calculated in accordance with AASB 2: Share-Based Payments.
- 3 Refer to Note 24 of the financial statements for details of the assumptions used in calculating the value of each option as at their grant date.

#### Performance rights

The Company's Performance Rights Plan was approved and adopted by Shareholders on 10 September 2018. Each performance right will vest as an entitlement to one fully paid ordinary share upon achievement of certain performance milestones. If the performance milestones are not met, the performance rights will lapse, and the eligible participant will have no entitlement to any shares.

Performance rights are not listed and carry no dividend or voting rights. Upon exercise each performance right is convertible into one fully paid ordinary share to rank pari passu in all respects with existing fully paid ordinary shares.

During the year ended 30 June 2023, the following shares were issued, vested and/or lapsed to KMPs:

| Grant date            | Grant value <sup>(1)</sup><br>\$ | Number granted as remuneration | Number vested during prior periods | Number vested during the year | Number vested but not yet exercisable | Number lapsed during the year | Maximum value yet to expense<br>\$ |
|-----------------------|----------------------------------|--------------------------------|------------------------------------|-------------------------------|---------------------------------------|-------------------------------|------------------------------------|
| Stuart Ausmeier – CFO |                                  |                                |                                    |                               |                                       |                               |                                    |
| 1-Dec-22              | 115,800                          | 1,000,000                      | -                                  | -                             | -                                     | -                             | 89,652                             |

- 1 The fair value of instruments is calculated as the fair value of the rights at grant date and allocated to remuneration equally over the period from grant date over the vesting period, refer to Note 24.

A share-based payment expense has been recognised over the respective vesting periods.

Key inputs used in the fair value calculation of the performance rights which have been granted during the period ended 30 June 2023 were as follows:

| Number Granted                        | Exercise price | Expected vesting dates | Expiry date | Share price at grant date | Risk free rate | Dividend yield | Fair value per performance right | Total fair value |
|---------------------------------------|----------------|------------------------|-------------|---------------------------|----------------|----------------|----------------------------------|------------------|
| Grant date: 1 Dec 2022 <sup>(1)</sup> |                |                        |             |                           |                |                |                                  |                  |
| 1,000,000                             | \$ -           | 1-Dec-22 to 30-Jun-25  | 30-Jun-27   | \$0.24                    | 3.027%         | 20.16%         | \$0.1158                         | \$115,800        |

- 1 Performance rights will vest on:
  - continued employment to 30 June 2025, and
  - relative total shareholder return ('TSR') for a three-year period relative to the TSR of each company in a peer group.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (AUDITED) (continued)

#### Relative proportions of fixed vs variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense for the 2023 and 2022 financial years:

|                                              | Fixed remuneration | At risk STI | At risk LTI | Fixed remuneration | At risk STI | At risk LTI |
|----------------------------------------------|--------------------|-------------|-------------|--------------------|-------------|-------------|
|                                              | 2023               |             |             | 2022               |             |             |
| <b>Executive Directors and KMP – Current</b> |                    |             |             |                    |             |             |
| S Ausmeier <sup>(1)</sup>                    | 91%                | -           | 9%          | -                  | -           | -           |
| J Welborn                                    | 60%                | -           | 40%         | 48%                | -           | 52%         |
| <b>Non-Executive Director – Current</b>      |                    |             |             |                    |             |             |
| G Plowright                                  | 100%               | -           | -           | 100%               | -           | -           |
| C Mitchell <sup>(2)</sup>                    | 100%               | -           | -           | -                  | -           | -           |
| <b>Executive Directors – Former</b>          |                    |             |             |                    |             |             |
| R Brierley <sup>(3)</sup>                    | 100%               | -           | -           | 70%                | 30%         | -           |

1 Mr Ausmeier commenced 15 August 2022 and was appointed CFO on 1 September 2022.

2 Mr Mitchell was appointed 1 September 2022.

3 Mr Brierley resigned 21 October 2022.

#### Reconciliation of equity instruments held by KMP

The following table sets out a reconciliation of each KMP's relevant interest in ordinary shares and options, performance rights and performance shares to acquire shares in the Company for the 2023 financial year:

|                                              | Balance at start of year/<br>appointment date | Granted   | Acquired | Exercised/<br>Vested | Lapsed | Other changes | Balance at year end |
|----------------------------------------------|-----------------------------------------------|-----------|----------|----------------------|--------|---------------|---------------------|
| <b>Executives – Current</b>                  |                                               |           |          |                      |        |               |                     |
| S Ausmeier <sup>(1)</sup>                    |                                               |           |          |                      |        |               |                     |
| Fully paid ordinary shares                   | -                                             | 4,000     | -        | -                    | -      | -             | 4,000               |
| Performance rights                           | -                                             | 1,000,000 | -        | -                    | -      | -             | 1,000,000           |
| J Welborn                                    |                                               |           |          |                      |        |               |                     |
| Fully paid ordinary shares                   | 2,200,000                                     | -         | -        | -                    | -      | -             | 2,200,000           |
| Fully paid ordinary shares – Share Loan Plan | 10,000,000                                    | -         | -        | -                    | -      | -             | 10,000,000          |

1 Mr Ausmeier commenced 15 August 2022 and was appointed CFO on 1 September 2022.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (AUDITED) (continued)

|                                          | Balance at<br>start of year/<br>appointment<br>date | Granted | Acquired | Exercised/<br>Vested | Lapsed | Other<br>changes | Balance at<br>year end |
|------------------------------------------|-----------------------------------------------------|---------|----------|----------------------|--------|------------------|------------------------|
| <b>Non-Executive Directors – Current</b> |                                                     |         |          |                      |        |                  |                        |
| G Plowright                              |                                                     |         |          |                      |        |                  |                        |
| Fully paid ordinary shares               | 13,065,089                                          | -       | -        | 13,579,883           | -      | -                | 26,644,972             |
| Performance shares                       | 13,579,883                                          | -       | -        | (13,579,883)         | -      | -                | -                      |
| C Mitchell <sup>(2)</sup>                |                                                     |         |          |                      |        |                  |                        |
| Fully paid ordinary shares               | 30,000,000                                          | -       | -        | 20,00,000            | -      | (10,000)         | 49,990,000             |

2 Mr Mitchell was appointed 1 September 2022.

None of the fully paid ordinary shares above are held nominally by the Directors or any other KMP.

#### I. OTHER INFORMATION

##### Transactions with other related parties

###### Management services

On 1 September 2022, Mr Craig Mitchell was appointed Non-Executive Director. Mr Mitchell is a director and shareholder of Newhaul Pty Ltd.

Between 1 September 2022 to 30 June 2023, Newhaul Pty Ltd provided management services to Fenix-Newhaul that resulted in an amount of \$2,127,903 (inc. GST) being invoiced from Newhaul and recorded in other expenses. Refer to Note 31 for further information regarding the management services arrangement in place between Fenix-Newhaul and Newhaul.

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Other than the items noted above there have been no changes to related party transactions since the last annual reporting date, 30 June 2022.

**This concludes the Remuneration Report which has been audited.**

#### UNISSUED ORDINARY SHARES

Unissued ordinary shares under option/right at the date of this report are 46,500,000 and broken-down as follows:

##### Performance rights

|                     |           |
|---------------------|-----------|
| Issued to KMP       | 1,000,000 |
| Issued to employees | 2,000,000 |

Performance rights may be converted subject to various performance milestones.

##### Retention rights

|                     |           |
|---------------------|-----------|
| Issued to employees | 3,500,000 |
|---------------------|-----------|

Retention rights may be converted subject to various performance milestones.

## DIRECTORS' REPORT (continued)

### Milestone consideration shares

To potentially be issued to vendors 40,000,000

Milestone consideration shares may be issued subject to various performance milestones.

### ENVIRONMENTAL REGULATIONS

The Company's policy is to comply with, or exceed, its environmental obligations in each jurisdiction in which it operates. No known environmental breaches have occurred.

### INDEMNIFYING OFFICERS

During the financial year, the Company paid a premium in respect of a policy insuring the Company's Directors, Secretaries, Executive Officers and any related body corporate against a liability incurred by such a Director, Secretary or Officer to the extent permitted by the *Corporations Act 2001*. The policy of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has entered into Deeds of Indemnity, Insurance and Access with the Company's Directors, Secretary and Executive Officers.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or any of the related body corporates against a liability incurred as such an officer or auditor.

### PROCEEDINGS ON BEHALF OF COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of Fenix Resources Limited, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of Fenix Resources Limited for all or part of these proceedings.

No proceedings have been brought or intervened in on behalf of Fenix Resources Limited with leave of the Court under section 237 of the *Corporations Act 2001*.

### AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2023 has been received and can be found on page 23.

### AUDITOR'S REMUNERATION

During the financial year, the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd and its related entities.

|                                          | 2023<br>\$ | 2022<br>\$ |
|------------------------------------------|------------|------------|
| Grant Thornton Audit Pty Ltd             |            |            |
| <i>Audit and assurance services</i>      |            |            |
| Audit and review of financial statements | 190,605    | 128,603    |
| Grant Thornton Australia Limited         |            |            |
| <i>Other services</i>                    |            |            |
| Due diligence services                   | 62,887     | 47,000     |
| Total remuneration                       | 253,492    | 175,603    |

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

## **DIRECTORS' REPORT** (continued)

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

**Signed in accordance with a resolution of the directors**



**John Welborn**

Chairman

Perth

28 August 2023

**Grant Thornton Audit Pty Ltd**  
Level 43 Central Park  
152-158 St Georges Terrace  
Perth WA 6000  
PO Box 7757  
Cloisters Square  
Perth WA 6850  
T +61 8 9480 2000

## Auditor's Independence Declaration

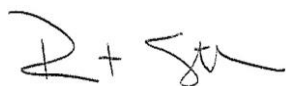
### To the Directors of Fenix Resources Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Fenix Resources Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



B P Steedman  
Partner – Audit & Assurance  
Perth, 28 August 2023

[www.grantthornton.com.au](http://www.grantthornton.com.au)  
ACN-130 913 594

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# **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 30 June 2023

|                                                                                              | Notes | 2023<br>\$        | 2022<br>\$        |
|----------------------------------------------------------------------------------------------|-------|-------------------|-------------------|
| Revenue                                                                                      | 1     | 196,849,504       | 249,168,360       |
| Cost of sales                                                                                | 2     | (161,557,438)     | (182,163,120)     |
| <b>Gross profit</b>                                                                          |       | <b>35,292,066</b> | <b>67,005,240</b> |
| Other income                                                                                 | 3     | 4,067,029         | 944,123           |
| Other expenses                                                                               | 5     | (8,440,553)       | (3,302,802)       |
| Profit on joint ventures                                                                     | 17    | 7,721,335         | 4,776,607         |
| <b>Operating profit</b>                                                                      |       | <b>38,639,877</b> | <b>69,423,168</b> |
| Finance income                                                                               |       | 1,260,870         | 407,688           |
| Finance costs                                                                                | 6     | (1,358,728)       | (844,121)         |
| <b>Profit before income tax expense</b>                                                      |       | <b>38,542,019</b> | <b>68,986,735</b> |
| Income tax expense                                                                           | 9     | (9,288,837)       | (18,292,281)      |
| <b>Profit after income tax expense for the year attributable to the owners of the Group</b>  |       | <b>29,253,182</b> | <b>50,694,454</b> |
| <b>Other comprehensive income</b>                                                            |       |                   |                   |
| Other comprehensive income for the year, net of tax                                          |       | -                 | -                 |
| <b>Total comprehensive income for year attributable to owners of Fenix Resources Limited</b> |       | <b>29,253,182</b> | <b>50,694,454</b> |
| Basic earnings per share (cents per share)                                                   | 26    | 5.11              | 10.27             |
| Diluted earnings per share (cents per share)                                                 | 26    | 4.77              | 9.03              |

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2023

|                                                    | Notes | 2023<br>\$         | 2022<br>\$         |
|----------------------------------------------------|-------|--------------------|--------------------|
| <b>Current Assets</b>                              |       |                    |                    |
| Cash and cash equivalents                          | 11    | 76,328,189         | 101,675,767        |
| Inventories                                        | 8     | 8,293,921          | 9,286,984          |
| Other current assets – term deposit                | 12    | 40,000             | 250,000            |
| Trade and other receivables                        | 12    | 13,644,578         | 6,603,070          |
| Current tax receivable                             |       | 2,735,404          | -                  |
| Loan receivable                                    | 13    | 10,761             | 509,276            |
|                                                    |       | 101,052,853        | 118,325,097        |
| <b>Non-Current Assets</b>                          |       |                    |                    |
| Mine properties, property, plant and equipment     | 14    | 57,924,158         | 25,563,563         |
| Capitalised exploration and evaluation expenditure | 15    | 1,157,474          | 1,139,474          |
| Intangible assets                                  | 16    | 26,874,368         | -                  |
| Loan receivable                                    | 13    | -                  | 466,667            |
| Interest in joint venture                          | 17    | 11,977             | 5,696,320          |
|                                                    |       | 85,967,977         | 32,866,024         |
| <b>Total Assets</b>                                |       | <b>187,020,830</b> | <b>151,191,121</b> |
| <b>Current Liabilities</b>                         |       |                    |                    |
| Trade and other payables                           | 18    | 21,267,508         | 18,760,598         |
| Provisions                                         | 19    | 887,818            | 225,779            |
| Provision for income tax                           |       | -                  | 16,856,835         |
| Borrowings and lease liabilities                   | 20    | 8,795,003          | 74,212             |
|                                                    |       | 30,950,329         | 35,917,424         |
| <b>Non-Current Liabilities</b>                     |       |                    |                    |
| Trade and other payables                           | 18    | 500,000            | 1,430,024          |
| Provisions                                         | 19    | 2,134,225          | 1,914,125          |
| Borrowings and lease liabilities                   | 20    | 12,572,652         | 299,821            |
| Deferred tax liability                             | 10    | 16,026,408         | 3,408,462          |
|                                                    |       | 31,233,285         | 7,052,432          |
| <b>Total Liabilities</b>                           |       | <b>62,183,614</b>  | <b>42,969,856</b>  |
| <b>Net Assets</b>                                  |       | <b>124,837,216</b> | <b>108,221,265</b> |
| <b>Equity</b>                                      |       |                    |                    |
| Issued capital                                     | 22a   | 68,018,010         | 52,166,431         |
| Other equity                                       | 22b   | 1,911,225          | -                  |
| Reserves                                           | 22c   | 772,869            | 2,759,182          |
| Retained earnings                                  | 22d   | 54,135,112         | 53,295,652         |
| <b>Total Equity</b>                                |       | <b>124,837,216</b> | <b>108,221,265</b> |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

|                                                               | Issued<br>Capital<br>\$ | Other<br>Equity<br>\$ | Reserves<br>\$   | Retained<br>Earnings<br>\$ | Total<br>\$        |
|---------------------------------------------------------------|-------------------------|-----------------------|------------------|----------------------------|--------------------|
| <b>Balance at 1 July 2021</b>                                 | <b>49,831,949</b>       | -                     | <b>1,297,484</b> | <b>26,132,796</b>          | <b>77,262,229</b>  |
| Profit for the year                                           | -                       | -                     | -                | 50,694,454                 | 50,694,454         |
| Other comprehensive income                                    | -                       | -                     | -                | -                          | -                  |
| <b>Total comprehensive income for the year</b>                | <b>-</b>                | <b>-</b>              | <b>-</b>         | <b>50,694,454</b>          | <b>50,694,454</b>  |
| <b>Transactions with owners in their capacity as owners</b>   |                         |                       |                  |                            |                    |
| Shares issued during the year                                 | 2,220,000               | -                     | -                | -                          | 2,220,000          |
| Share issue costs                                             | (83,377)                | -                     | -                | -                          | (83,377)           |
| Dividend                                                      | -                       | -                     | -                | (24,791,223)               | (24,791,223)       |
| Contribution from options issued during the year              | 160,000                 | -                     | -                | -                          | 160,000            |
| Performance rights/options expense recognised during the year | -                       | -                     | 2,759,182        | -                          | 2,759,182          |
| Transfer of reserves                                          | 37,859                  | -                     | (1,297,484)      | 1,259,625                  | -                  |
| <b>Balance at 30 June 2022</b>                                | <b>52,166,431</b>       | <b>-</b>              | <b>2,759,182</b> | <b>53,295,652</b>          | <b>108,221,265</b> |
| Profit for the year                                           | -                       | -                     | -                | 29,253,182                 | 29,253,182         |
| Other comprehensive income                                    | -                       | -                     | -                | -                          | -                  |
| <b>Total comprehensive income for the year</b>                | <b>-</b>                | <b>-</b>              | <b>-</b>         | <b>29,253,182</b>          | <b>29,253,182</b>  |
| <b>Transactions with owners in their capacity as owners</b>   |                         |                       |                  |                            |                    |
| Dividend payable                                              | -                       | -                     | -                | (28,413,722)               | (28,413,722)       |
| Share issue costs                                             | (33,183)                | -                     | -                | -                          | (33,183)           |
| Acquisition of Fenix-Newhaul                                  | 8,550,000               | 6,433,987             | -                | -                          | 14,983,987         |
| Share based payments                                          | -                       | -                     | 825,687          | -                          | 825,687            |
| Transfer of reserves                                          | 2,812,000               | -                     | (2,812,000)      | -                          | -                  |
| Transfer of other equity                                      | 4,522,762               | (4,522,762)           | -                | -                          | -                  |
| <b>Balance at 30 June 2023</b>                                | <b>68,018,010</b>       | <b>1,911,225</b>      | <b>772,869</b>   | <b>54,135,112</b>          | <b>124,837,216</b> |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

