FENIX RESOURCES LIMITED

ABN 68 125 323 622

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2021

CORPORATE DIRECTORY

Directors
John Welborn *Non-Executive Chairman*
Robert Brierley *Managing Director*
Garry Plowright *Non-Executive Director*

Company Secretary
Shannon Coates

Auditor
Grant Thornton Audit Pty Ltd
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Stock Exchange Listing
Australian Securities Exchange
ASX Code - **FEX**

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DIRECTORS' REPORT

The Directors present their 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 half-year ended 31 December 2021 (**Period**).

DIRECTORS

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

John Welborn	Non-Executive Chairman (appointed 16 November 2021)
Robert Brierley	Managing Director
Garry Plowright	Non-Executive Director
Warwick Davies	Interim Non-Executive Chairman (appointed 19 February 2021, resigned 16 November 2021)
Richard Nicholls-Maltman	Non-Executive Director (appointed 17 May 2021, resigned 15 November 2021)

PRINCIPAL ACTIVITIES

The principal activity of the Group was to explore, develop and mine mineral tenements in Western Australia.

DIVIDENDS

On 14 September 2021, Fenix Resources Limited declared a final dividend of 5.25 cents per share fully franked for the financial year ended 30 June 2021. The Group has adopted a dividend policy of distributing between 50% and 80% of after-tax profits as fully franked dividends, subject to the availability of franking credits. Based on the policy, Fenix Resources Limited dividends for all periods presented are, or will be, fully franked based on a statutory tax rate.

No interim dividend has been declared for the half year ended 31 December 2021. A decision of a final dividend for the current financial year will be made in September based on the full year financial results and subject to the Group's dividend policy.

FINANCIAL SUMMARY

The Group made a net gain after tax of $13,965,573 for the financial half-year ended 31 December 2021 (31 December 2020: loss $1,236,788). At 31 December 2021, the Group had net assets of $66,579,988 (30 June 2021: $77,262,229) and cash assets of $54,633,817 (30 June 2021: $68,995,789).

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 below.

REVIEW OF OPERATIONS

During the half year ended 31 December 2021, the Company generated outstanding production performance at the Iron Ridge iron ore project (Iron Ridge Project or the Project) in Western Australia's Mid-West, culminating in the achievement of one million dry metric tonnes of cumulative project sales on 1 December 2021.

IRON RIDGE PROJECT – OPERATIONS

Health & Safety

Fenix is committed to maintaining a safe work environment for all personnel. No Lost Time Injuries (LTI) were recorded at the Company's Iron Ridge mining operations or the Company's Geraldton Port operations during the half year ending 31 December 2021.

Fenix continues to manage strict COVID-19 protocols at all operational sites to protect the health, safety and wellbeing of the Company's people. To date, the Company has not been materially affected by any COVID-19 related restrictions including the interstate border closures.

Fenix has taken steps to ensure it complies with the mandatory vaccination requirements of the Western Australian government. Fenix personnel have responded positively to changing circumstances throughout the pandemic and no instances of COVID-19 were reported at Fenix workplaces during the half year ended 31 December 2021. The Company stands ready to respond promptly to further government regulations and the changing COVID-19 environment to ensure operational continuity.

Mining & Production

During the half year ended 31 December 2021, Fenix loaded 12 ships with a total of 697,980 wet metric tonnes (wmt) of iron ore from Iron Ridge (386,239 wmt of lump and 311,741 wmt of fines).

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

Average grade shipped during the half year ended 31 December 2021 was 61.8% Fe for fines and 64.7% Fe for lump product, demonstrating the unique high-grade nature of the Iron Ridge deposit.

The current project-to-date lump to fines ratio of 51%:49% continues to be significantly higher than the life-of-mine assumed average of 25%:75%. As expected, the trend in the latter part of the reporting period moved closer to previously assumed levels as the planned pit deepens (December 2021 32%:68%).

Waste stripping at the Iron Ridge mine was elevated during the later stages of the half year ending 31 December 2021 as the Stage 2 cutback continues. The strip ratio is expected to revert to the life-of-mine average of 2.8 during the last quarter of FY2022.