|                                                                 | Notes | 2023<br>\$        | 2022<br>\$         |
|-----------------------------------------------------------------|-------|-------------------|--------------------|
| <b>Cash flows from operating activities</b>                     |       |                   |                    |
| Receipts from customers                                         |       | 192,576,084       | 247,331,354        |
| Payments to suppliers and employees                             |       | (147,690,883)     | (174,703,956)      |
| Interest received                                               |       | 984,941           | 316,835            |
| Interest expense                                                |       | (9,262)           | -                  |
| Transaction costs of borrowings                                 |       | (125)             | -                  |
| Income taxes paid                                               |       | (29,576,547)      | (10,658,242)       |
| <b>Net cash provided by operating activities</b>                | 33    | 16,284,208        | 62,285,991         |
| <b>Cash flows from investing activities</b>                     |       |                   |                    |
| Payments for plant and equipment                                |       | (4,090,603)       | (6,782,293)        |
| Payments for exploration and evaluation                         |       | (18,000)          | (119,474)          |
| Proceeds from sale of plant and equipment                       |       | 1,999,483         | -                  |
| Government grants received                                      |       | 225,000           | -                  |
| Net proceeds in term deposits                                   |       | 250,000           | (250,000)          |
| Proceeds from loans and borrowings                              |       | (9,312,952)       | -                  |
| Loans from/(to) other entities                                  |       | 15,935            | 1,716,667          |
| Net cash outflow from acquisition of Fenix-Newhaul              |       | (2,821,300)       | -                  |
| <b>Net cash used in investing activities</b>                    |       | (13,752,437)      | (5,435,100)        |
| <b>Cash flows from financing activities</b>                     |       |                   |                    |
| Proceeds from exercise of options                               | 22    | -                 | 160,000            |
| Dividends paid                                                  |       | (28,237,409)      | (24,190,497)       |
| <b>Net cash used in financing activities</b>                    |       | (28,237,409)      | (24,030,497)       |
| <b>Net (decrease)/increase in cash held</b>                     |       | (25,705,638)      | 32,820,394         |
| Cash and cash equivalents at the beginning of the year          |       | 101,675,767       | 68,995,789         |
| Effect of exchange rates on cash holdings in foreign currencies |       | 358,060           | (140,416)          |
| Cash and cash equivalents at the end of the year                | 11    | <b>76,328,189</b> | <b>101,675,767</b> |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 1 REVENUE

|                            | 2023<br>\$  | 2022<br>\$  |
|----------------------------|-------------|-------------|
| Western Australia Iron Ore | 196,849,504 | 249,168,360 |

The Group generates revenue from the sale of iron ore. Revenue is recognised at a point in time when control of the promised goods or services passes to the customer. In most instances, control passes when the goods are delivered to a destination specified by the customer, typically on board the customer's appointed vessel. The amount of revenue recognised reflects the consideration to which the Group expects to be entitled in exchange for the goods.

Included in current year sales is iron ore sold under hedging arrangements.

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

- Lapsed during the year: Fenix entered iron ore swap arrangements for its Iron Ridge Mine for the 12 months from October 2021 to September 2022. The hedge arrangement covered 50,000 dmt of material per month, calculated at the average monthly iron ore 62 per cent Fe futures index (Platts IODEX), converted to Australian Dollars. The conversion resulted in pricing for iron ore fixed at \$230.30 per dry metric tonne and locked in ~45% of planned production for the period.
- Current: In October 2022, Fenix entered into further iron ore swap arrangements for its Iron Ridge Mine for the 9 months from October 2022 to June 2023. The hedge arrangement covered 35,000 dmt of material per month, calculated at the average monthly iron ore 62 per cent Fe futures index (Platts IODEX), converted to Australian Dollars. The conversion resulted in pricing for iron ore fixed at \$180.66 per dry metric tonne and locked in ~31% of planned production for the period.
- Current: In December 2022, Fenix entered into further iron ore swap arrangements for its Iron Ridge Mine for the 6 months from January 2023 to June 2023. The hedge arrangement covered 15,000 dmt of material per month, calculated at the average monthly iron ore 62 per cent Fe futures index (Platts IODEX), converted to Australian Dollars. The conversion resulted in pricing for iron ore fixed at \$156.00 per dry metric tonne and locked in a further ~14% of planned production for the period.
- Future: In March 2023 and June 2023, Fenix announced that it had entered into further iron ore swap arrangements for its Iron Ridge Mine for the 6 months from July 2023 to December 2023. The hedge arrangement covers 50,000 dmt of material per month, calculated at the average monthly iron ore 62 per cent Fe futures index (Platts IODEX), converted to Australian Dollars. The conversion will result in pricing for iron ore fixed at \$170.10 per dry metric tonne and locks in ~45% of planned production for the period.

The group uses derivative financial instruments such as iron ore forward contracts to manage the risk associated with commodity price. The sale of iron ore under such hedge instruments is accounted for using the 'own use exemption' under AASB 9 Financial Instruments and as such all hedge revenue is recognised in the Statement of Profit or Loss and no fair value adjustments are subsequently made to sales yet to be delivered under the hedging program.

The Group's sales contracts include an underlying embedded derivative, whereby the value of the trade receivables under the contracts, post initial recognition, is linked to market-based pricing indices. Refer to Note 36(d) for further details.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 1 REVENUE (continued)

The Group re-assessed its method with respect to remeasurement of the trade receivable post initial recognition. The Group had previously valued the fair value of any outstanding, unsettled trade receivables at the balance sheet date at the provisional invoice value, as it was determined that valuation methods would be immaterial to the Group's results. On 30 June 2023, the Group elected to change the method of valuation for the trade receivable post initial measurement by choosing to now include any increase/decrease to the value of the trade receivable, arising as a result of the change in the value of the embedded derivative, at balance sheet date. The Group believes that the remeasurement approach provides more relevant information to the users of its financial statements, is better aligned to practices adopted by its peers and that changes to the fair value of trade receivables under the remeasurement approach may become material to the Group in future, should the Group seek to expand the scale of its operations. The Group has therefore applied the remeasurement approach prospectively.

### 2 COST OF SALES

|                                              | 2023<br>\$  | 2022<br>\$  |
|----------------------------------------------|-------------|-------------|
| Cash costs of production                     | 143,829,992 | 170,429,099 |
| Inventory product movement                   | 2,418,121   | 5,716,151   |
| Depreciation and amortisation <sup>(1)</sup> | 15,309,325  | 6,017,870   |
|                                              | 161,557,438 | 182,163,120 |

1 Refer to Note 36 (m) and 36(n) for details on the Group's accounting policies for depreciation and amortisation.

#### *Costs of production*

Costs of production includes ore and waste mining costs, processing costs and site administration and support costs.

#### *Inventory product movement*

Inventory product movement represents the movement in inventory ore stockpiles.

### 3 OTHER INCOME

|                    | 2023<br>\$ | 2022<br>\$ |
|--------------------|------------|------------|
| Fuel tax rebates   | 3,190,506  | 943,773    |
| Other income       | 876,523    | 350        |
| Total other income | 4,067,029  | 944,123    |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 4 BUSINESS ACQUISITION

On 22 July 2022, the Company acquired the remaining 50% of the ordinary share capital and voting rights of Fenix-Newhaul Pty Ltd. As a result, Fenix Fenix-Newhaul became a wholly owned subsidiary of the Company from its previously equity held interest. Refer to Note 17: Interest in Joint Venture.

The acquisition of Fenix-Newhaul has been treated as a business combination and has been accounted for in accordance with AASB 3: Business Combinations.

Details of the purchase consideration, the net assets acquired, and goodwill are shown in the following tables.

|                                                      | Note | 22 July 2022<br>\$ |
|------------------------------------------------------|------|--------------------|
| Cash Consideration                                   |      | 7,500,000          |
| Share Consideration                                  | 22   | 8,550,000          |
| Milestone Consideration shares                       | 24   | 6,433,987          |
| Fair Value of Interest in Joint Venture, as revalued | 17   | 13,405,678         |
|                                                      |      | 35,889,665         |

In consideration for 50% equity in Fenix-Newhaul, Fenix;

- paid \$7,500,000 cash consideration;
- issued 30,000,000 fully paid ordinary shares; and
- may issue up to 60,000,000 shares upon the achievement of certain milestones (Milestone Consideration shares).

#### *Share consideration*

The fair value of the fully paid ordinary shares was based on Fenix's closing share price of \$0.285 on 21 July 2022, the day before the Acquisition Date. As a result the 30,000,000 shares issued are recorded as having a fair value of \$8,550,000.

#### *Milestone Consideration shares*

Milestone Consideration includes 60,000,000 fully paid consideration shares on the following terms:

- Milestone 1 20,000,000 consideration shares will convert into fully paid ordinary shares upon an aggregate of 3,000,000 dmt of minerals being hauled during the period between 21 December 2020 and 31 May 2027 (or if after 31 May 2027, but before 31 May 2029, 20,000,000 fully paid shares or cash to the value of, at Fenix's sole election);
- Milestone 2 20,000,000 consideration shares will convert into fully paid ordinary shares upon an aggregate of 6,000,000 dmt of minerals being hauled during the period between 21 December 2020 and 31 May 2027 (or if after 31 May 2027, but before 31 May 2029, 20,000,000 Fenix shares or cash to the value of, at Fenix's sole election); and
- Milestone 3 20,000,000 consideration shares will convert into fully paid ordinary shares upon an aggregate of 10,000,000 dmt of minerals being hauled during the period between 21 December 2020 and 31 May 2027 (or if after 31 May 2027, but before 31 May 2029, 20,000,000 Fenix shares or cash to the value of, at Fenix's sole election).

The fair value of consideration was calculated by reference to the fair value of the consideration shares issued in connection with the acquisition in accordance with AASB 3.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 4 BUSINESS ACQUISITION (continued)

The fair value of the milestone consideration shares was estimated by applying the following key assumptions:

| Milestone | Estimated achievement date | Probability of achievement % | Estimated Share Price \$ | Years to payment | Discount Rate % | Fair Value \$ |
|-----------|----------------------------|------------------------------|--------------------------|------------------|-----------------|---------------|
| 1         | May-2023                   | 100                          | 0.233                    | 1.0              | 2.96            | 4,522,762     |
| 2         | Aug-2025                   | 75                           | 0.141                    | 3.3              | 3.14            | 1,911,225     |
| 3         | Aug-2027                   | 0                            | 0.073                    | 6.3              | 3.30            | -             |

In June 2023, the Company advised that Milestone 1 had met the requirement for issuance and, pursuant to the terms and conditions of the Milestone Consideration, all Milestone 1 consideration shares were issued.

#### *Fair value of identifiable assets and liabilities acquired*

Fair value of identifiable assets and liabilities acquired are as follows:

|                                                                                              |    | 22 July 2022<br>\$ |
|----------------------------------------------------------------------------------------------|----|--------------------|
| Cash and cash equivalents                                                                    |    | 4,678,700          |
| Inventory                                                                                    |    | 1,097,596          |
| Other current assets                                                                         |    | 4,836,793          |
| Property, plant and equipment                                                                |    | 32,089,769         |
| Deferred tax liabilities arising from the fair value uplift to Property, Plant and Equipment |    | (442,031)          |
| Intangible asset (Fenix contract)                                                            | 16 | 18,519,643         |
| Intangible asset (Other)                                                                     | 16 | 1,102,724          |
| Deferred tax liabilities arising from identifiable intangible assets                         |    | (5,886,710)        |
| Goodwill                                                                                     | 16 | 10,849,435         |
| Trade & other payables                                                                       |    | (6,163,103)        |
| Provisions                                                                                   |    | 108,951            |
| Borrowings and lease liability – current                                                     |    | (6,482,711)        |
| Borrowings and lease liability – non-current                                                 |    | (11,743,876)       |
| Deferred tax liability                                                                       |    | (6,675,515)        |
| <b>Net assets acquired</b>                                                                   |    | <b>35,889,665</b>  |

#### Accounting policies - Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 4 BUSINESS ACQUISITION (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

Goodwill is recorded as the excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirers previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

### 5 OTHER EXPENSES

|                                  | Notes | 2023<br>\$ | 2022<br>\$ |
|----------------------------------|-------|------------|------------|
| Administrative expense           |       |            |            |
| Advertising and marketing costs  |       | 375,845    | 150,369    |
| Advisory costs                   |       | 1,317,929  | 439,799    |
| Compliance costs                 |       | 428,886    | 345,438    |
| Consultants                      |       | 160,987    | 177,972    |
| Office costs and management fees |       | 2,645,678  | 31,170     |
| Employee benefits expense        |       | 1,521,286  | 1,512,871  |
| Foreign exchange (gain)/loss     |       | (343,340)  | 388,695    |
| Other administrative expenses    |       | 745,147    | 197,224    |
| Total administrative expense     |       | 6,852,418  | 3,243,538  |
| Share-based payments expense     | 24    | 825,687    | 59,182     |
| Depreciation                     |       | -          | 82         |
| Acquisition costs                |       | 762,448    | -          |
| Total other expenses             |       | 8,440,553  | 3,302,802  |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 5 OTHER EXPENSES (continued)

A reconciliation of employee benefits expense is as follows:

|                                 | 2023<br>\$ | 2022<br>\$ |
|---------------------------------|------------|------------|
| Employee benefits expense       |            |            |
| Wages and salaries              | 3,140,933  | 2,871,887  |
| Superannuation                  | 308,879    | 281,704    |
| Provision for annual leave      | 25,149     | 110,486    |
| Other costs                     | 269,033    | 218,840    |
| Total employee benefits expense | 3,743,994  | 3,482,917  |
| Employee benefits included in   |            |            |
| Costs of production             | 2,222,708  | 1,970,046  |
| Administrative expenses         | 1,521,286  | 1,512,871  |
| Total employee benefits expense | 3,743,994  | 3,482,917  |

### 6 FINANCE COSTS

|                                 | 2023<br>\$ | 2022<br>\$ |
|---------------------------------|------------|------------|
| Finance costs                   |            |            |
| Interest on Right of Use assets | 26,309     | 97,455     |
| Unwinding of provisions         | 95,598     | 36,824     |
| Loss on lease disposal          | -          | 726,892    |
| Interest expense                | 1,177,053  | 1,657      |
| Other borrowing costs           | 59,768     | (18,707)   |
| Total finance costs             | 1,358,728  | 844,121    |

### 7 OPERATING SEGMENTS

The Group had three reportable segments during the year, being the Iron Ridge Mine, Fenix-Newhaul and the Trucking Joint Venture. On 22 July 2022, the Company acquired the remaining 50% of the ordinary share capital and voting rights of Fenix-Newhaul Pty Ltd. As a result, Fenix-Newhaul became a wholly owned subsidiary of the Group from its previously equity held interest. On 22 July 2022 the Trucking Joint Venture was dissolved and the Fenix-Newhaul business segment was established.

During the prior year the Group had two reportable segments, being the Iron Ridge Mine and the Trucking Joint Venture.

This determination is based on the internal reports that are reviewed and used by the Board (chief operating decision maker) in assessing performance and determining the allocation of resources. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its production activities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 7 OPERATING SEGMENTS (continued)

|                                          | Iron Ridge Mine<br>\$ | Fenix-Newhaul<br>\$ | Trucking Joint<br>Venture<br>\$ | Intersegment<br>amounts<br>\$ | Other<br>\$ | Total<br>\$          |
|------------------------------------------|-----------------------|---------------------|---------------------------------|-------------------------------|-------------|----------------------|
| <i>For the year ended 30 June 2023</i>   |                       |                     |                                 |                               |             |                      |
| Revenue from external sources            | 196,849,504           | -                   | -                               | -                             | -           | <b>196,849,504</b>   |
| Segment revenue                          | -                     | 58,839,420          | -                               | (58,839,420)                  | -           | -                    |
| Cash costs of production                 | (167,040,001)         | (35,629,411)        | -                               | 58,839,420                    | -           | <b>(143,829,992)</b> |
| Inventory product movement               | (2,418,121)           | -                   | -                               | -                             | -           | <b>(2,418,121)</b>   |
| Depreciation and amortisation            | (5,552,766)           | (9,756,559)         | -                               | -                             | -           | <b>(15,309,325)</b>  |
| <b>Gross profit</b>                      | <b>21,838,616</b>     | <b>13,453,450</b>   | -                               | -                             | -           | <b>35,292,066</b>    |
| Reportable segment profit/(loss)         | 23,516,953            | 6,638,934           | 7,721,335                       | -                             | (8,624,039) | <b>29,253,183</b>    |
| Reportable segment assets <sup>(1)</sup> | 39,621,770            | 83,688,504          | -                               | -                             | 63,710,556  | <b>187,020,830</b>   |
| Reportable segment liabilities           | (16,156,205)          | (41,072,880)        | -                               | -                             | (4,954,529) | <b>(62,183,614)</b>  |
| <i>For the year ended 30 June 2022</i>   |                       |                     |                                 |                               |             |                      |
| Revenue from external sources            | 249,168,360           | -                   | -                               | -                             | -           | <b>249,168,360</b>   |
| Cash costs of production                 | (170,429,099)         | -                   | -                               | -                             | -           | <b>(170,429,099)</b> |
| Inventory product movement               | (5,716,151)           | -                   | -                               | -                             | -           | <b>(5,716,151)</b>   |
| Depreciation and amortisation            | (6,017,870)           | -                   | -                               | -                             | -           | <b>(6,017,870)</b>   |
| <b>Gross profit</b>                      | <b>67,005,240</b>     | -                   | -                               | -                             | -           | <b>67,005,240</b>    |
| Reportable segment profit/(loss)         | 49,656,711            | -                   | 4,776,628                       | -                             | (3,738,885) | <b>50,964,454</b>    |
| Reportable segment assets <sup>(1)</sup> | 36,965,964            | -                   | 5,696,320                       | -                             | 108,528,837 | <b>151,191,121</b>   |
| Reportable segment liabilities           | (42,510,243)          | -                   | -                               | -                             | (459,613)   | <b>(42,969,856)</b>  |

1 Unallocated activities include cash held of \$62,441,179 for the year ended 30 June 2023 and \$101,675,767 for the year ended 30 June 2022.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 8 INVENTORIES

|                              | 2023<br>\$ | 2022<br>\$ |
|------------------------------|------------|------------|
| Ore stockpiles               | 6,868,863  | 9,286,984  |
| Fuel, oil & additive on hand | 231,371    | -          |
| Parts on hand                | 1,193,687  | -          |
|                              | 8,293,921  | 9,286,984  |

The Group achieved operating status for the Iron Ridge Mine during the 2020 financial year, reaching production for accounting purposes.

Ore stockpiles represent Iron Ore Lump and Fines extracted, that are expected to be sold at a profit. Other inventory represents purchase costs measured on a first-in/first-out basis. Inventories are valued at the lower of cost and net realisable value. At the reporting date, all inventory on hand is valued at cost.

No provision was required to write down inventories to their recoverable value at 30 June 2023 (30 June 2022: Nil).

#### Accounting estimates and judgements

##### *Inventory valuation*

Accounting for inventory involves the use of judgements and estimates, particularly related to the measurement and valuation of inventory on hand within the production process. Certain estimates, including expected metal recoveries and work in progress volumes, are calculated by engineers using available industry, engineering and scientific data.

Estimates used are periodically reassessed by the Group after considering technical analysis and historical performance. Changes in estimates are adjusted for on a prospective basis.

##### *Net realisable value and classification of inventory*

The assessment of the net realisable value and classification of inventory involves significant judgements and estimates in relation to timing and cost of processing, commodity prices, recoveries and the likely timing of sale of the ore produced.

A change in any of these assumptions will alter the estimated net realisable value and may therefore impact the carrying amount of inventory.

### 9 TAXATION

Major components of income tax expense for the Years ended 30 June 2023 and 30 June 2022 are:

|                                                                      | 2023<br>\$ | 2022<br>\$ |
|----------------------------------------------------------------------|------------|------------|
| <b>Statement or profit or loss and other comprehensive income</b>    |            |            |
| <i>Current income</i>                                                |            |            |
| Current income tax expense                                           | 9,907,191  | 18,281,834 |
| Adjustments in respect of previous current income tax                | 14,116     | (61,618)   |
| <i>Deferred income tax</i>                                           |            |            |
| Relating to origination and reversal of temporary differences        | (568,123)  | 637,618    |
| Adjustment in respect of prior year tax losses / deferred tax assets | (64,347)   | (565,553)  |
| Income tax expense reported in income statement                      | 9,288,837  | 18,292,281 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 9 TAXATION (continued)

|                                                                                         | 2023<br>\$  | 2022<br>\$  |
|-----------------------------------------------------------------------------------------|-------------|-------------|
| <b>Statement of changes in equity</b>                                                   |             |             |
| <i>Deferred income tax</i>                                                              |             |             |
| Capital raising costs                                                                   | 33,183      | 83,377      |
| Income tax benefit reported in equity                                                   | 33,183      | 83,377      |
| <b>Reconciliation of income tax to prima facie tax payable</b>                          |             |             |
| Profit before income tax                                                                | 38,542,019  | 68,986,735  |
| Income tax expense/(benefit) at 30% (30 June 2022: 30%)                                 | 11,562,606  | 20,696,020  |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: |             |             |
| Non-deductible expenses (non-assessable income)                                         | (2,056,803) | (1,691,030) |
| Under / over in respect of prior years                                                  | (50,231)    | (627,171)   |
| Formation of a tax consolidated group                                                   | (166,735)   | (85,538)    |
| Total income tax expense                                                                | 9,288,837   | 18,292,281  |

As at 30 June 2023 the franking account balance is \$17,369,671 (30 June 2022: \$33,432).

#### Significant accounting judgments and estimates

##### *Income tax classification*

Judgements: The Group's accounting policy for taxation, including royalty-related taxation, requires judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost.

##### *Uncertain tax matters*

Judgements: Judgements apply about the application of income tax legislation and its interaction with income tax accounting principles. These judgements are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of tax assets and tax liabilities, including deferred tax, recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised.

Where the final tax outcomes are different from the amounts that were initially recorded, these differences impact the current and deferred tax provisions in the period in which the determination is made.

Measurement of uncertain tax and royalty matters considers a range of possible outcomes, including assessments received from tax authorities. Where management is of the view that potential liabilities have a low probability of crystallising, or it is not possible to quantify them reliably, they are disclosed as contingent liabilities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 10 DEFERRED TAX ASSETS AND LIABILITIES

For recognition and measurement refer to Note 9 and Note 36(f).

The composition of the Group's net deferred tax assets and liabilities recognised in the statement of financial position and the deferred tax expense (credited)/charged to the statement of profit or loss statement is as follows:

|                                                      | 2023<br>\$   | 2022<br>\$  |
|------------------------------------------------------|--------------|-------------|
| <i>Deferred tax liabilities</i>                      |              |             |
| Trade and other receivables                          | (221,357)    | (55,798)    |
| Property, plant and equipment                        | (8,790,758)  | (106,206)   |
| Capitalised exploration and evaluation expenditure   | (347,242)    | (341,842)   |
| Mine properties                                      | (8,182,713)  | (4,093,208) |
| Investments and loans                                | -            | (5,612)     |
| <i>Deferred tax assets</i>                           |              |             |
| Trade and other payables                             | 441,956      | 188,208     |
| Provisions – current                                 | 266,345      | 67,734      |
| Right of use assets                                  | 92,193       | 112,210     |
| Provisions – non-current                             | 640,267      | 574,237     |
| Business related costs – statement of profit or loss | 29,000       | 18,363      |
| Unrealised foreign exchange losses                   | (104,680)    | 49,687      |
| Business related costs – equity                      | 150,581      | 183,765     |
| Net deferred tax assets/(liabilities)                | (16,026,408) | (3,408,462) |

The composition of the Group's unrecognised deferred tax assets and liabilities is as follows:

|                                                                             | 2023<br>\$  | 2022<br>\$ |
|-----------------------------------------------------------------------------|-------------|------------|
| Deferred tax assets and liabilities not recognised relate to the following: |             |            |
| Mine properties                                                             | (1,140,978) | -          |
| Capital losses                                                              | 7,415       | 7,415      |
| Net deferred tax assets unrecognised                                        | (1,133,563) | 7,415      |

### Significant accounting judgments and estimates

#### Deferred tax

**Judgements:** Judgement is required to determine the amount of deferred tax assets that are recognised based on the likely timing and the level of future taxable profits. Judgement is applied in recognising deferred tax liabilities arising from temporary differences in investments.

**Estimates:** The Group assesses the recoverability of recognised and unrecognised deferred taxes, including losses on a consistent basis, using estimates and assumptions relating to projected earnings and cash flows as applied in the Group impairment process for associated operations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 11 CASH AND CASH EQUIVALENTS

#### (a) Risk exposure

Refer to Note 25(b) for details of the risk exposure and management of the Group's cash and cash equivalents.

#### (b) Restricted cash

The cash and cash equivalents disclosed and in the statement of cash flows includes \$777,039 which is held in trust by the Company's share registry for the payment of the 2021 and 2022 financial year dividends.

#### (c) Deposits at call

Deposits at call are presented as cash equivalents if they have a maturity of three months or less. Refer Note 36(j) for the Group's other accounting policies on cash and cash equivalents.

|                  | 2023<br>\$ | 2022<br>\$  |
|------------------|------------|-------------|
| Cash at bank     | 46,078,189 | 71,625,767  |
| Deposits at call | 30,250,000 | 30,050,000  |
|                  | 76,328,189 | 101,675,767 |

### 12 TRADE AND OTHER RECEIVABLES AND OTHER CURRENT ASSETS

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

Other receivables are generally due for settlement within 30 days and are therefore classified as current.

Refer to Note 25(b) for details of the risk exposure and management of the Group's trade and other receivables.

The term deposit has a maturity of more than three months.

|                                    | 2023<br>\$  | 2022<br>\$ |
|------------------------------------|-------------|------------|
| <i>Trade and other receivables</i> |             |            |
| Trade receivables                  | 9,253,341   | 2,346,000  |
| Quotation Period Adjustments       | (1,367,024) | -          |
| Other receivables                  | 4,553,053   | 3,907,481  |
| Prepayments                        | 773,023     | 154,089    |
| Accrued interest                   | 432,185     | 195,500    |
|                                    | 13,644,578  | 6,603,070  |
| <i>Other Current Assets</i>        |             |            |
| Term deposit                       | 40,000      | 250,000    |
|                                    | 40,000      | 250,000    |

### 13 LOAN RECEIVABLE

|                             | 2023<br>\$ | 2022<br>\$ |
|-----------------------------|------------|------------|
| Current loan receivable     | 10,761     | 509,276    |
| Non-current loan receivable | -          | 466,667    |
|                             | 10,761     | 975,943    |

Loan amounts outstanding at the end of the year are with Fenix's joint venture partner, Schwarze Brothers Pty Ltd.

During the prior year, the Group has lent money to Fenix-Newhaul Pty Ltd, a joint venture company of the Group. Loans with Fenix-Newhaul have been repaid during the year, prior to acquisition (see Note 4).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 13 LOAN RECEIVABLE (continued)

Loans are recognised at amortised cost and shown as current if amounts are due for repayment within 12 months from the reporting date.

#### Accounting estimates and judgements

##### Impairment of financial assets

AASB 9 requires that credit losses on financial assets are measured and recognised using the expected credit loss (ECL) approach. AASB 9's impairment requirements use forward-looking information to recognise expected credit losses. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category (i.e. Stage 1) while 'lifetime expected credit losses' are recognised for the second category (i.e. Stage 2).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

### 14 MINE PROPERTIES, PROPERTY, PLANT AND EQUIPMENT

|                                                |                     | 2023<br>\$        | 2022<br>\$        |
|------------------------------------------------|---------------------|-------------------|-------------------|
| <b>Carrying value</b>                          |                     |                   |                   |
| Right of use assets                            | Property            | 248,247           | 312,524           |
|                                                | Plant and equipment | 32,946            | 41,495            |
| Mine properties, property, plant and equipment | Plant and equipment | 10,797,187        | 11,715,715        |
|                                                | Mine properties     | 10,874,112        | 13,493,829        |
| Trucks and Trailers                            | Trucks              | 10,940,111        | -                 |
|                                                | Trailers            | 14,895,032        | -                 |
| Land                                           | Land                | 6,338,088         | -                 |
| Plant and equipment                            | Work in progress    | 402,888           | -                 |
|                                                | Plant and equipment | 3,395,547         | -                 |
| <b>Total carrying value</b>                    |                     | <b>57,924,158</b> | <b>25,563,563</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 14 MINE PROPERTIES, PROPERTY, PLANT AND EQUIPMENT (continued)

#### Significant accounting estimates and assumptions

##### Mine properties, property, plant and equipment

##### Units of production method

Where the useful life of an asset is directly linked to the extraction of ore from a mine, the asset is depreciated using the units of production method. The units of production method results in depreciation and amortisation charges proportional to the depletion of the estimated ore reserve of the mine. The unit of account used in the calculation is tonnes of ore.

##### Other assets

Depreciation commences once the asset become available for its intended use.

All property, plant and equipment is recognised at historical cost less depreciation. Depreciation is calculated using the either the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful life as follows:

##### Asset Category

- Trucks and Trailers 5-10 years
- Motor Vehicles 10 years
- Plant and Equipment 2-10 years
- Buildings and Leasehold Improvements 40 years
- Other fixed assets 4 years

There are occasional deviances from those listed above in the event that a used asset is purchased, and its estimated useful life is shorter than those purchased new. The assets' residual values and useful lives are reviewed and adjusted prospectively, if appropriate, at the end of each reporting period.

##### Right of use assets

|                                                              | Property<br>\$ | Plant and<br>equipment<br>\$ |
|--------------------------------------------------------------|----------------|------------------------------|
| <b>Cost</b>                                                  |                |                              |
| <i>At 1 July 2022</i>                                        | 423,800        | 56,271                       |
| Additions                                                    | 7,593          | 994                          |
| <i>At 30 June 2023</i>                                       | 431,393        | 57,265                       |
| <b>Accumulated depreciation, amortisation and impairment</b> |                |                              |
| <i>At 1 July 2022</i>                                        | (111,276)      | (14,776)                     |
| Depreciation and amortisation                                | (71,870)       | (9,543)                      |
| <i>At 30 June 2023</i>                                       | (183,146)      | (24,319)                     |
| <b>Net book value</b>                                        | <b>248,247</b> | <b>32,946</b>                |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 14 MINE PROPERTIES, PROPERTY, PLANT AND EQUIPMENT (continued)

#### Mine properties, property, plant and equipment

|                                                              | Plant and<br>equipment<br>\$ | Mine<br>properties<br>\$ |
|--------------------------------------------------------------|------------------------------|--------------------------|
| <b>Cost</b>                                                  |                              |                          |
| <i>At 1 July 2022</i>                                        | 15,057,573                   | 17,340,579               |
| Additions                                                    | 1,704,893                    | 73,555                   |
| Disposals                                                    | (2,004)                      | -                        |
| Movement in provisions                                       | -                            | 154,660                  |
| <i>At 30 June 2023</i>                                       | 16,760,462                   | 17,568,794               |
| <b>Accumulated depreciation, amortisation and impairment</b> |                              |                          |
| <i>At 1 July 2022</i>                                        | (3,341,858)                  | (3,846,750)              |
| Depreciation and amortisation                                | (2,623,421)                  | (2,847,932)              |
| Disposals                                                    | 2,004                        | -                        |
| <i>At 30 June 2023</i>                                       | (5,963,275)                  | (6,694,682)              |
| <b>Net book value</b>                                        | <b>10,797,187</b>            | <b>10,874,112</b>        |

Mine properties include \$2.13 million relating to the rehabilitation provision.