Production Summary

Production Summary (kwmt)	Dec Q FY22	Sept Q FY22	June Q FY21	Project to Date
Ore Mined	277.9	335.2	369.6	1300.5
Lump Ore Produced	122.7	204.5	196.4	649.6
Fine Ore Produced	153.3	173.7	161.3	618.3
Lump Ore Hauled	165.4	195.6	154.1	628.3
Fine Ore Hauled	166.4	149.4	154.1	585.7
Lump Ore Shipped	188.4	197.8	129.3	628.3
Fine Ore Shipped	168.3	143.4	151.4	570.3
C1 Cash Cost (A$/wmt Shipped FOB)	94.1	86.8	85.3	89.8

Fenix Newhaul

Fenix Newhaul is a 50:50 joint venture transport company established by Fenix Resources Limited and Newhaul Pty Ltd in October 2020 (see ASX Announcement dated 26 October 2020). Fenix Newhaul provides bulk haulage transport of the Company's high-grade iron ore products from the Iron Ridge Project near Cue to the Fenix's loading facilities at Geraldton Port, an approximate distance of 486 kilometres.

During the half year ended 31 December 2021, 676,845 tonnes of iron ore were hauled by Fenix Newhaul, closely aligned to budget levels of approximately 110,000 tonnes per month.

Fenix Newhaul also successfully trialled and implemented a new four trailer combination, which is expected to increase haulage capacity to approximately 140 tonnes per truck and will result in future cost savings. As at 31 December 2021, there were 25 truck and trailer combinations in the Fenix Newhaul fleet, 13 of which are four trailer combinations.

Exploration

In February 2021, Fenix executed a farm-in and joint venture agreement with Scorpion Minerals Limited (ASX:SCN) over 33,954 hectares of tenements held by Scorpion adjoining the Company's Iron Ridge operations (see ASX Announcement dated 8 February 2021).

Field work on the Scorpion farm-in tenements commenced during the half year ended 31 December 2021 with an extensive Heritage Survey conducted over areas prospective for iron ore mineralisation. Several target areas have been identified within close proximity to the Company's existing operations which justify exploration for potential high grade iron mineralisation similar to Iron Ridge.

All required clearances have now been received over the Scorpion farm-in tenements and the Company is reviewing data and conducting ground truthing prior to finalising a potential first-pass drilling program. Post the end of the period, on 9 February 2022, the Company announced it had signed a new agreement with Scorpion which accelerates and expands the previous farm-in and joint venture agreement such that Fenix is deemed to have earned a 100% interest in the Iron Ore rights on the Pharos Project Tenements (see Subsequent Events below).

The Company also completed a small RC drilling program at Iron Ridge during the reporting period with no material results, other than validation of the current Mineral Resource model.

CORPORATE

Dividend

During the half year ended 31 December 2021, Fenix adopted a dividend policy of distributing between 50% and 80% of after-tax profits as fully franked dividends, subject to the availability of franking credits.

In September 2021, the Company declared a fully franked dividend of 5.25c per share after announcing a $49.0m after-tax profit for FY21. The dividend was paid on 5 October 2021 resulting in a cash outflow of $24.1m.

Board

On 16 November 2021, Mr John Welborn was appointed as an independent Non-Executive Director and Chairman of Fenix. Mr Welborn's appointment followed the resignations of Mr Warwick Davies as Interim Non-Executive Chairman and Mr Richard Nicholls-Maltman as a Non-Executive Director.

Mr Welborn is a highly accomplished and internationally respected mining company director and senior executive with a successful track record of leading strategic growth strategies and generating exceptional returns for shareholders. A Fellow of the Institute of Chartered Accountants in Australia, a Fellow of the Australian Institute of Management, and a member of the Australian Institute of Mining and Metallurgy, Mr Welborn is a former investment banker who has operated in the resources sector for more than twenty years.