#### Fenix-Newhaul Plant and equipment

|                                                              | Work in<br>progress<br>\$ | Plant and<br>equipment<br>\$ |
|--------------------------------------------------------------|---------------------------|------------------------------|
| <b>Cost</b>                                                  |                           |                              |
| <i>At 1 July 2022</i>                                        | -                         | -                            |
| Cost on acquisition of Fenix-Newhaul                         | 833,727                   | 2,862,374                    |
| Reallocations                                                | (430,839)                 | 430,839                      |
| Additions                                                    | -                         | 2,184,289                    |
| Disposals                                                    | -                         | (32,226)                     |
| <i>At 30 June 2023</i>                                       | 402,888                   | 5,445,276                    |
| <b>Accumulated depreciation, amortisation and impairment</b> |                           |                              |
| <i>At 1 July 2022</i>                                        | -                         | -                            |
| Accumulated depreciation on acquisition of Fenix-Newhaul     | -                         | (1,124,720)                  |
| Depreciation and amortisation                                | -                         | (932,396)                    |
| Reversal of disposal of asset                                | -                         | 7,387                        |
| <i>At 30 June 2023</i>                                       | -                         | (2,049,729)                  |
| <b>Net book value</b>                                        | <b>402,888</b>            | <b>3,395,547</b>             |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 14 MINE PROPERTIES, PROPERTY, PLANT AND EQUIPMENT (continued)

#### Fenix-Newhaul Trucks and Trailers

|                                                              | Trailers<br>\$    | Trucks<br>\$      |
|--------------------------------------------------------------|-------------------|-------------------|
| <b>Cost</b>                                                  |                   |                   |
| <i>At 1 July 2022</i>                                        | -                 | -                 |
| Cost on acquisition of Fenix-Newhaul                         | 17,384,440        | 12,592,266        |
| Additions                                                    | 1,690,258         | 7,066,261         |
| Disposals                                                    | (454,264)         | (3,555,547)       |
| <i>At 30 June 2023</i>                                       | 18,620,434        | 16,102,980        |
| <b>Accumulated depreciation, amortisation and impairment</b> |                   |                   |
| <i>At 1 July 2022</i>                                        | -                 | -                 |
| Accumulated depreciation on acquisition of Fenix-Newhaul     | (1,967,630)       | (3,345,423)       |
| Depreciation and amortisation                                | (1,842,278)       | (3,288,857)       |
| Reversal of disposal of asset                                | 84,506            | 1,471,411         |
| <i>At 30 June 2023</i>                                       | (3,725,402)       | (5,162,869)       |
| <b>Net book value</b>                                        | <b>14,895,032</b> | <b>10,940,111</b> |

#### Fenix-Newhaul Properties

|                                                              | Land<br>\$       |
|--------------------------------------------------------------|------------------|
| <b>Cost</b>                                                  |                  |
| <i>At 1 July 2022</i>                                        | -                |
| Cost on acquisition of Fenix-Newhaul                         | 4,899,863        |
| Additions                                                    | 1,578,948        |
| <i>At 30 June 2023</i>                                       | 6,478,811        |
| <b>Accumulated depreciation, amortisation and impairment</b> |                  |
| <i>At 1 July 2022</i>                                        | -                |
| Accumulated depreciation on acquisition of Fenix-Newhaul     | (45,129)         |
| Depreciation and amortisation                                | (95,594)         |
| <i>At 30 June 2023</i>                                       | (140,723)        |
| <b>Net book value</b>                                        | <b>6,338,088</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 14 MINE PROPERTIES, PROPERTY, PLANT AND EQUIPMENT (continued)

A reconciliation of depreciation is as follows:

|                         | Notes | 2023<br>\$ | 2022<br>\$ |
|-------------------------|-------|------------|------------|
| Depreciation            |       |            |            |
| Costs of production     | 2     | 15,309,325 | 6,017,870  |
| Administrative expenses | 4     | -          | 82         |
|                         |       | 15,309,325 | 6,017,952  |

### 15 EXPLORATION AND EVALUATION ASSETS

|                                                               | 2023<br>\$ | 2022<br>\$ |
|---------------------------------------------------------------|------------|------------|
| <i>Iron Ridge Mine</i>                                        |            |            |
| Opening balance                                               | 1,139,474  | -          |
| Acquisition of Pharos Project                                 | -          | 1,020,000  |
| Exploration expenditure incurred                              | 18,000     | 119,474    |
| Expenditure reclassified to mine properties under development | -          | -          |
| Closing balance                                               | 1,157,474  | 1,139,474  |

#### Significant accounting estimates and assumptions

##### *Impairment of capitalised exploration and evaluation expenditure*

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

The carrying values of items of exploration and evaluation expenditure are reviewed for impairment indicators when reclassified from to mine properties under development or at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable. There was no impairment recognised during the year ended 30 June 2023.

#### Significant accounting judgement

##### *Capitalisation of exploration and evaluation expenditure*

The Group has capitalised significant exploration and evaluation expenditure on the basis that this is expected to be recouped through future successful development (or alternatively sale) of the areas of interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 16 INTANGIBLE ASSETS

The intangible assets held by the group increased as a result of the acquisition of Fenix-Newhaul. See Note 4 for further information.

|                                                | Note | Customer<br>Contracts<br>\$ | Other<br>intangibles<br>\$ | Goodwill<br>\$    | Total<br>\$       |
|------------------------------------------------|------|-----------------------------|----------------------------|-------------------|-------------------|
| <b>Cost</b>                                    |      |                             |                            |                   |                   |
| At 1 July 2022                                 |      | -                           | -                          | -                 | -                 |
| Cost on acquisition of Fenix-Newhaul           | 4    | 18,519,643                  | 1,102,724                  | 10,849,435        | 30,471,802        |
| Additions                                      |      | -                           | -                          | -                 | -                 |
| At 30 June 2023                                |      | 18,519,643                  | 1,102,724                  | 10,849,435        | 30,471,802        |
| <b>Accumulated amortisation and impairment</b> |      |                             |                            |                   |                   |
| At 1 July 2022                                 |      | -                           | -                          | -                 | -                 |
| Depreciation and amortisation                  |      | (3,395,268)                 | (202,166)                  | -                 | (3,597,434)       |
| At 30 June 2023                                |      | (3,395,268)                 | (202,166)                  | -                 | (3,597,434)       |
| <b>Net book value</b>                          |      | <b>15,124,375</b>           | <b>900,558</b>             | <b>10,849,435</b> | <b>26,874,368</b> |

#### *Amortisation methods and useful lives*

The group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Customer Contracts 5 years.
- Other intangibles 5 years.

#### *Customer contracts*

The customer contracts were acquired as part of a business combination (see Note 4 for details). They are recognised at their fair value at the date of acquisition and are subsequently amortised over the life of the remaining contract, with no terminal values assumed.

#### Impairment tests for goodwill

Goodwill is allocated to the Fenix-Newhaul cash-generating unit which is the same as the Fenix-Newhaul segment (see Note 7). Goodwill is monitored by management at the segment level.

The Group tests whether goodwill has suffered any impairment on an annual basis.

#### Accounting policies – Intangible assets

##### *Goodwill*

Goodwill is measured as described in Note 4 and has been allocated to the Fenix-Newhaul cash-generating unit. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 16 INTANGIBLE ASSETS (continued)

#### Customer contracts and other intangibles

Customer contracts and other intangibles workforce acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

### 17 INTEREST IN JOINT VENTURE

#### Interests in joint ventures

Set out below are the joint ventures of the Group that operated during the year. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business and the proportion of ownership interest is the same as the proportion of voting rights held.

| Name of entity                       | Place of business/<br>country of incorporation | Measurement<br>method | % of ownership<br>interest<br>% | Quoted fair<br>value<br>\$ |
|--------------------------------------|------------------------------------------------|-----------------------|---------------------------------|----------------------------|
| Fenix-Newhaul Pty Ltd <sup>(1)</sup> | Western Australia                              | Equity method         |                                 |                            |
|                                      |                                                | 30 June 2023          | 100                             | N/A <sup>(2)</sup>         |
|                                      |                                                | 30 June 2022          | 50                              | N/A <sup>(2)</sup>         |
| Schwarze Brothers Pty Ltd            | Western Australia                              | Equity method         |                                 |                            |
|                                      |                                                | 30 June 2023          | 40                              | N/A <sup>(2)</sup>         |
|                                      |                                                | 30 June 2022          | 40                              | N/A <sup>(2)</sup>         |

1 Fenix-Newhaul Pty Ltd was fully acquired on 22 July 2022, see Note 4.

2 As the entities are private entities, no quoted prices are available.

The tables below provide summarised financial information of the Fenix-Newhaul joint venture company. As at 30 June 2023, in the opinion of the Directors, the Schwarze Brothers Pty Ltd joint venture company was immaterial to the Group and no further information has been disclosed.

#### Fenix-Newhaul Pty Ltd

Fenix Resources Limited formed a strategic alliance with trucking and logistics company, Newhaul Pty Ltd. Fenix and Newhaul each owned 50% of joint venture company known as Fenix-Newhaul Pty Ltd.

On 22 July 2022, the Company acquired the remaining 50% of the ordinary share capital and voting rights of Fenix-Newhaul Pty Ltd. As a result, Fenix-Newhaul became a wholly owned subsidiary of the Company from its previously equity held interest. Upon change in status a revaluation gain was recognised.

Upon change in status to wholly owned subsidiary the joint venture net assets were revalued to fair value and a \$7,399,547 gain was recorded in the profit and loss.

|                                                              | 2023<br>\$   | 2022<br>\$ |
|--------------------------------------------------------------|--------------|------------|
| Opening balance                                              | 5,696,320    | 919,692    |
| Share of net profit of joint venture using the equity method | 309,811      | 4,776,628  |
| Revaluation of investment                                    | 7,399,547    | -          |
| Carrying Value of Interest on acquisition                    | (13,405,678) | -          |
| Closing balance                                              | -            | 5,696,320  |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 18 TRADE AND OTHER PAYABLES

Trade and other payables are normally settled within 30 days from receipt of notice. All amounts recognised as trade and other payables, but not yet invoiced, are expected to settle within 12 months.

The carrying value of trade and other payables are assumed to be the same as their fair value, due to their short-term nature.

Refer to Note 25 for details of the risk exposure and management of the Group's trade and other payables.

|                    | 2023<br>\$ | 2022<br>\$ |
|--------------------|------------|------------|
| <i>Current</i>     |            |            |
| Trade payables     | 10,419,609 | 11,235,602 |
| Sundry payables    | 1,165,614  | 147,900    |
| Accruals           | 8,905,246  | 6,776,370  |
| Dividend payable   | 777,039    | 600,726    |
|                    | 21,267,508 | 18,760,598 |
| <i>Non-current</i> |            |            |
| Other payables     | 500,000    | 1,430,024  |

### 19 PROVISIONS

|                                                      | 2023<br>\$  | 2022<br>\$ |
|------------------------------------------------------|-------------|------------|
| <i>Current – Employee benefits</i>                   |             |            |
| Opening balance                                      | 225,779     | 115,293    |
| Movement in provisions                               | 1,780,126   | 189,498    |
| Amount utilised                                      | (1,118,087) | (79,012)   |
| Closing balance                                      | 887,818     | 225,779    |
| <i>Non-current – Rehabilitation and mine closure</i> |             |            |
| Opening balance                                      | 1,914,125   | 2,176,301  |
| Additional provisions                                | 154,660     | 21,844     |
| Unwinding of provision                               | 65,440      | (284,020)  |
| Closing balance                                      | 2,134,225   | 1,914,125  |

#### Accounting estimates and judgements

##### *Rehabilitation and mine closure*

The provision recognised for rehabilitation and mine closure costs relating to the Iron Ridge Mine represents the discounted value of the present obligation to restore, dismantle and rehabilitate certain items of mine properties, property, plant and equipment and to rehabilitate the site.

As the discounted value reflects a combination of an assessment of the nature and extent of the work required, the future cost of performing the work required, the timing of cash flows and the discount rate, then changes to one or more of these assumptions is likely to result in changes to the carrying amount of the provision and the related rehabilitation asset and costs and may result in future actual expenditure differing from the amounts currently provided.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 20 BORROWINGS AND LEASE LIABILITIES

|                    | 2023<br>\$ | 2022<br>\$ |
|--------------------|------------|------------|
| <i>Current</i>     |            |            |
| Lease liabilities  | 81,971     | 74,212     |
| Chattel mortgages  | 8,713,032  | -          |
|                    | 8,795,003  | 74,212     |
| <i>Non-current</i> |            |            |
| Lease liabilities  | 225,339    | 299,821    |
| Chattel mortgages  | 12,347,313 | -          |
|                    | 12,572,652 | 299,821    |

#### *Borrowings*

This note provides information about the contractual terms of the company's interest-bearing loans and borrowings.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs are recognised as an asset in the balance sheet and expensed in the statement of profit or loss over the term of the loan.

Borrowings are secured in the form of chattel mortgages through several financiers, including NAB, Westpac, Volvo Finance and Toyota Finance. The chattel mortgages are over Trucks, Trailers, Commercial property and other plant and equipment and are repayable monthly until maturity.

The group has 60 mortgages at 30 June 2023, with remaining terms of the mortgages varying between 7 and 43 months. Current interest rates are a combination of variable and fixed and range between 2.16% to 8.45%.

### 21 FAIR VALUES OF FINANCIAL INSTRUMENTS

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

#### **Fair value hierarchy**

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. At 30 June 2023 and 2022, no such assets or liabilities were recorded at fair value.

There were no transfers between levels during the year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The fair value of financial assets and liabilities held by the Group must be estimated for recognition, measurement and/or disclosure purposes.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 21 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

The Group measures fair values by level, per the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

#### Valuation techniques used to determine fair values

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The carrying amounts of cash and short-term trade and other receivables, trade payables and other current liabilities approximate their fair values largely due to the short-term maturities of these payments.

#### Trade receivables

The Group re-assessed its method with respect to remeasurement of the trade receivable post initial recognition. The Group had previously valued the fair value of any outstanding, unsettled trade receivables at the balance sheet date at the provisional invoice value, as it was determined that valuation methods would be immaterial to the Group's results. On 30 June 2023, the Group elected to change the method of valuation for the trade receivable post initial measurement by choosing to now include any increase/decrease to the value of the trade receivable, arising as a result of the change in the value of the embedded derivative, at balance sheet date. The Group believes that the remeasurement approach provides more relevant information to the users of its financial statements, is better aligned to practices adopted by its peers and that changes to the fair value of trade receivables under the remeasurement approach may become material to the Group in future, should the Group seek to expand the scale of its operations. The Group has therefore applied the remeasurement approach prospectively.

### 22 SHAREHOLDER EQUITY

#### (a) Issued Capital

|                        | 2023<br>Shares | 2022<br>Shares | 2023<br>\$ | 2022<br>\$ |
|------------------------|----------------|----------------|------------|------------|
| Fully paid at year end | 634,161,920    | 516,213,290    | 68,018,010 | 52,166,431 |

Movements in ordinary share capital during the prior and current financial years are as follows:

| Details                                          | Notes | Date      | Number of<br>shares | Issue price<br>\$ | \$                |
|--------------------------------------------------|-------|-----------|---------------------|-------------------|-------------------|
| <b>Balance at 1 July 2021</b>                    |       |           | <b>470,213,920</b>  |                   | <b>49,831,949</b> |
| Issue of shares on exercise of options           |       | 16-Jul-21 | 2,000,000           | 0.08              | 160,000           |
| Issue of shares – Conversion performance shares  | 24(e) | 1-Dec-21  | 30,000,000          | 0.04              | 1,200,000         |
| Issue of shares – Employee share loan plan       |       | 08-Mar-22 | 10,000,000          | -                 | -                 |
| Issue of shares - Acquisition of tenement rights | 24(e) | 10-Mar-22 | 4,000,000           | 0.255             | 1,020,000         |
| Less: Share issue costs                          | 9     |           | -                   | -                 | (83,377)          |
| Transfer of reserve upon exercise of options     | 22(c) |           | -                   | -                 | 37,859            |
| <b>Balance at 30 June 2022</b>                   |       |           | <b>516,213,920</b>  |                   | <b>52,166,431</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 22 ISSUED CAPITAL (continued)

| Details                                                   | Notes | Date      | Number of shares   | Issue price \$ | \$                |
|-----------------------------------------------------------|-------|-----------|--------------------|----------------|-------------------|
| <b>Balance at 1 July 2021</b>                             |       |           | <b>516,213,920</b> |                | <b>52,166,431</b> |
| Issue of shares - Acquisition of Fenix-Newhaul            | 4     | 21-Jul-22 | 30,000,000         | 0.285          | 8,550,000         |
| Issue of shares - Conversion performance shares           | 24(e) | 6-Oct-22  | 37,500,000         | 0.04           | 1,500,000         |
| Issue of shares - Bonus issue                             | 24(d) | 20-Jan-23 | 448,000            | 0.25           | 112,000           |
| Issue of shares - Conversion performance shares           | 24(e) | 29-Jun-23 | 30,000,000         | 0.04           | 1,200,000         |
| Issue of shares - Issue of milestone consideration shares |       | 29-Jun-23 | 20,000,000         | 0.226          | 4,522,762         |
| Less: Share issue costs                                   | 9     |           | -                  | -              | (33,183)          |
| <b>Balance at 30 June 2023</b>                            |       |           | <b>634,161,920</b> |                | <b>68,018,010</b> |

#### (b) Other equity

The following table shows a breakdown of other equity and the movements during the year. A description of the nature and purpose of each reserve is provided.

|                                                               | Note | 2023 \$     | 2022 \$ |
|---------------------------------------------------------------|------|-------------|---------|
| <b>Other equity</b>                                           |      |             |         |
| Milestone consideration shares – acquisition of Fenix-Newhaul | 4    | 6,433,987   | -       |
| Transfer of reserve on achievement of milestones              |      | (4,522,762) | -       |
| Balance at 30 June                                            |      | 1,911,225   | -       |

#### (c) Reserves

The following table shows a breakdown of the reserves and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided.

|                                                     | Notes | 2023 \$     | 2022 \$     |
|-----------------------------------------------------|-------|-------------|-------------|
| <b>Share-based payments reserve</b>                 |       |             |             |
| Balance at 1 July                                   |       | 2,759,182   | 1,297,484   |
| Options issued – Employee share plan                | 24(a) | 183,064     | 59,182      |
| Dividend retained – Employee share plan             | 24(a) | 262,500     | -           |
| Performance rights expense – employees              | 24(b) | 78,445      | -           |
| Retention rights expense - employees                | 24(c) | 189,678     | -           |
| Bonus shares issue                                  | 24(d) | 112,000     | -           |
| Performance shares capitalised to mine properties   | 24(e) | -           | 2,700,000   |
| Transfer of reserve upon exercise of options        |       | -           | (37,859)    |
| Transfer of reserve on achievement of milestones    |       | (2,812,000) | -           |
| Transfer of historical reserve to retained earnings | 22(d) | -           | (1,259,625) |
| Balance at 30 June                                  |       | 772,869     | 2,759,182   |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 22 ISSUED CAPITAL (continued)

#### Share-based payments reserve

The share-based payments reserve is used to recognise: (a) the grant date fair value of options issued but not exercised; (b) the grant date fair value of market-based performance rights granted to Directors, Employees, Consultants and Vendors but not yet vested; and (c) the fair value non-market based performance rights granted to Directors, Employees, Consultants and Vendors but not yet vested.