Mr Welborn was also appointed as the Fenix representative on the Fenix Newhaul Pty Ltd Board, effective 29 November 2021.

Subject to shareholder approval, Mr Welborn agreed to subscribe for 10 million shares in the Company to be issued pursuant to a proposed Share Loan Plan. The proposed share issue and Share Loan Plan were both approved by shareholders subsequent to the end of the half year 31 December 2021, on 4 March 2022.

Hedging

On 22 July 2021, Fenix entered swap arrangements with an Australian top tier financial institution for 50,000 tonnes of iron ore per month based on the Monthly Average Platts TSI 62 Index converted to AUD for the 12-month period from October 2021 to September 2022. The price fixed is equivalent to A$230.30 per dry metric tonne (dmt), flat over the period.

As at 31 December 2021, Fenix's hedge book had a mark-to-market value of approximately $33.49m, inclusive of the outstanding settlement for the month of December 2021 that was paid subsequent to the end of the reporting period.

Capital Structure

On 1 December 2021, the Company issued a total of 30,000,000 fully paid ordinary shares in the capital of the Company upon conversion of the Class B Performance Shares following the shipment and sale of one million dmt of iron ore from Iron Ridge (refer ASX announcement dated 1 December 2021).

During the half year ended 31 December 2021, Fenix also issued a total of 2,000,000 fully paid ordinary shares in the capital of the company upon exercise of 2,000,000 unlisted options exercisable at $0.08 per option on or before 21 November 2021, receiving $160,000.

Business Development

During the half year ended 31 December 2021, the Company commenced a comprehensive business review to confirm and optimise current operational strategy and evaluate synergistic growth opportunities.

As a new Western Australian Mid-West based producer of high-quality high-grade iron ore with existing mining operations, an operational transport joint-venture, and Company owned export facilities at Geraldton Port, Fenix is actively exploring and seeking to evaluate new regional opportunities for exploration, development, and production. The Company is seeking to establish a clear business development strategy with a rigorous framework approach to evaluating and progressing any new opportunities to ensure they are synergistic, consistent with the Company's strengths, and will add to shareholder value.

Tenements

As at 31 December 2021, 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%

MATTERS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Subsequent to the end of the period:

- On 9 February 2022, Scorpion Metals Limited and Fenix announced an accelerated and expanded iron ore earn-in agreement over the Pharos Project in WA. Fenix was deemed to have earned a 100% interest in the Iron Ore Rights in Pharos Project. Consideration to be paid by Fenix to Scorpion consists of:
  - Upfront Consideration of 4 million ordinary shares in Fenix; and
  - Deferred consideration of:
    - 5 million Fenix ordinary shares on delineation of an inferred resource of at least 10Mt iron ore, or an indicated and/or measured resource of at least 1Mt iron ore; and
    - 5 million Fenix ordinary shares on first shipment from Pharos Project tenements
- On 4 March 2022, shareholder approved the Fenix Share Loan Plan. Under the plan, Mr Welborn has agreed to subscribe for 10 million shares in the Company to be issued under the Share Loan Plan. The proposed share issue was approved by shareholders, on 4 March 2022.

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

Signed in accordance with a resolution of the directors

John Welborn
Non-Executive Chairman

Perth
10 March 2022

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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 review of Fenix Resources Limited for the half-year ended 31 December 2021, 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 review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B P Steedman
Partner – Audit & Assurance

Perth, 10 March 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2021

	Notes	31 December 2021 $	31 December 2020 $
Revenue	2	114,604,156	-
Cost of sales	3	(97,058,543)	-
Gross profit		17,545,613	-
Other income	4	1,146,265	51,495
Other expenses		(977,099)	(1,319,321)
Profit on joint venture	12	2,083,655	(5)
Operating profit/(loss)		19,798,434	(1,267,831)
Finance income		187,213	33,965
Finance costs		(81,307)	(2,922)
Profit/(loss) before income tax expense		19,904,340	(1,236,788)
Income tax expense	7	(5,938,767)	-
Profit/(loss) after income tax expense for the period attributable to the owners of the Group		13,965,573	(1,236,788)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income/(loss) for year attributable to owners of Fenix Resources Limited		13,965,573	(1,236,788)
Basic earnings/(loss) per share (cents per share)	18	2.93	(0.35)
Diluted earnings/(loss) per share (cents per share)	18	2.57	(0.35)