#### (d) Retained earnings

|                                                     | 2023<br>\$   | 2022<br>\$   |
|-----------------------------------------------------|--------------|--------------|
| Balance at 1 July                                   | 53,295,652   | 26,132,796   |
| Net profit attributable to owners of the Company    | 29,253,182   | 50,694,454   |
| Transfer of historical reserve to retained earnings | -            | 1,259,625    |
| Dividend declared                                   | (28,413,722) | (24,791,223) |
| Balance at 30 June                                  | 54,135,112   | 53,295,652   |

### 23 DIVIDENDS

On 31 July 2023, the Company updated its dividend policy such 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."

In accordance with this policy, Fenix has declared a final dividend of 2.0 cents per share for the financial year ended 30 June 2023 (30 June 2022: 5.25c) equating to a total dividend payment of approximately \$13.9 million (30 June 2022: \$28.7m). The record date is 4 September 2023 and the payment date is 15 September 2023.

Dividends are determined after period-end and announced with the results for the period. Dividends determined are not recorded as a liability at the end of the period to which they relate. Dividends are recognised upon declaration.

### 24 SHARE-BASED PAYMENTS

Share-based payment transactions are recognised at fair value in accordance with AASB 2 *Share-based payments*.

The total movement arising from share-based payment transactions recognised during the year were as follows:

|                                                  | Notes | 2023<br>\$ | 2022<br>\$ |
|--------------------------------------------------|-------|------------|------------|
| As part of share-based payment expense           |       |            |            |
| Options issued – Director & Employee share plan  | 24(a) | 183,064    | 59,182     |
| Dividend retained – Employee share plan          | 24(a) | 262,500    | -          |
| Performance rights issued                        | 24(b) | 78,445     | -          |
| Retention rights issued                          | 24(c) | 189,678    | -          |
| Shares issued under the long-term incentive plan | 24(d) | 112,000    | -          |
|                                                  |       | 825,687    | 59,182     |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 24 SHARE-BASED PAYMENTS (continued)

|                                           | Notes | 2023<br>\$ | 2022<br>\$ |
|-------------------------------------------|-------|------------|------------|
| As part of capitalised exploration assets |       |            |            |
| Ordinary shares                           | 24(e) | -          | 1,020,000  |
| Performance shares                        | 24(e) | -          | 3,900,000  |
| Total share-based payments                |       | 825,687    | 4,979,182  |

During the year the Group had the following share-based payments:

#### a) Share Loan Plan

The Company's Share Loan Plan was approved and adopted by Shareholders on 2 February 2022. The Fenix Resources Limited Share Loan Plan is used to reward Directors and employees for their performance and to align their remuneration with the creation of long-term shareholder wealth through increase in share price. Loans are granted at the discretion of the Board of Directors and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Any Director participation is approved by shareholders prior to issue.

Under the Share Loan Plan, provision for the issuance of loan shares is as follows:

- Loan shares are shares in the Company, each carrying the same dividend rights and otherwise ranking pari passu in all respects with the ordinary issued shares of the Company, where the subscription price is funded by way of a loan from the Company;
- Offers under the plan are the absolute discretion of the board;
- Financial assistance is provided to participants by way of a limited recourse interest-free loan to acquire the shares;
- The Company retains security over the loan shares whilst ever there is an amount outstanding under the loan; and
- Loan shares that have not vested and/or are subject to loan repayment will be restricted from trading.

Under the applicable Accounting Standards, the loan shares and related limited recourse loan are accounted for as options, which gives rise to a share-based payment expense. The treatment of the loan shares under the applicable Accounting Standards as options requires that the value of the loans and issue price of the shares are not recorded as receivables or share capital of the Company until repayment or part repayment of the loans occurs. The loan shares are entitled to dividends. Half of any dividends paid in respect of the loan shares will be applied to reduce the loans and increase share capital in accordance with both the plan rules and applicable Accounting Standards.

The options are fair valued and recognised as an expense over the vesting period.

Set out below is a summary of the outstanding loan balance under the Share Loan Plan:

|                         | 2023      |                  | 2022      |                  |
|-------------------------|-----------|------------------|-----------|------------------|
|                         | \$        | Number of shares | \$        | Number of shares |
| Opening balance         | 2,300,000 | 10,000,000       | -         | -                |
| Granted during the year | -         | -                | 2,300,000 | 10,000,000       |
| Repaid during the year  | (262,500) | -                | -         | -                |
| Closing balance         | 2,037,500 | 10,000,000       | 2,300,000 | 10,000,000       |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 24 SHARE-BASED PAYMENTS (continued)

| Series                                                                                    | Grant date              | Expiry date | Exercise price | 2023<br>Number of shares | 2022<br>Number of shares |
|-------------------------------------------------------------------------------------------|-------------------------|-------------|----------------|--------------------------|--------------------------|
| (i)                                                                                       | 4-Mar-22 <sup>(1)</sup> | 7-Mar-32    | \$0.23         | 10,000,000               | 10,000,000               |
| Weighted average remaining contractual life of shares outstanding at the end of the year: |                         |             |                | 8.69 years               | 9.69 years               |

1 The securities were approved on 4 March 2022 at the Company's General Meeting.

The fair value of services received in return for shares issued to Directors and employees is measured by reference to the fair value as options granted. The estimate of the fair value of the services is measured based on a Black-Scholes option valuation methodology. The life of the options including early exercise options are built into the option model. The fair value of the options are expensed over the expected vesting period.

The model inputs for options granted during the year include:

| Series | Exercise price | Expiry (years) | Share price at grant date <sup>(1)</sup> | Expected volatility <sup>(2)</sup> | Dividend yield | Risk free interest rate <sup>(3)</sup> | Option value |
|--------|----------------|----------------|------------------------------------------|------------------------------------|----------------|----------------------------------------|--------------|
| (i)    | \$0.230        | 10.00          | \$0.235                                  | 73%                                | 0%             | 2.14%                                  | \$0.1834     |

1 The share price has been based upon the closing shares price on grant date being 4 March 2022.

2 The expected price volatility is based on historical volatility (based on the remaining life of the option), adjusted for any expected changes to future volatility due to publicly available information.

3 Risk free rate of securities with comparable terms to maturity.

The total expense arising from shares issued during the reporting period as part of share-based payments expense was:

| Series                            | 2023<br>\$ | 2022<br>\$ |
|-----------------------------------|------------|------------|
| (i) Director shares               | 183,064    | 59,182     |
| Dividend retained by the Director | 262,500    | -          |
|                                   | 445,564    | 59,182     |

#### b) Performance rights

The Company's Performance Rights Plan was approved and adopted by Shareholders on 10 September 2018. Each performance right will vest as an entitlement to one fully paid ordinary share upon achievement of certain performance milestones. If the performance milestones are not met, the performance rights will lapse, and the eligible participant will have no entitlement to any shares.

Performance rights are not listed and carry no dividend or voting rights. Upon exercise each performance right is convertible into one fully paid ordinary share to rank pari passu in all respects with existing fully paid ordinary shares.

Movement in the performance rights for the current year is shown below:

| Grant date | Expiry date | Exercise price | Balance at start of the year | Granted during the year | Converted during the year | Forfeited during the year | Balance at year end | Vested at year end |
|------------|-------------|----------------|------------------------------|-------------------------|---------------------------|---------------------------|---------------------|--------------------|
| 1-Dec-22   | 30-Jun-27   | -              | -                            | 3,000,000               | -                         | -                         | 3,000,000           | -                  |

A share-based payment expense has been recognised over the respective vesting periods.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 24 SHARE-BASED PAYMENTS (continued)

Key inputs used in the fair value calculation of the performance rights which have been granted during the year ended 30 June 2023 were as follows:

| Number<br>Granted                     | Exercise<br>price | Expected<br>vesting dates | Expiry<br>date | Share price<br>at grant<br>date | Risk fee<br>rate | Dividend<br>yield | Fair value per<br>performance<br>right | Total fair<br>value |
|---------------------------------------|-------------------|---------------------------|----------------|---------------------------------|------------------|-------------------|----------------------------------------|---------------------|
| Grant date: 1 Dec 2022 <sup>(1)</sup> |                   |                           |                |                                 |                  |                   |                                        |                     |
| 3,000,000                             | -                 | 1-Dec-22 to<br>30-Jun-25  | 30-Jun-27      | \$0.24                          | 3.027%           | 20.16%            | \$0.1158                               | \$347,400           |

1 Performance rights will vest on:

- continued employment to 30 June 2025, and
- relative total shareholder return ('TSR') for a three-year period relative to the TSR of each company in a peer group.

The total performance rights expense arising from performance rights recognised during the reporting year as part of share-based payment expense were as follows:

|                            | 2023<br>\$ | 2022<br>\$ |
|----------------------------|------------|------------|
| Performance rights granted | 78,445     | -          |

#### c) Retention rights

The Company's Retention Rights were granted to employees on 1 December 2022. Each retention right will vest as an entitlement to one fully paid ordinary share upon continued employment. If the continued employment is not met, the retention rights will lapse and the eligible participant will have no entitlement to any shares.

Retention rights are not listed and carry no dividend or voting rights. Upon exercise each retention right is convertible into one fully paid ordinary share to rank pari passu in all respects with existing fully paid ordinary shares.

Movement in the performance rights for the current year is shown below:

| Grant<br>date | Expiry<br>date | Exercise<br>price | Balance at<br>start of the<br>year | Granted<br>during the<br>year | Converted<br>during the<br>year | Forfeited<br>during the<br>year | Balance at<br>year end | Vested at<br>year end |
|---------------|----------------|-------------------|------------------------------------|-------------------------------|---------------------------------|---------------------------------|------------------------|-----------------------|
| 1-Dec-22      | 30-Jun-27      | -                 | -                                  | 3,500,000                     | -                               | -                               | 3,500,000              | -                     |

A share-based payment expense has been recognised over the respective vesting periods.

Key inputs used in the fair value calculation of the performance rights which have been granted during the year ended 30 June 2023 were as follows:

| Number<br>Granted      | Exercise<br>price | Expected<br>vesting dates | Expiry<br>date | Share price at<br>grant date | Fair value per<br>performance<br>right | Total fair<br>value |
|------------------------|-------------------|---------------------------|----------------|------------------------------|----------------------------------------|---------------------|
| Grant date: 1 Dec 2022 |                   |                           |                |                              |                                        |                     |
| 3,500,000              | -                 | 1-Dec-22 to 30-<br>Jun-25 | 30-Jun-27      | \$0.24                       | \$0.24                                 | \$840,000           |

The total retention rights expense arising from retention rights recognised during the reporting period as part of share-based payment expense were as follows:

|                          | 2023<br>\$ | 2022<br>\$ |
|--------------------------|------------|------------|
| Retention rights granted | 189,678    | -          |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 24 SHARE-BASED PAYMENTS (continued)

#### d) Share issue under the long-term incentive plan

In accordance with the Employee Securities Incentive Plan (Plan) approved by shareholders on 15 November 2022, Fenix offered eligible participants an opportunity to be issued up to 4,000 fully paid ordinary shares in Fenix.

Fenix is committed to rewarding and incentivising its people fairly and to ensuring the interests and motivations of key staff and contractors are aligned with the interests and motivations of shareholders. The Fenix Board has the ambition that all Fenix team members act and feel like owners of the business and to facilitate this ambition, based on the positive performance of the Company during 2022, elected to offer shares to eligible participants.

Each eligible participants who took up the Offer were issued with Fenix shares valued at approximately \$1,000 (4,000 Plan Shares valued at \$0.25 per share) and these shares were issued to them at no cost. The intention of the Fenix Board is that recipients of Plan Shares will hold the Plan Shares as a long term investment and participate in the future success of the Company. A total of 448,000 shares were issued during the year.

The total expense arising from shares issued under the long-term incentive plan recognised during the reporting period as part of share-based payment expense were as follows:

|                                                  | 2023<br>\$ | 2022<br>\$ |
|--------------------------------------------------|------------|------------|
| Shares issued under the long-term incentive plan | 112,000    | -          |

#### e) Performance shares

On 22 November 2018 the Company issued 55,000,000 shares and 112,500,000 performance shares to the vendors of Prometheus Mining Pty Ltd in consideration for the acquisition of 100% of the mining lease M20/118-I.

Performance shares were split between four milestones, being 15 million under Milestone A, 30 million under Milestone B, 37.5 million under Milestone C and 30 million under Milestone D. On achievement of the milestones each performance share will convert into one ordinary fully paid share, if the milestones are not achieved the performance shares consolidate and entitle each holder to one ordinary fully paid share per holder per milestone.

There are a total of 11 holders of the performance shares.

##### *During prior financial years*

Class A Performance Shares had not met the requirement for conversion and all unconverted Class A Performance Shares held by each holder were automatically consolidated into one Share each.

Class B Performance Shares had met the requirement for conversion and all Class B Performance Shares were converted into 30,000,000 ordinary fully paid shares were issued to holders of the performance shares.

##### *During the current financial year*

In October 2022, the Company advised that 37,500,000 Class C Performance Shares had met the requirement for conversion and, pursuant to the terms and conditions of the Performance Shares, all Class C Performance Shares were converted into 37,500,000 ordinary fully paid shares were issued to holders of the performance shares (see Note 22).

In June 2023, the Company advised that 30,000,000 Class C Performance Shares had met the requirement for conversion and, pursuant to the terms and conditions of the Performance Shares, all Class D Performance Shares were converted into 30,000,000 ordinary fully paid shares were issued to holders of the performance shares (see Note 22).

No performance shares were outstanding at the end of the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 24 SHARE-BASED PAYMENTS (continued)

#### Significant accounting estimates, assumptions and judgements

##### *Estimation of fair value of share-based payments*

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes or Monte-Carlo model taking into account the assumptions detailed within this note.

##### *Probability of vesting conditions being achieved*

Inputs to pricing models may require an estimation of reasonable expectations about achievement of future vesting conditions. Vesting conditions must be satisfied for the counterparty to become entitled to receive cash, other assets or equity instruments of the entity, under a share-based payment arrangement.

Non-market vesting conditions include service conditions, which require the other party to complete a specified period of service, and performance conditions, which require specified performance targets to be met (such as a specified increase in the entity's profit over a specified period of time) or completion of performance hurdles.

The Group recognises an amount for the goods or services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and shall revise that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates. On vesting date, the entity shall revise the estimate to equal the number of equity instruments that ultimately vested.

The achievement of future vesting conditions are reassessed at the end of each reporting period.

### 25 FINANCIAL AND CAPITAL RISK MANAGEMENT

#### Overview

The financial risks that arise during the normal course of the Group's operations comprise market risk, credit risk and liquidity risk. In managing financial risk, it is policy to seek a balance between the potential adverse effects of financial risks on financial performance and position, and the "upside" potential made possible by exposure to these risks and by taking into account the costs and expected benefits of the various risk management methods available to manage them.

##### *General objectives, policies and processes*

The Board is responsible for approving policies on risk oversight and management and ensuring management has developed and implemented effective risk management and internal control. The Board receives reports as required from the Senior Executives in which they review the effectiveness of the processes implemented and the appropriateness of the objectives and policies it sets. The Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced.

These disclosures are not, nor are they intended to be an exhaustive list of risks to which the Group is exposed.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 25 FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

#### Financial Instruments

The Group has the following financial instruments:

|                                  | 2023<br>\$ | 2022<br>\$  |
|----------------------------------|------------|-------------|
| <b>Financial assets</b>          |            |             |
| <i>Current</i>                   |            |             |
| Cash and cash equivalents        | 76,328,189 | 101,675,767 |
| Trade and other receivables      | 9,252,034  | 2,744,888   |
| Loan receivable                  | 10,761     | 509,276     |
| Other current assets             | 40,000     | 250,000     |
| <i>Non-Current</i>               |            |             |
| Loan receivable                  | -          | 466,667     |
|                                  | 85,630,984 | 105,646,598 |
| <b>Financial liabilities</b>     |            |             |
| <i>Current</i>                   |            |             |
| Trade and other payables         | 21,267,508 | 18,780,612  |
| Borrowings and lease liabilities | 8,795,003  | 74,212      |
| <i>Non-Current</i>               |            |             |
| Trade and other payables         | 500,000    | 1,430,025   |
| Borrowings and lease liabilities | 12,572,652 | 299,821     |
|                                  | 43,135,163 | 20,584,670  |

#### (a) Market Risk

Market risk can arise from the Group's use of interest-bearing financial instruments and exposure to commodity prices. It is a risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rate (foreign exchange risk) and fluctuations in commodity prices (commodity price risk).