The accompanying notes form part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	31 December 2021 $	30 June 2021 $
Current Assets			
Cash and cash equivalents		54,633,817	68,995,789
Inventories		5,476,739	15,003,135
Other current assets – term deposit	8	250,000	-
Trade and other receivables	8	14,094,554	3,129,342
Loan receivable	9	1,740,377	1,716,667
		76,195,487	88,844,933
Non-Current Assets			
Mine properties, property, plant and equipment	10	25,600,854	24,127,110
Capitalised exploration and evaluation expenditure	11	108,261	-
Loan receivable	9	466,667	933,333
Interest in joint venture	12	3,003,347	919,692
		29,179,129	25,980,135
Total Assets		**105,374,616**	**114,825,068**
Current Liabilities			
Trade and other payables	13	15,342,840	19,237,744
Provisions	14	178,000	115,293
Provision for income tax		13,748,729	9,294,860
Lease liabilities		690,677	664,619
		29,960,246	29,312,516
Non-Current Liabilities			
Trade and other payables	13	964,627	1,473,030
Provisions	14	2,115,186	2,176,301
Lease liabilities		1,000,060	1,347,973
Deferred tax liability	7	4,754,509	3,253,019
		8,834,382	8,250,323
Total Liabilities		**38,794,628**	**37,562,839**
Net Assets		**66,579,988**	**77,262,229**
Equity			
Issued capital	15	50,013,217	49,831,949
Reserves		1,259,625	1,297,484
Retained earnings		15,307,146	26,132,796
Total Equity		**66,579,988**	**77,262,229**

The accompanying notes form part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2021

	Issued Capital $	Reserves $	Retained Earnings $	Total $
Balance at 1 July 2020	**27,755,148**	**2,606,557**	**(22,908,130)**	**7,453,575**
Loss for the half-year	-	-	(1,236,788)	(1,236,788)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year	-	-	(1,236,788)	(1,236,788)
Transactions with owners in their capacity as owners				
Shares issued during the period	18,638,500	-	-	18,638,500
Share issue costs	(836,560)	-	-	(836,560)
Performance rights expense recognised during the half-year	-	14,646	-	14,646
Balance at 31 December 2020	**45,557,088**	**2,621,203**	**(24,144,918)**	**24,033,373**
Balance at 1 July 2021	**49,831,949**	**1,297,484**	**26,132,796**	**77,262,229**
Profit for the half-year	-	-	13,965,573	13,965,573
Other comprehensive income	-	-	-	-
Total comprehensive profit for the half-year	-	-	13,965,573	13,965,573
Transactions with owners in their capacity as owners				
Dividend payable	-	-	(24,791,223)	(24,791,223)
Share issue costs	(16,591)	-	-	(16,591)
Contribution from options issued during the half year	160,000	-	-	160,000
Transfer of reserve upon exercise of options	37,859	(37,859)	-	-
Balance at 31 December 2021	**50,013,217**	**1,259,625**	**15,307,146**	**66,579,988**

The accompanying notes form part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

For the half-year ended 31 December 2021

	31 December 2021 $	31 December 2020 $
Cash flows from operating activities		
Receipts from customers	105,948,952	1,495
Payments to suppliers, consultants, and employees	(91,679,587)	(1,289,248)
Interest received	55,536	8,558
Interest expense	(34)	-
Cash flow boost incentive	-	50,000
Net cash from/(used) in operating activities	14,324,867	(1,229,195)
Cash flows from investing activities		
Payments for plant and equipment	(4,965,003)	(4,403,048)
Payments for exploration and evaluation	(108,261)	(143,008)
Movement in term deposits	(250,000)	50,000
Loans from/(to) other entities	389,248	(2,650,000)
Net cash used in investing activities	(4,934,016)	(7,146,056)
Cash flows from financing activities		
Proceeds from new issues of shares	-	15,000,000
Proceeds from exercise of options	160,000	3,176,000
Share issue costs	-	(836,560)
Dividends paid	(24,047,437)	-
Net cash (used)/from financing activities	(23,887,437)	17,339,440
Net increase / (decrease) in cash held	(14,496,586)	8,964,189
Cash and cash equivalents at the beginning of the period	68,995,789	1,292,625
Effects of exchange rates on cash held	134,614	-
Cash and cash equivalents at the end of the period	54,633,817	10,256,814

The accompanying notes form part of these consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2021

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This consolidated interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide a full understanding of financial performance, financial position and financing and investing activities of the consolidated entity as full year financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Fenix Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, other a new hedge accounting policy, see Note 2.

2 REVENUE

	31 December 2021 $	31 December 2020 $
Western Australia Iron Ore	114,604,156	-

The Group achieved operating status for the Iron Ridge Project during the prior year, reaching production for accounting purposes. Included in current period sales is iron ore sold under various hedge arrangements. Fenix Resources entered iron ore swap arrangements for its Iron Ridge Project for the 12 months from October 2021. The hedge arrangement covers 50,000 tonnes 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 $230.30 per dry metric tonne and locks in around 45 per cent 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.

3 COST OF SALES

	31 December 2021 $	31 December 2020 $
Costs of production	84,863,819	-
Inventory product movement	9,526,396	-
Depreciation and amortisation	2,668,328	-
	97,058,543	-

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.

4 OTHER INCOME

	31 December 2021 $	31 December 2020 $
Other Income		
Other income	1,146,265	1,495
Cash flow boost incentive payments	-	50,000
Total other income	1,146,265	51,495

5 OPERATING SEGMENTS

The Group has two reportable segments, being the Iron Ridge Project and 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. The Group achieved operating status for the Iron Ridge Project on 21 December 2020, reaching production for accounting purposes. During the prior year, the Group only had one operating segment, being mineral exploration of the Iron Ridge Project.

	Iron Ridge Project $	Trucking Joint Venture $	Unallocated $	Total $
For the half-year ended 31 December 2021				
Income from external sources	115,750,421	-	187,213	115,937,634
Reportable segment profit/(loss)	12,940,324	2,083,655	(1,058,406)	13,965,573
Reportable segment assets (1)	43,108,150	3,003,347	59,263,119	105,374,616
Reportable segment liabilities	(38,728,499)	-	(66,129)	(38,794,628)
For the half-year ended 31 December 2020				
Income from external sources	1,495	-	83,965	85,460
Reportable segment loss	(594,818)	-	(641,970)	(1,236,788)
For the year ended 30 June 2021				
Reportable segment assets (2)	41,780,245	919,692	72,125,131	114,825,068
Reportable segment liabilities	(37,189,807)	-	(373,032)	(37,562,839)

1 *Unallocated includes cash held of $54,633,817.*
2 *Unallocated includes cash held of $68,995,789.*

6 TAXATION

Major components of income tax expense for the periods ended 31 December 2021 and 31 December 2020 are:

	31 December 2021 $	31 December 2020 $
Statement or profit or loss and other comprehensive income		
Current income		
Current income tax expense	4,453,869	-
Deferred income tax		
Relating to origination and reversal of temporary differences	1,484,898	-
Income tax expense reported in income statement	5,938,767	-
Statement of changes in equity		
Deferred income tax		
Capital raising costs	16,591	-
Income tax benefit reported in equity	16,591	-
Reconciliation of income tax to prima facie tax payable		
Profit/(loss) before income tax	19,904,340	(1,236,788)
Income tax expense/(benefit) at 30% (31 December 2020: 30%)	5,971,302	(371,036)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses (non-assessable income)	240	4,394
Temporary differences brought to account	(32,775)	366,642
Total income tax expense	5,938,767	-

7 DEFERRED TAX ASSETS AND LIABILITIES

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:

	31 December 2021 $	30 June 2021 $
Deferred tax liabilities		
Trade and other receivables	(98,543)	(32,804)
Property, plant and equipment	(716,229)	(803,194)
Mine properties	(4,506,629)	(3,910,421)
Intercompany investments and loans	(901,004)	(275,907)

7 DEFERRED TAX ASSETS AND LIABILITIES (continued)

	31 December 2021 $	30 June 2021 $
Deferred tax assets		
Trade and other payables	29,553	151,612
Provisions - current	53,400	34,588
Right of use assets	507,221	603,778
Provisions – non-current	634,556	652,890
Business related costs – statement of profit or loss	33,000	14,819
Unrealised foreign exchange losses	(40,384)	44,478
Business related costs - equity	250,550	267,142
Net deferred tax assets/(liabilities)	(4,754,509)	(3,253,019)

8 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.

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

	31 December 2021 $	30 June 2021 $
Trade and other receivables		
Trade receivables	9,865,477	71,747
Other receivables	3,717,428	2,802,535
Prepayments	275,324	150,413
Accrued interest	236,325	104,647
	14,094,554	3,129,342
Other Current Assets		
Term deposit	250,000	-
	250,000	-

9 LOAN RECEIVABLE

During the prior period, the Group has lent money to Fenix Newhaul Pty Ltd, a joint venture company of the Group. Loans are recognised at amortised cost and shown as current if amounts are due for repayment within 12 months from the reporting date.

Loans are repayable within a period of 1 to 3 years and incur an interest rate ranging from 1% to 10% per annum.

	31 December 2021 $	30 June 2021 $
Current loan receivable	1,740,377	1,716,667
Non-current loan receivable	466,667	933,333
	2,207,044	2,650,000

10 MINE PROPERTIES, PROPERTY, PLANT AND EQUIPMENT

		31 December 2021 $	30 June 2021 $
Carrying value			
Right of use assets	Property	347,904	379,163
	Plant and equipment	46,193	50,351
	Buildings	1,993,333	2,247,801
Mine properties, property, plant and equipment	Plant and equipment	11,815,737	9,247,480
	Mine properties under development	-	-
	Mine properties	11,397,687	12,202,315
Total carrying value		**25,600,854**	**24,127,110**

Mine properties, property, plant and equipment

	Plant and equipment $	Mine properties under development $	Mine properties $
Cost			
At 1 July 2020	3,811	-	-
Transfer from exploration and evaluation assets (1)	-	7,438,298	-
Additions	5,047,896	4,536,189	6,015,152
Transfer between classes (2)	4,926,404	(11,974,487)	7,048,083
At 30 June 2021	9,978,111	-	13,063,235
Accumulated depreciation, amortisation and impairment			
At 1 July 2020	(2,440)	-	-
Depreciation and amortisation	(728,191)	-	(860,920)
At 30 June 2021	(730,631)	-	(860,920)
Net book value	**9,247,480**	**-**	**12,202,315**
Cost			
At 1 July 2021	9,978,111	-	13,063,235
Additions	3,857,713	-	278,331
At 31 December 2021	13,835,824	-	13,341,566
Accumulated depreciation, amortisation and impairment			
At 1 July 2020	(730,631)	-	(860,920)
Depreciation and amortisation	(1,289,456)	-	(1,082,959)
At 30 June 2021	(2,020,087)	-	(1,943,879)
Net book value	**11,815,737**	**-**	**11,397,687**

1 *Items reclassified upon the Iron Ridge Project entering development (see Note 11).*

2 *Items reclassified upon the Group achieved operating status for the Iron Ridge Project on 21 December 2020, reaching production for accounting purposes.*