##### (i) Interest rate risk

The Board manages the Group's exposure to interest rate risk by regularly assessing exposure, taking into account funding requirements and selecting appropriate instruments to manage its exposure. As at the 30 June 2023, the Group has interest-bearing liabilities (borrowings) and interest-bearing assets, being deposits and cash at bank. As at 30 June 2022 the Group had interest-bearing assets, being loans, deposits and cash at bank.

#### Sensitivity analysis

The Group's policy is to minimise interest rate cash flow risk exposures. Longer-term borrowings are therefore usually at fixed rates. At 30 June 2023, the Group is exposed to variable changes to cash invested on deposit with financial institutions.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 25 FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

A change in interest rate of weakening of +/- 1%, with all other variables held constant, would decrease the Group's equity and profit after taxation by \$92,297. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

For the prior year the Group's does not consider this to be a material risk/exposure to the Group and have therefore not undertaken any further analysis.

The weighted average effective interest rate of funds on deposit is 4.59% (30 June 2022: 0.77%).

#### (ii) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from fluctuations in the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The Group manages risk by matching receipts and payments in the same currency and monitoring movements in exchange rates. The exposure to risks is measured using sensitivity analysis and cash flow forecasting.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

|                              | 2023<br>\$ | 2022<br>\$ |
|------------------------------|------------|------------|
| <b>Financial assets</b>      |            |            |
| Cash                         | 10,498,111 | 12,775,283 |
| Trade and other receivables  | 7,554,459  | -          |
| <b>Financial liabilities</b> |            |            |
| Trade and other payables     | 3,072,458  | 1,378,895  |

#### Sensitivity analysis

A hypothetical change of 10% in the US dollar exchange rate was used to calculate the Group's sensitivity to foreign exchange rate movements as the Company's estimate of possible rate movements over the coming year taking into account current market conditions and past volatility.

A weakening of the US dollar by 10%, with all other variables held constant, would decrease the Group's equity and profit after taxation by \$995,758 (2022: \$784,903). These sensitivities should not be used to forecast the future effect of movement in the Australian dollar exchange rate on future cash flows.

#### (iii) Commodity price risk

The risk associated with commodity prices is managed as part of the portfolio risk management strategy.

Fenix Resources entered into iron ore swap arrangements for its Iron Ridge Mine for:

- the 9 months from October 2022 to June 2023. The hedge arrangement covered 35,000 dmt of material per month, calculated at the average monthly iron ore 62 per cent Fe futures index (Platts IODEX), converted to Australian Dollars. The conversion resulted in pricing for iron ore fixed at \$180.65 per dmt and locked in ~31% of planned production for the period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 25 FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

- the 6 months from January 2023 to June 2023. The hedge arrangement covered 15,000 dmt of material per month, calculated at the average monthly iron ore 62 per cent Fe futures index (Platts IODEX), converted to Australian Dollars. The conversion resulted in pricing for iron ore fixed at \$156.00 per dmt and locked in a further ~14% of planned production for the period.

The group uses derivative financial instruments such as iron ore forward contracts to manage the risk associated with commodity price. All other production is on market-based index pricing terms.

The relationship between commodity prices and foreign currencies is complex and movements in foreign exchange rates can impact commodity prices.

#### (b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with financial institutions, as well as trade receivables. Credit risk is managed on a Group basis. For cash balances held with bank or financial institutions, only Tier 1 Australian banks are accepted.

The Board are of the opinion that the credit risk arising as a result of the concentration of the Group's assets is more than offset by the potential benefits gained.

The maximum exposure to credit risk at the reporting date is the carrying amount of the assets as summarised, none of which are impaired or past due.

#### Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

|                             | 2023<br>\$ | 2022<br>\$  |
|-----------------------------|------------|-------------|
| Cash and cash equivalents   | 76,328,189 | 101,675,767 |
| Trade and other receivables | 9,252,034  | 2,744,888   |
| Other current assets        | 10,761     | 250,000     |
| Loan receivable             | 40,000     | 975,943     |
|                             | 85,630,984 | 105,646,598 |

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

|                                                               | 2023<br>\$ | 2022<br>\$ |
|---------------------------------------------------------------|------------|------------|
| <b>Other receivables</b>                                      |            |            |
| Counterparties with external credit ratings                   | -          | -          |
| Counterparties without external credit ratings <sup>(1)</sup> |            |            |
| Group 1                                                       | -          | -          |
| Group 2                                                       | 9,252,034  | 2,744,888  |
| Group 3                                                       | -          | -          |
| Total                                                         | 9,252,034  | 2,744,888  |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 25 FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

|                                                                                                                                                                                                                                                          | 2023<br>\$ | 2022<br>\$  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------|
| Other current assets – term deposits held with Tier 1 Australian banks and financial institutions                                                                                                                                                        | 40,000     | 250,000     |
| Total                                                                                                                                                                                                                                                    | 40,000     | 250,000     |
| 1 Group 1 – new customers (less than 6 months)<br>Group 2 – existing customers (more than 6 months) with no defaults in the past<br>Group 3 – existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered. |            |             |
|                                                                                                                                                                                                                                                          | 2023<br>\$ | 2022<br>\$  |
| <b>Cash at bank and short-term deposits</b>                                                                                                                                                                                                              |            |             |
| Held with Tier 1 Australian banks and financial institutions                                                                                                                                                                                             | 76,328,189 | 101,675,767 |
| Total                                                                                                                                                                                                                                                    | 76,328,189 | 101,675,767 |

#### (c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Through continuous monitoring of forecast and actual cash flows the Group manages liquidity risk by maintaining adequate reserves to meet future cash needs. The decision on how the Group will raise future capital will depend on market conditions existing at that time.

#### Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

|                                  | Less than 6<br>months<br>\$ | 6 - 12<br>months<br>\$ | 1 – 5<br>years<br>\$ | Over 5<br>years<br>\$ | Total<br>contractual<br>cash flows<br>\$ | Carrying<br>amount of<br>liabilities<br>\$ |
|----------------------------------|-----------------------------|------------------------|----------------------|-----------------------|------------------------------------------|--------------------------------------------|
| <b>At 30 June 2023</b>           |                             |                        |                      |                       |                                          |                                            |
| Trade and other payables         | 20,767,508                  | 500,000                | 500,000              | -                     | 21,767,508                               | 21,767,508                                 |
| Borrowings and lease liabilities | 5,397,592                   | 5,802,686              | 23,071,185           | -                     | 34,271,463                               | 21,367,655                                 |
| <b>At 30 June 2022</b>           |                             |                        |                      |                       |                                          |                                            |
| Trade and other payables         | 18,776,612                  | -                      | 1,430,025            | -                     | 20,206,637                               | 20,206,637                                 |
| Lease liabilities                | 49,564                      | 49,564                 | 338,688              | -                     | 437,816                                  | 374,033                                    |

#### (d) Capital risk management

The Group's objective when managing capital is to safeguard the ability to continue as a going concern. This is to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Board monitors capital on an ad-hoc basis. No formal targets are in place for return on capital or gearing ratios.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 26 EARNINGS PER SHARE

#### *Options*

Options granted to employees and Directors under the Incentive Option Scheme are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details are set out in Note 24.

#### *Retention rights*

Retention rights granted to employees under the employee incentive scheme are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details are set out in Note 24.

#### *Performance rights*

Performance rights granted to employees under the employee incentive scheme are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details are set out in Note 24.

#### *Performance shares*

Performance shares granted to vendors of Prometheus in consideration for the acquisition of 100% of the mining lease M20/118-I are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The performance shares have not been included in the determination of basic earnings per share. Details are set out in Note 24.

#### *Milestone Consideration shares*

Consideration shares granted to Newhaul Pty Ltd in part consideration for the acquisition of 50% of the Fenix-Newhaul Pty Ltd are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The performance shares have not been included in the determination of basic earnings per share. Details are set out in Note 24.

|                                                                          | 2023          | 2022          |
|--------------------------------------------------------------------------|---------------|---------------|
| Basic earnings per share                                                 |               |               |
| Net profit after tax attributable to the members of the Company          | \$ 29,253,182 | \$ 50,694,454 |
| Weighted average number of ordinary shares                               | 572,253,997   | 493,819,399   |
| Basic earnings per share (cents)                                         | 5.11          | 10.27         |
| Net profit after tax attributable to the members of the Company          | \$ 29,253,182 | \$ 50,694,454 |
| Weighted average number of ordinary shares                               | 572,253,997   | 493,819,399   |
| Adjustments for calculation of diluted earnings per share                |               |               |
| Performance shares                                                       | -             | 67,500,000    |
| Performance rights                                                       | 3,000,000     | -             |
| Retention rights                                                         | 3,500,000     | -             |
| Milestone consideration shares                                           | 40,000,000    | -             |
| Weighted average number of ordinary shares and potential ordinary shares | 613,600,572   | 561,319,399   |
| Diluted earnings per share (cents)                                       | 4.77          | 9.03          |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 27 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This Note provides an overview of the areas that involved a higher degree of judgement or complexity and items which are more likely to be materially adjusted. Detailed information about each of these estimates and judgements is included in the Notes together with information about the basis of calculation for each affected line item in the financial statements.

#### Significant accounting estimates and judgements

The areas involving significant estimates or judgements are:

- Fair value of identifiable assets and liabilities acquired – Note 4;
- Inventory valuation – Note 8;
- Income tax classification – Note 9;
- Uncertain tax matters – Note 9;
- Units of production amortisation method – Note 14;
- Impairment of assets – Note 15;
- Fair value of assets at acquisition – Note 17;
- Rehabilitation and mine closure – Note 19;
- Fair value of derivatives – Note 21;
- Probability of vesting conditions being achieved – Note 24; and
- Estimation of fair value of share-based payments – Note 24.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

There have been no actual adjustments this year as a result of an error and of changes to previous estimates.

### 28 CONTINGENCIES

#### (a) Contingent liabilities

There were no material contingent liabilities not provided for in the financial statements of the Company as at 30 June 2023 or 30 June 2022.

#### (b) Contingent assets

There were no material contingent assets as at 30 June 2023 or 30 June 2022.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 29 COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not recognised as a liability is as follows:

|                                                  | 2023 <sup>(1)</sup><br>\$ | 2022 <sup>(1)</sup><br>\$ |
|--------------------------------------------------|---------------------------|---------------------------|
| Within one year                                  | 243,949                   | 59,500                    |
| Later than one year but no later than five years | 330,723                   | 460,996                   |
| Later than five years                            | 144,416                   | 156,349                   |
|                                                  | 719,088                   | 676,845                   |

1 Commitment for the Iron Ridge Mine and Pharos project.

### 30 INTEREST IN OTHER ENTITIES

#### (a) Investments in controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 36(a):

| Name of entity                              | Country of incorporation | 2023<br>Equity holding | 2022<br>Equity holding |
|---------------------------------------------|--------------------------|------------------------|------------------------|
| Prometheus Mining Pty Ltd <sup>(1)</sup>    | Australia                | 100%                   | 100%                   |
| Fenix-Newhaul Pty Ltd <sup>(2)</sup>        | Australia                | 100%                   | -                      |
| Fenix Shine Pty Ltd <sup>(3)</sup>          | Australia                | 100%                   | -                      |
| Fenix Extension Hill Pty Ltd <sup>(3)</sup> | Australia                | 100%                   | -                      |
| Fenix Perenjori Pty Ltd <sup>(3)</sup>      | Australia                | 100%                   | -                      |
| Fenix Ruvidini Pty Ltd <sup>(3)</sup>       | Australia                | 100%                   | -                      |
| Fenix Port Services Pty Ltd <sup>(3)</sup>  | Australia                | 100%                   | -                      |

1 Subsidiary acquired on 22 November 2018.

2 On 22 July 2022, the Company acquired the remaining 50% of the ordinary share capital and voting rights of Fenix-Newhaul Pty Ltd. As a result, Fenix-Newhaul became a wholly owned subsidiary of the Company from its previously equity held interest, see Note 17.

3 Subsidiary incorporated on 19 June 2023.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 31 RELATED PARTY TRANSACTIONS

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

#### Key management personnel compensation

|                              | 2023<br>\$ | 2022<br>\$ |
|------------------------------|------------|------------|
| Short-term employee benefits | 845,106    | 854,350    |
| Post-employment benefits     | 76,585     | 86,550     |
| Share-based payments         | 209,212    | 59,182     |
|                              | 1,130,903  | 1,000,082  |

Detailed remuneration disclosures are provided within the remuneration report.

#### Parent entity

The ultimate parent entity and ultimate controlling party is Fenix Resources Limited (incorporated in Australia).

#### Subsidiaries

Interests in subsidiaries are set out in Note 30.

#### Transactions with related parties

##### *Director appointment*

On 1 September 2022, Mr Craig Mitchell was appointed as a Non-Executive Director. The appointment of Mr Mitchell to the Board of Fenix was in accordance with the agreement with Newhaul to consolidate 100% ownership of the Company's haulage company, Fenix-Newhaul.

##### *Share capital issued*

On 22 July 2022, 30,000,000 shares were issued to Exxten Pty Ltd in part consideration of the acquisition of Fenix-Newhaul Pty Ltd. Mr Mitchell is a director and shareholder of Exxten Pty Ltd.

On 6 October 2022, 37,000,000 Class C Performance Shares had met the requirement for conversion and each Class C Performance Shares was converted into ordinary fully paid shares. Mr Plowright was the holder of 7,544,379 Class C Performance Shares which were converted into 7,544,379 ordinary fully paid shares.

On 29 June 2023, 30,000,000 Class D Performance Shares had met the requirement for conversion and each Class D Performance Shares was converted into ordinary fully paid shares. Mr Plowright was the holder of 6,035,504 Class D Performance Shares which were converted into 6,035,504 ordinary fully paid shares.

On 29 June 2023, Milestone 1 of the Milestone Consideration shares had met the requirement for issuance and 20,000,000 ordinary fully paid shares were issued to Newhaul Pty Ltd. Mr Mitchell is a director and shareholder of Newhaul Pty Ltd.

##### *Transportation services*

During the period 1 July 2022 to 22 July 2022, Fenix-Newhaul Pty Ltd provided transportation services to the Iron Ridge Mine on normal commercial terms and conditions, with expenses recognised during the period of \$4,429,731 (ex GST) (30 June 2022: \$62,755,455 (ex GST)).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 31 RELATED PARTY TRANSACTIONS (continued)

*Purchases from entities associated with key management personnel*

*Management services*

On 1 September 2022, Mr Craig Mitchell was appointed Non-Executive Director.

From 21 July 2022 to 30 June 2023, Newhaul Pty Ltd provided management services to Fenix-Newhaul. An amount of \$2,127,903 (inc. GST) has been invoiced from Newhaul and recorded in other expenses between the period 1 September 2022 and 30 June 2023. Mr Mitchell is a director and shareholder of Newhaul Pty Ltd. The management services arrangement in place between Fenix-Newhaul and Newhaul was approved by Fenix in July 2022 as part of the transitional arrangements upon acquisition of Fenix-Newhaul whereby Fenix will retain the services of Newhaul, allowing Fenix-Newhaul to continue to leverage the skills and experience of Newhaul's team and benefit from the efficiencies of Newhaul's systems and market leading processes. This agreement has recently been extended on normal commercial terms and conditions and includes the provision of strategic and operational management, finance, administration, human resources, procurement and IT services.

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Other than the items noted above there have been no changes to related party transactions since the last annual reporting date, 30 June 2022.

### 32 EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the end of the reporting period:

- On 24 July 2023, Fenix completed the acquisition 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 – Iron ore mine currently on care and maintenance with a Mineral Resource Estimate of 15 million tonnes at 58% Fe.
  - Two On-Wharf Storage Sheds at Geraldton Port – 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 - Ruvadini 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 consideration comprised an upfront payment of \$10 million in cash, an upfront consideration of 60 million ordinary shares in Fenix and 25 million options on Fenix shares, expiring 60 months from completion (12.5 million options with an exercise price of \$0.25/share and 12.5 million options with an exercise price of \$0.30/share). Management has not yet completed its purchase price calculation and resultant allocation as at the date of this annual report.

Other than as set out above there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 33 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

|                                                                      | Notes | 2023<br>\$   | 2022<br>\$  |
|----------------------------------------------------------------------|-------|--------------|-------------|
| Profit for the year                                                  |       | 29,253,182   | 50,694,454  |
| <i>Add/(less) non-cash items:</i>                                    |       |              |             |
| Depreciation and amortisation                                        |       | 15,309,325   | 6,017,953   |
| Share based payments                                                 | 24    | 825,687      | 59,182      |
| Inventory movement                                                   | 8     | 2,090,659    | 5,716,151   |
| Foreign exchange                                                     |       | (358,060)    | 140,416     |
| Interest on loans                                                    |       | 1,167,228    | -           |
| <i>Add/(less) items classified as invested/financing activities:</i> |       |              |             |
| Finance costs                                                        | 6     | (140,614)    | 842,464     |
| Interest income                                                      |       | 138,645      | (225,503)   |
| Gain/loss on sale of asset                                           |       | (255,624)    | -           |
| Share issue costs claimed as a deduction                             | 9     | (33,183)     | (83,378)    |
| Movement in Assets in Account Payable & GST on assets<br>Financed    |       | 1,257,853    | -           |
| Insurance funding                                                    |       | (549,270)    | -           |
| Profit from joint venture                                            | 17    | (7,721,335)  | (4,776,607) |
| <i>Changes in assets and liabilities during the financial year:</i>  |       |              |             |
| (Increase)/decrease in receivables                                   |       | (2,317,072)  | 76,026      |
| Increase/(Decrease) in payables                                      |       | (2,024,333)  | (4,003,070) |
| (Decrease)/Increase in employee provision                            |       | (104,171)    | 110,486     |
| (Decrease)/Increase in taxation provision                            |       | (20,254,709) | 7,717,417   |
| Net cash inflow used in operating activities                         |       | 16,284,208   | 62,285,991  |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 34 REMUNERATION OF AUDITORS

During the year, the following fees were paid or payable for services provided by the auditor of the parent entity, its related parties and non-related audit firms:

|                                          | 2023<br>\$     | 2022<br>\$     |
|------------------------------------------|----------------|----------------|
| <i>Audit and assurance services</i>      |                |                |
| Grant Thornton Audit Pty Ltd             |                |                |
| Audit and review of financial statements | 190,605        | 128,603        |
| <i>Other services</i>                    |                |                |
| Grant Thornton Australia Limited         |                |                |
| Due diligence services                   | 62,887         | 47,000         |
| <b>Total remuneration</b>                | <b>253,492</b> | <b>175,603</b> |

From time to time the Consolidated Entity may decide to employ an external auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Consolidated Entity are important. These assignments are principally tax advice and due diligence on acquisitions, which are awarded on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects.

### 35 PARENT ENTITY INFORMATION

The following information relates to the parent entity, Fenix Resources Limited as at 30 June 2023. The information presented here has been prepared using consistent accounting policies as presented in Note 36.

#### (a) Summary of financial information

The individual aggregate financial information for the parent entity is shown in the table.

#### (b) Guarantees entered into by the parent entity

The parent entity did not have any guarantees as at 30 June 2023 or 30 June 2022.

#### (c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2023 or 30 June 2022.

#### (d) Contractual commitments for the acquisition of property, plant and equipment

The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment as at 30 June 2023 or 30 June 2022.

|                                   | Company            |                    |
|-----------------------------------|--------------------|--------------------|
|                                   | 2023<br>\$         | 2022<br>\$         |
| <b>Financial position</b>         |                    |                    |
| Current assets                    | 87,281,742         | 118,325,097        |
| <b>Total assets</b>               | <b>147,347,078</b> | <b>150,518,318</b> |
| Current liabilities               | 24,349,509         | 35,917,424         |
| <b>Total liabilities</b>          | <b>29,778,609</b>  | <b>42,832,614</b>  |
| <b>Equity</b>                     |                    |                    |
| Issued capital                    | 68,018,010         | 52,166,431         |
| Reserves                          | 2,684,094          | 2,759,182          |
| Retained Earnings                 | 46,866,365         | 52,760,091         |
| <b>Total equity</b>               | <b>117,568,469</b> | <b>107,685,704</b> |
| <b>Financial performance</b>      |                    |                    |
| Profit for the year               | 22,519,996         | 51,418,518         |
| <b>Total comprehensive income</b> | <b>22,519,996</b>  | <b>51,418,518</b>  |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 36 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Fenix Resources Limited (**Company** or **Fenix**) is a company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. Fenix Resources Limited is the ultimate parent entity of the Group.

The consolidated financial statements of Fenix Resources Limited for the year ended 30 June 2023 comprise the Company and its controlled subsidiaries (together referred to as the **Group** and individually as **Group entities**).

#### *Statement of compliance*

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Group Interpretations and the *Corporations Act 2001*. Fenix Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### *Historical cost convention*

These financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

#### *Critical accounting estimates and significant judgements*

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within Note 27.

#### *New and amended standards adopted by the Group*

The Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current annual reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior years.

#### *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below. These standards are not expected to have a material impact on the entity in the current

or future reporting periods and on foreseeable future transactions.

There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting period and in the foreseeable future.

#### **Accounting Policies**

In order to assist in the understanding of the financial statements, the following summary explains the principal accounting policies that have been adopted in the preparation of the financial report. These policies have been applied consistently to all of the periods presented, unless otherwise stated.

##### **(a) Principles of Consolidation**

###### *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of subsidiaries of the Company at the end of the reporting period. Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Where a subsidiary has entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of subsidiaries is contained in Note 30 to the financial statements.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

###### *Equity method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 36(i).

### *Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Fenix Resources Limited.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

### **(b) Segment Reporting**

Operating segments are reported in a manner that is consistent with the internal reporting to the chief operating decision maker, which has been identified by the Company as the Board.

### **(c) Foreign Currency Translation**

#### *Functional and presentation currency*

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Fenix Resources Limited's functional and presentation currency.

#### *Transactions and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities at the reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in profit or loss in the period in which they arise.

#### *Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that balance sheet;

income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange difference is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

### **(d) Revenue Recognition**

Revenue is measured as the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured it is probable that future economic benefits will flow to the entity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

Revenue for other business activities is recognised on the following basis:

### *Iron Ore Sales*

The Group generates revenue from the sale of iron ore. Revenue is recognised at a point in time when control of the promised goods or services passes to the customer. In most instances, control passes when the goods are delivered to a destination specified by the customer, typically on board the customer's appointed vessel. The amount of revenue recognised reflects the consideration to which the Group expects to be entitled in exchange for the goods.

The Group sells ore to customers under two types of long-term offtake contracts:

- Cost and Freight (CFR) Incoterms, where the Group is responsible for providing shipping/freight services and the associated costs; and
- Free on Board (FOB) Incoterms, where the customer is responsible for all shipping/freight services and the associated costs.

The Group's sales under both of these contract types are provisionally priced, with the final price only determined at a later date with reference to the average market-based price indices over an agreed time period (typically 30 calendar days from the first month post shipment), referred to as a quotational period. Adjustments to the sales price therefore occur based on movements in the market-based price indices up to the end of the quotational period. Any increase/decrease from the provisional price to the final price is typically referred to as a QP Adjustment. QP Adjustments are therefore only confirmed after the end of the quotational period and any increase / decrease to revenue then recorded accordingly.

Any changes to the final price that occur over the quotational period are embedded within the associated trade receivable as part of the contract. Given the exposure to the commodity price, these provisionally priced trade receivables are measured at fair value through profit or loss in revenue, presented separately to revenue from contracts with customers. Subsequent changes in the fair value of provisionally priced trade receivables are calculated based on either:

- Where QP Adjustments are confirmed by the balance sheet date: As per the final invoice / credit note issued; or
- where QP Adjustments are not yet confirmed by the balance sheet date but where the quotational period has expired on or before the balance sheet date: By calculating an estimated final price using the observed average market-based price indices over the quotational period; or
- where QP Adjustments are not yet confirmed by the balance sheet date but where the quotational period will only commence after the balance sheet date: By calculating

an estimated final price using the spot prices of the market-based price indices as at the balance sheet date.

The final invoice is typically issued once the vessel has arrived at its destination and details have been confirmed by the customer and may include adjustments that arise as a consequence of changes in moisture or ore quality. Any changes in the value of the trade receivables arising from the final invoice are also measured at fair value through profit or loss, included under revenue from contracts with customers.

### *Interest income*

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

### **(e) Inventories**

Ore stockpiles are physically measured or estimated and valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis and comprises mining costs, direct materials, direct labour, haulage, depreciation and an appropriate proportion of project overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### **(f) Income Tax and Other Taxes**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fenix Resources Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### (g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flow arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

### (h) Exploration and Evaluation Expenditure

The Group's policy with respect to exploration and evaluation expenditure is to use the area of interest method.

This method allows the costs associated with the acquisition, exploration, and evaluation of a prospect to be aggregated on the consolidated statement of financial position and matched against the benefits derived from commercial production once this commences.

#### Costs

Exploration lease acquisition costs relating to exploration provinces are initially capitalised and then amortised over the shorter term of the lease or the expected life of the project.

All other exploration and evaluation costs, including general permit activity, geological and geophysical costs and new venture activity costs are charged as expenses as incurred except where:

- such evaluation costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or
- exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

Areas of interest are recognised at permit level. Subsequent to the recognition of an area of interest, all further costs relating to the Area of Interest are initially capitalised. Each area of interest is reviewed at least bi-annually to determine whether economic quantities of reserves exist or whether further exploration and evaluation work is required to support the continued carry forward of capitalised costs. To the extent it is considered that the relevant expenditure will not be recovered, it is written off.

In the statement of cash flows, those cash flows associated with the capitalised exploration and evaluation expenditure are classified as cash flows used in investing activities exploration and evaluation expenditure expensed is classified as cash flows used in operating activities.

#### Future restoration costs

The Group's aim is to avoid or minimise environmental impacts resulting from its operations and reviews work scope and cost estimates for restoration annually.

Provision is made in the consolidated statement of financial position for the estimated costs of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The estimated costs are capitalised as part of the cost of the related project where recognition occurs in the operating locations. The costs are then recognised as an expense on a units of production basis during the production phase of the project.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### (i) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's values in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

As assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had the impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at the revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### (j) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, cash in bank accounts, money market investments readily convertible to cash within two working days, and bank bills but net of outstanding bank overdrafts.

### (k) Trade and Other Receivables

Receivables are initially recognised at the transaction price, less allowances for expected credit loss.

### (l) Investments and Other Financial Assets

Investments and other financial assets

#### *Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The group reclassifies debt investments when and only when its business model for managing those assets changes.

#### *Measurement*

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

#### *Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### (m) Mine Properties, Property Plant And Equipment

#### *Recognition and measurement*

Mine properties, property, plant and equipment is stated at cost less accumulated depreciation and amortisation and accumulated impairment losses.

Items of mine properties, property, plant and equipment are initially recognised at cost at the date of acquisition when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be reliably

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

measured. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably.

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in profit or loss.

### *Mine properties under development*

Mine properties under development represents the costs incurred in preparing mines for production and includes plant and equipment under construction and operating costs incurred before production commences.

Once production commences, these costs are transferred to property, plant and equipment and mine properties as appropriate, and are depreciated and amortised using the units of production method based on the estimated economically recoverable resource contained in the mine plan to be extracted to which they relate or are written off if the mine property is abandoned.

### *Mine properties*

Mine properties represent the accumulation of all pre-production expenditure incurred in relation to areas of interest for which the technical feasibility and commercial viability of the extraction of mineral resources are demonstrable.

Production is deemed to commence when the mine assets are installed and ready for use in the location and condition necessary for them to be capable of operating in the manner intended by management. These costs are capitalised to the extent they are expected to be recouped through the successful exploitation of the related mining leases.

Mine properties include:

- Capitalised expenditure in relation to exploration, evaluation, feasibility, and acquisition costs incurred on projects for which the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.
- The cost of rehabilitation and mine closure relating to assets reflected in mine properties.
- Capitalised development and production stripping costs.
- Pre-production operating costs, net of pre-production revenue, previously accumulated and carried forward in mine properties under development, transferred to mine

properties in relation to areas of interest in which mining has now commenced.

- Associated mine infrastructure including access roads, evaporation ponds, tailings facility and the airstrip.
- Mining contractor mobilisation costs.

Mine properties are amortised on a units of production basis over the economically recoverable ore reserve contained in the relevant mine plan.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when it is probable that the additional future economic benefits associated with the expenditure will flow to the Group. Otherwise, such expenditure is classified as part of the cost of production.

### *Right-of-use assets*

Right-of-use (ROU) assets, representing the Group's right to use an underlying leased asset for the lease term, are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

### *Depreciation and amortisation*

Depreciation commences when an asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of assets is calculated using either the straight-line method or units of production method to allocate the assets' cost, net of residual values, over the estimated useful lives of the assets.

Mine-related plant and equipment is depreciated on a units of production basis, except for assets with a useful life less than the life of mine, for which the straight-line method is applied. Non-mine-related plant and equipment is depreciated on a straight-line basis. The depreciation rates used when applying the straight-line method vary between 5% to 50% per annum.

Mine properties are amortised on a units of production basis over the life of the estimated ore reserve of the mine.

### *Units of production method*

Where the useful life of an asset is directly linked to the extraction of ore from a mine, the asset is depreciated using the units of production method. The units of production method results in depreciation and amortisation charges proportional to the depletion of the estimated ore reserve of the mine. The unit of account used in the calculation is tonnes of ore.

### **(n) Plant and Equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

Depreciation is calculated using both the diminishing value and straight-line methods to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives:

|                                        |            |
|----------------------------------------|------------|
| - Trucks and Trailers                  | 5-10 years |
| - Motor Vehicles                       | 10 years   |
| - Plant and Equipment                  | 2-10 years |
| - Buildings and Leasehold Improvements | 40 years   |
| - Other fixed assets                   | 4 years    |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

### (o) Leases

#### *Lease assessment*

Applying the definition of a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease, by determining whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Control is considered to exist if the Group has the right to obtain substantially all of the economic benefits from the use of an explicitly or implicitly identified asset over which the supplier does not have a substantive substitution right, and the right to direct the use of that asset throughout the period of use.

#### *Lease term*

The lease term is the non-cancellable term of the lease and any periods covered by:

- an extension option, if that option is reasonably certain to be exercised, and;
- a termination option, if that option is reasonably certain not to be exercised.

#### *Non-lease components*

At inception or on reassessment of a contract that contains a lease component, the consideration in the contract is allocated to each lease component on the basis of their relative stand-

alone prices, unless an election is made to account for the lease and non-lease components as a single lease component.

Non-lease components are excluded from future lease payments and recognised separately as incurred as operating expenses on a straight-line basis in profit or loss.

#### *Initial recognition*

Leases are recognised as an ROU asset and a corresponding lease liability at the commencement date, which is the date the leased asset is available for use by the Group.

#### *Short-term leases and leases of low-value assets*

All leases are accounted for by recognising an ROU asset and a lease liability except for:

- short-term leases (defined as leases with a lease term of 12 months or less and which do not contain a purchase option) and;
- leases of low-value assets.

Lease payments on short-term leases and leases of low-value assets are recognised as incurred as operating expenses on a straight-line basis over the lease term in profit or loss.

### **Lease liabilities**

#### *Initial measurement*

Lease liabilities are initially measured at the present value of lease payments to be paid after the commencement date over the lease term, discounted using the lessee's incremental borrowing rate, if the interest rate implicit in the lease cannot be readily determined.

The lessee's incremental borrowing rate (IBR) is the rate the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine the IBR, the Group obtains external interest rate advice and adjusts the interest rates to reflect the lease conditions and the underlying asset.

Lease payments included in the measurement of the lease liabilities comprise:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- amounts payable under residual value guarantees; and
- payments arising from purchase, extension, or termination options reasonably certain to be exercised by the Group.

Variable lease payments not dependent on an index or a rate, for example, variable lease payments linked to the use of an underlying asset, are not included in the measurement of lease liabilities, and are recognised as operating expenses in profit or loss as incurred.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### *Subsequent measurement*

The lease liability is subsequently measured on an amortised cost basis using the effective interest method, where the lease liability is increased to reflect the accretion of interest and reduced by the lease payments made, over the lease term.

Interest expense is recognised as interest expense on lease liabilities in profit or loss over the lease term, on the remaining lease liability balance for each period.

### *Remeasurement*

Lease liabilities are remeasured if:

- there is a lease modification that is not accounted for as a separate lease; or
- there are changes in: the lease term; the assessment to exercise a purchase option; amounts payable under a residual guarantee; in-substance fixed payments; or future lease payments arising from a change in an index or rate.

A revised discount rate is applied when there is a change in the assessment to exercise a purchase option, the lease term or floating interest rates. A corresponding adjustment is recognised in the ROU asset, or in profit or loss if the carrying amount of the ROU asset has been reduced to nil.

### **ROU assets**

ROU assets, representing the Group's right to use the underlying leased asset for the lease term, are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

### *Initial measurement*

The initial cost of ROU assets includes:

- the initial measurement of the related lease liabilities recognised;
- any lease payments made on or before the commencement date, less any lease incentives received;
- initial direct costs incurred; and
- restoration cost estimates, recognised and measured applying AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

### *Subsequent measurement*

ROU assets are subsequently depreciated, in accordance with the Group's existing depreciation accounting policy, over the shorter of the estimated useful life of the underlying asset and the lease term. If it is reasonably certain that the Group will either obtain ownership of the underlying asset by the end of the lease term or exercise a purchase option, the ROU asset is depreciated over its estimated useful life.

ROU assets are assessed for any impairment in accordance with the Group's existing impairment accounting policy.

### **(p) Acquisition of Assets**

Where an entity or operation is acquired, the identifiable assets acquired (and, where applicable, identifiable liabilities assumed) are to be measured at the acquisition date at their relative fair values of the purchase consideration.

Where the acquisition is a group of assets or net assets, the cost of acquisition will be apportioned to the individual assets acquired (and, where applicable, liabilities assumed). Where a group of assets acquired does not form an entity or operation, the cost of acquisition is apportioned to each asset in proportion to the fair values of the assets as at the acquisition date.