10 MINE PROPERTIES, PROPERTY, PLANT AND EQUIPMENT (continued)

Right of use assets

	Property $	Plant and equipment $	Buildings $
Cost			
At 1 July 2020	-	-	-
Additions	419,996	55,773	2,544,680
At 30 June 2021	419,996	55,773	2,544,680
Accumulated depreciation, amortisation and impairment			
At 1 July 2020	-	-	-
Depreciation and amortisation	(40,833)	(5,422)	(296,879)
At 30 June 2021	(40,833)	(5,422)	(296,879)
Net book value	**379,163**	**50,351**	**2,247,801**
Cost			
At 1 July 2021	419,996	55,773	2,544,680
Additions	3,804	498	-
At 31 December 2021	423,800	56,271	2,544,680
Accumulated depreciation, amortisation and impairment			
At 1 July 2020	(40,833)	(5,422)	(296,879)
Depreciation and amortisation	(35,063)	(4,656)	(254,468)
At 30 June 2021	(75,896)	(10,078)	(551,347)
Net book value	**347,904**	**46,193**	**1,993,333**

11 EXPLORATION AND EVALUATION ASSETS

	Note	31 December 2021 $	30 June 2021 $
Iron Ridge Project			
Opening balance		-	6,203,553
Exploration expenditure incurred		108,261	1,234,745
Expenditure reclassified to mine properties under development	10	-	(7,438,298)
Closing balance		108,261	-

12 INTEREST IN JOINT VENTURE

Interests in joint ventures

Set out below are the joint ventures of the Group as at 31 December 2021. The entities listed below has 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/ country of incorporation	Measurement method	% of ownership interest %	Quoted fair value $
Fenix Newhaul Pty Ltd	Western Australia	Equity method		
		31 December 2021	50	N/A (1)
		30 June 2021	50	N/A (1)
Schwarze Brothers Pty Ltd	Western Australia	Equity method		
		31 December 2021	40	N/A (1)
		30 June 2021	-	-

1 *As the entities are private entity no quoted prices are available.*

The tables below provide summarised financial information of the Fenix Newhaul joint venture company. As at 31 December 2021, 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 has formed a strategic alliance with trucking and logistics company, Newhaul Pty Ltd (**Newhaul**). Fenix and Newhaul have formed a joint venture company (**JVC**) known as Fenix Newhaul Pty Ltd (**FN**). It is intended that FN will provide all trucking services for the Iron Ridge Project. No guarantees are provided to or received with Fenix Newhaul Pty Ltd.

	31 December 2021 $	30 June 2021 $
Opening balance	919,692	5
Share of net profit of joint venture using the equity method	2,083,655	919,687
Closing balance	3,003,347	919,692

13 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, is expected to settle within 12 months.

	31 December 2021 $	30 June 2021 $
Current		
Trade payables	7,668,584	6,650,197
Sundry payables	126,424	99,533
Accruals	6,804,046	12,488,014
Dividend payable	743,786	-
	15,342,840	19,237,744
Non-current		
Trade payables	964,627	1,473,030

14 PROVISIONS

	31 December 2021 $	30 June 2021 $
Current - Employee benefits		
Opening balance	115,293	11,301
Additional provisions	82,502	113,596
Amount utilised	(19,795)	(9,604)
Closing balance	178,000	115,293
Non-current - Rehabilitation and mine closure		
Opening balance	2,176,301	-
Additional provisions	7,929	2,176,301
Unwinding of provision	(69,044)	-
Closing balance	2,115,186	2,176,301

15 ISSUED CAPITAL

(a) Issued Capital

	31 December 2021 Shares	30 June 2021 Shares	31 December 2021 $	30 June 2021 $
Fully paid	502,213,920	470,213,920	50,013,217	49,831,949

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

Details	Notes	Date	Number of shares	Issue price $	$
Balance at 1 July 2020			**470,213,920**		**49,831,949**
Issue of shares on exercise of options	17(a)	16-Jul-21	2,000,000	0.08	160,000
Issue of shares - conversion performance shares		01-Dec-21	30,000,000	-	-
Less: Share issue costs claimed as a deduction	6		-	-	(16,591)
Transfer of reserve upon exercise of options			-	-	37,859
Balance at 31 December 2021			**502,213,920**		**50,013,217**

16 DIVIDENDS

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.