### **(q) Share-Based Payment Transactions**

#### *Benefits to Employees and consultants (including Directors)*

The Group provides benefits to employees and consultants (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares or options ("equity-settled transactions").

The costs of these equity settled transactions are measured by reference to the fair value of the equity instruments at the date on which they are granted. The fair value of performance rights granted is determined using the single barrier share option pricing model. The fair value of options granted is determined by using the Black-Scholes option pricing technique. Further details of options and performance rights granted are disclosed in Note 21.

The cost of these equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period).

At each subsequent reporting date until vesting, the cumulative charge to the profit or loss is the product of: (i) the fair value at grant date of the award; (ii) the current best estimate of the number of equity instruments that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to the profit or loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an equity instrument has vested, any amounts recorded are contingent and will be adjusted if more or fewer equity instruments vest than were originally anticipated to do so. Any equity instrument subject to a market condition is valued as if it will vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. An additional expense is recognised for any

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

modification that increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the recipient of the award, as measured at the date of modification.

If an equity-settled transaction is cancelled (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new equity instrument is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new equity instrument are treated as if they were a modification of the original award, as described in the preceding paragraph.

### *Benefits to Vendors*

The Group provides benefits to vendors of the Group in the form of share-based payment transactions, whereby the vendor has rendered services in exchange for shares or rights over shares or options ("equity-settled transactions").

The fair value is measured by reference to the value of the goods or services received. If these cannot be reliably measured, then by reference to the fair value of the equity instruments granted.

The cost of these equity-settled transactions is recognised over the period in which the service was received.

### **(r) Fair Value Estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximately their fair value due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

### **(s) Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value and the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost in profit or loss.

### **Rehabilitation and mine closure**

The Group has obligations to dismantle and remove certain items of mine properties, property, plant and equipment and to restore and rehabilitate the land on which they sit.

A provision is recognised for the estimated cost of settling the rehabilitation and restoration obligations existing at the reporting date, discounted to present value using high quality corporate bond market yields at the reporting date, that match the timing of the estimated future cash outflows as closely as possible.

Where the obligation is related to an item of mine properties, property, plant and equipment, its cost includes the present value of the estimated costs of dismantling and removing the asset and restoring the site on which it is located. The related rehabilitation asset for the Iron Ridge Mine is included in mine properties.

The discounted value reflects a combination of an assessment of the nature and extent of the work required, the future cost of performing the work required, the timing of cash flows and the discount rate. Over time, the discounted value is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. This increase in the provision, being the periodic unwinding of the discount due to the passage of time, is recognised as a finance cost in profit or loss.

The provision is reassessed at least annually. A change in any of the assumptions used to determine the provisions could have a material impact on the carrying amount of the provision. Any change in the provision is reflected as an addition to, or deduction from, the related rehabilitation asset in mine properties and amortised as appropriate.

### **(t) Employee Entitlements**

The Group's liability for employee entitlements arising from services rendered by employees to reporting date is recognised in other payables. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, and annual leave which will be settled within one year, have been measured at their nominal amount and include related on-costs.

### **(u) Profit/loss Per Share**

#### *Basic profit/loss per share*

Basic earnings per share is determined by dividing the operating loss attributable to the equity holder of the Group after income tax by the weighted average number of ordinary shares outstanding during the financial year.

#### *Diluted earnings/loss per share*

Diluted earnings per share adjusts the figures used in determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will arise from the exercise of options outstanding during the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### **(v) Trade and Other Payables**

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

### **(w) Contributed Equity**

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

### **(x) Dividends**

The Group amended its dividend policy in July 2023 such that the Company 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.

### **(y) Comparatives**

Comparative figures have been restated to conform with the current year's presentation. This has had no impact on the financial statements.

### **(z) Parent Entity Financial Information**

The financial information for the parent entity, Fenix Resources Limited, disclosed in Note 35 has been prepared on the same basis as the consolidated financial statements except as set out below:

#### *Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost and subject to an annual impairment review.

## DIRECTORS' DECLARATION

The Directors of the Group declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b) give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the consolidated entity.
2. In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
3. The Group has included in the notes to the financial statements and explicit an unreserved statement of compliance with International Financial Reporting Standards.
4. The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



**John Welborn**  
Chairman

Perth  
28 August 2023

## Independent Auditor's Report

### To the Members of Fenix Resources Limited

#### Report on the audit of the financial report

##### Opinion

We have audited the financial report of Fenix Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

##### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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## Key audit matter

## How our audit addressed the key audit matter

### Business Acquisition – Note 4

As disclosed in Note 4, the Group acquired the remaining 50% equity of Fenix-Newhaul Pty Ltd ("FNH") now owned by the Group during the year. The acquisition was treated as a business combination defined and accounted for under AASB 3 *Business Combinations*.

In performing the purchase price allocation for the acquisition, the Group identified and estimated the fair value of all assets acquired, liabilities assumed, contingent consideration based on performance hurdles, and intangibles assets identified as part of the acquisition.

The acquisition resulted in recognition of \$10,849,435 of goodwill, \$19,622,367 of intangible assets, and a \$7,399,547 fair value gain on the revaluation of the Group's previously held interest.

This area is a key audit matter due to management estimates and judgments applied in recognising the fair value of assets and liabilities acquired through the business combination.

Our procedures included, amongst others:

- Obtaining and reviewing the terms and conditions contained in the Sales and Purchase agreement, management's business combination analysis, and the work of the independent expert engaged by management;
- Engaging an auditor's expert to assess the discount rate applied to determine valuations for intangible assets;
- Evaluating management's conclusion that the transaction qualifies as a business combination and whether management has properly identified, classified, and measured all the consideration transferred;
- Evaluating management's purchase price allocation documentation and challenging their assessment of separately identifiable intangible assets;
- Obtaining the acquisition trial balance and performing opening balance audit procedures to evaluate the completeness and accuracy of assets acquired and liabilities assumed;
- Recomputing the goodwill and associated gain on revaluation of the investment in the joint venture at acquisition; and
- Ensuring the appropriateness of the related financial statement disclosures.

### Goodwill – Note 4

As disclosed in Note 4, the Group recognised goodwill totalling \$10,849,435 as at 30 June 2023 relating to the FNH cash-generating unit (CGU). Goodwill is required to be assessed for impairment annually by management as prescribed in AASB 136 *Impairment of Assets*.

Management performs annual impairment testing per AASB 136 to ensure the CGU's recoverable amount is greater than its carrying value, utilising either the greater of fair value less costs of sale or its value-in-use.

The Group applied the discounted cash flow model for the value-in-use approach to determine the recoverable amount. In doing so, management considers the following key inputs:

- forecasted budgeted financial performance;
- estimated gross future cash flows;
- working capital adjustments;
- estimated capital expenditure; and
- discount rate applied.

This area is a key audit matter due to management estimates and judgments applied evaluating whether goodwill is impaired.

Our procedures included, amongst others:

- Considering the appropriateness of management's CGU assessment in accordance with AASB 136;
- Challenging the appropriateness of management's revenue and cost forecasts by comparing the forecasted cash flows to actual cash flows historically achieved;
- Reviewing management's value-in-use calculations by:
  - Evaluating the forecast cash inflows and outflows to be derived by the CGU's assets for reasonableness;
  - Testing the mathematical accuracy of the calculations;
  - Assessing the discount rates applied to forecast future cash flows for reasonableness;
  - Performing sensitivity analysis on the significant inputs and assumptions made by management in preparing its calculation; and
- Assessing the appropriateness of the related financial statement disclosures.

### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1\\_2020.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf). This description forms part of our auditor's report.

### Report on the remuneration report

#### Opinion on the remuneration report

We have audited the Remuneration Report included in pages 13 to 20 of the Directors' report for the year ended 30 June 2023.

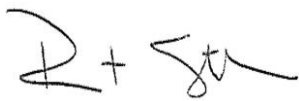
In our opinion, the Remuneration Report of Fenix Resources Limited, for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



B P Steedman  
Partner – Audit & Assurance

Perth, 28 August 2023

## ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is set out below. The information is current as at 1 August 2023.

### (a) 20 Largest Shareholders — Ordinary Shares as at 1 August 2023

| Position     | Holder Name                                                   | Holding            | % IC          |
|--------------|---------------------------------------------------------------|--------------------|---------------|
| 1            | MOUNT GIBSON MINING LIMITED                                   | 60,000,000         | 8.64%         |
| 2            | EXXTEN PTY LTD<br><THE C&T MITCHELL FAMILY A/C>               | 49,990,000         | 7.20%         |
| 3            | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                     | 29,649,971         | 4.27%         |
| 4            | GARRY & DONELLA PLOWRIGHT<br><THE PLOWRIGHT FAMILY A/C>       | 24,644,972         | 3.55%         |
| 5            | CITICORP NOMINEES PTY LIMITED                                 | 20,015,485         | 2.88%         |
| 6            | AGNI INTERNATIONAL PTE LTD                                    | 13,919,379         | 2.01%         |
| 7            | MR JOHN PAUL WELBORN                                          | 12,200,000         | 1.76%         |
| 8            | VULCAN DEVELOPMENT LTD                                        | 11,882,395         | 1.71%         |
| 9            | TITAN ASSETS PTY LTD                                          | 7,700,000          | 1.11%         |
| 10           | MRS RACHEAL JANE OSMAN<br><R & K OSMAN FAMILY A/C>            | 7,255,386          | 1.05%         |
| 11           | MR KENNETH JOSEPH HALL<br><HALL PARK A/C>                     | 7,100,000          | 1.02%         |
| 12           | KEONG LIM PTY LIMITED<br><SK LIM FAMILY A/C>                  | 7,051,151          | 1.02%         |
| 13           | CYCLIS GROUP PTY LTD<br><THE GARSIDE FAMILY A/C>              | 7,027,482          | 1.01%         |
| 14           | BNP PARIBAS NOMINEES PTY LTD<br><IB AU NOMS RETAILCLIENT DRP> | 6,924,573          | 1.00%         |
| 15           | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED                     | 6,258,809          | 0.90%         |
| 15           | MR CHRISTOPHER JAMES ANDREW HARRIS                            | 6,000,000          | 0.86%         |
| 16           | PRE-OWNED ROAD TANKERS PTY LTD                                | 6,000,000          | 0.86%         |
| 17           | EMERALD NOMINEES PTY LTD                                      | 5,500,000          | 0.79%         |
| 18           | ALET INVESTMENTS PTY LTD                                      | 5,265,000          | 0.76%         |
| 19           | VIBODA SENANAYAKE                                             | 4,312,870          | 0.62%         |
| 20           | SHARNEM PTY LTD<br><SHARNEM INVESTMENT A/C>                   | 3,454,725          | 0.50%         |
| <b>Total</b> |                                                               | <b>302,152,198</b> | <b>43.53%</b> |

### (b) Substantial Shareholders

The names of substantial shareholders and the number of shares to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the company, are as set out below:

| Substantial Shareholder   | Number of Shares |
|---------------------------|------------------|
| Mount Gibson Iron Limited | 60,000,000       |
| Craig Douglas Mitchell    | 49,990,000       |

## ADDITIONAL INFORMATION

### (c) Unquoted Securities – as at 1 August 2023

Set out below are the classes of unquoted securities currently on issue:

| Number     | Holders | Class                                                      |
|------------|---------|------------------------------------------------------------|
| 5,000,000  | 1       | Options exercisable at \$0.30 and expiring on 21 July 2026 |
| 12,500,000 | 1       | Options exercisable at \$0.25 and expiring on 21 July 2028 |
| 12,500,000 | 1       | Options exercisable at \$0.30 and expiring on 21 July 2028 |
| 3,000,000  | 4       | Performance Rights                                         |
| 3,500,000  | 3       | Employee Retention Rights                                  |

### (d) Distribution of holders

#### Shares

| Category (size of holding) | Holders      | Total Units        | % Issued Share Capital |
|----------------------------|--------------|--------------------|------------------------|
| 1 – 1,000                  | 183          | 65,638             | 0.01%                  |
| 1,001 – 5,000              | 1,760        | 5,615,369          | 0.82%                  |
| 5,001 – 10,000             | 1,146        | 9,416,029          | 1.38%                  |
| 10,001 – 100,000           | 3,227        | 122,120,659        | 17.85%                 |
| 100,001 – and over         | 743          | 546,944,225        | 79.94%                 |
| <b>Total</b>               | <b>7,059</b> | <b>684,161,920</b> | <b>100.00%</b>         |

#### Options exercisable at \$0.30 and expiring on 21 July 2026

| Category (size of holding) | Holders  | Total Units      | % Issued Share Capital |
|----------------------------|----------|------------------|------------------------|
| 1 – 1,000                  | -        | -                | -                      |
| 1,001 – 5,000              | -        | -                | -                      |
| 5,001 – 10,000             | -        | -                | -                      |
| 10,001 – 100,000           | -        | -                | -                      |
| 100,001 – and over         | 1        | 5,000,000        | 100.00%                |
| <b>Total</b>               | <b>1</b> | <b>5,000,000</b> | <b>100.00%</b>         |

#### Options exercisable at \$0.25 and expiring on 21 July 2028

| Category (size of holding) | Holders  | Total Units       | % Issued Share Capital |
|----------------------------|----------|-------------------|------------------------|
| 1 – 1,000                  | -        | -                 | -                      |
| 1,001 – 5,000              | -        | -                 | -                      |
| 5,001 – 10,000             | -        | -                 | -                      |
| 10,001 – 100,000           | -        | -                 | -                      |
| 100,001 – and over         | 1        | 12,500,000        | 100.00%                |
| <b>Total</b>               | <b>1</b> | <b>12,500,000</b> | <b>100.00%</b>         |

#### Options exercisable at \$0.30 and expiring on 21 July 2028

| Category (size of holding) | Holders  | Total Units       | % Issued Share Capital |
|----------------------------|----------|-------------------|------------------------|
| 1 – 1,000                  | -        | -                 | -                      |
| 1,001 – 5,000              | -        | -                 | -                      |
| 5,001 – 10,000             | -        | -                 | -                      |
| 10,001 – 100,000           | -        | -                 | -                      |
| 100,001 – and over         | 1        | 12,500,000        | 100.00%                |
| <b>Total</b>               | <b>1</b> | <b>12,500,000</b> | <b>100.00%</b>         |

## ADDITIONAL INFORMATION

### Performance Rights expiring on 30 June 2027

| Category (size of holding) | Holders  | Total Units      | % Issued Share Capital |
|----------------------------|----------|------------------|------------------------|
| 1 – 1,000                  | -        | -                | -                      |
| 1,001 – 5,000              | -        | -                | -                      |
| 5,001 – 10,000             | -        | -                | -                      |
| 10,001 – 100,000           | -        | -                | -                      |
| 100,001 – and over         | 4        | 3,000,000        | 100.00%                |
| <b>Total</b>               | <b>4</b> | <b>3,000,000</b> | <b>100.00%</b>         |

### Employee Retention Rights expiring on 30 June 2027

| Category (size of holding) | Holders  | Total Units      | % Issued Share Capital |
|----------------------------|----------|------------------|------------------------|
| 1 – 1,000                  | -        | -                | -                      |
| 1,001 – 5,000              | -        | -                | -                      |
| 5,001 – 10,000             | -        | -                | -                      |
| 10,001 – 100,000           | -        | -                | -                      |
| 100,001 – and over         | 2        | 3,500,000        | 100.00%                |
| <b>Total</b>               | <b>2</b> | <b>3,500,000</b> | <b>100.00%</b>         |

#### (e) **Unquoted Equity Security Holders with Greater than 20% of an Individual Class**

As at 1 August 2023, the following classes of unquoted securities had holders with greater than 20% of that class on issue:

|                                                                          | % Interest |
|--------------------------------------------------------------------------|------------|
| <b><i>Options exercisable at \$0.30 and expiring on 21 July 2028</i></b> |            |
| MOUNT GIBSON IRON LTD                                                    | 100.00%    |
| <b><i>Options exercisable at \$0.25 and expiring on 21 July 2028</i></b> |            |
| MOUNT GIBSON IRON LTD                                                    | 100.00%    |
| <b><i>Options exercisable at \$0.30 and expiring on 21 July 2026</i></b> |            |
| POYNTON STAVRIANOU PTY LTD                                               | 100.00%    |

#### (f) **Securities Subject to Escrow**

As at 1 August 2023, there are no securities currently subject to escrow.

#### (g) **Unmarketable Parcels**

The number of shareholders holding less than a marketable parcel is 315 as at 1 August 2023 (being 1,678 shares based on a share price of \$0.298 at 1 August 2023).

## ADDITIONAL INFORMATION

### (h) Voting Rights

The voting rights attached to each class of equity security are as follows:

#### *Ordinary Shares*

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

#### *Options*

There are no voting rights attached to any class of options that are on issue.

#### *Performance Shares*

There are no voting rights attached to any class of performance shares that are on issue.

### (i) On-market Buy-Back

Currently there is no on-market buy-back of the Company's securities.

### (j) Corporate Governance

Pursuant to the ASX Listing Rules, the Company's Corporate Governance Statement will be released in conjunction with this report. The Company's Corporate Governance Statement is available on the Company's website at:

<http://fenixresources.com.au/about/corporate-governance/>