On 14 September 2021, Fenix Resources Limited determined a final dividend of 5.25 cents per share fully franked. Fenix Resources Limited dividends for all periods presented are, or will be, fully franked based on a tax rate of 30 per cent.

No dividends have been declared for the half year ended 31 December 2021.

Dividend policy

The Group adopted a dividend policy in August 2021 that provides for, to the extent that dividends can be fully franked, a payment of between 50% and 80% of after-tax earnings to Shareholders in the form of dividends, either annually or semi-annually.

17 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:

	31 December 2021 $	31 December 2020 $
As part of share-based payment reserve:		
Performance rights issued to employees and directors	-	14,646
As part of mine properties		
Shares issued to vendors	-	462,500
	-	477,146

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

(a) Share options

The Fenix Resources Limited share options have been historically used to reward Directors, Employees, Consultants and Advisors for their performance and to align their remuneration with the creation of Shareholder wealth through the performance requirements attached to the options. Options 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 options granted to Directors are approved by Shareholders prior to issue.

The options are not listed and carry no dividend or voting right. Upon exercise, each option is convertible into one ordinary share to rank pari passu in all respects with the Company's existing fully paid ordinary shares.

No options were issued during the period. The table summarises the movement in granted options:

	31 December 2021	
	Average exercise price per option	Number of options
Opening balance	$0.080	2,000,000
Granted during the period	-	-
Exercised during the period	$0.080	(2,000,000)
Closing balance	-	-
Vested and exercisable	-	-

17 SHARE-BASED PAYMENTS (continued)

The fair value of options issued is measured by reference to the value of the goods or services received. The fair value of services received in return for share options granted to Directors, Employees and Consultants is measured by reference to the fair value of options granted. The fair value of services received by Advisors couldn't be reliably measured and are therefore measured by reference to the fair value of the equity instruments 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.

No options have been granted during the reporting period.

The total expense arising from options previously issued as part of share-based payments expense was nil.

(b) 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.

Milestones are as follows:

Milestone A	On declaration of an Inferred Mineral Resource of not less than 8 million tonnes of iron ore at 65% Fe grade in accordance with the JORC Code of 2012 within 6 months from commencement of drilling on the Tenement.
Milestone B	On achievement of 1,000,000 tonnes cumulative of shipped iron ore production from the Tenement at an Operating Margin of greater than US$15 per dry metric tonne shipped within the earlier of 24 months from commencement of mining on the Tenement and 60 months from the Settlement Date.
Milestone C	On achievement of 2,000,000 tonnes cumulative of shipped iron ore production from the Tenement at an Operating Margin of greater than US$15 per dry metric tonne shipped within the earlier of 36 months from commencement of mining on the Tenement and 60 months from the Settlement Date.
Milestone D	On achievement of 3,000,000 tonnes cumulative of shipped iron ore production from the Tenement at an Operating Margin of greater than US$15 per dry metric tonne shipped within the earlier of 48 months from commencement of mining on the Tenement and 60 months from the Settlement Date.

The fair value of consideration is by reference to the fair value of the share and performance shares issues in connection with the acquisition.

The fair value of the shares issued is determined by reference to the share price on grant date, based on the fair value price ($0.04 per share).

The fair value of the performance shares was determined using a share option pricing model, after assigning a probability of achievement this was determined to be $0. An assigned average of 8.6% probability of achievement in relation to the performance hurdles. An assessment that the performance hurdles are unlikely to be met has been made and as a result the value of these rights was recorded as $0.

On 9 July 2019, the Company advised that 15,000,000 Class A Performance Shares had not met the requirement for conversion and, pursuant to the terms and conditions of the Performance Shares, all unconverted Class A Performance Shares held by the each holder were automatically consolidated into one Share each. As a result, during the prior year 11 ordinary fully paid shares were issued to holders of the performance shares.

17 SHARE-BASED PAYMENTS (continued)

On 1 December 2021, the Company advised the achievement of one million dry metric tonnes of shipped iron ore production from Iron Ridge, and the validation that this has been achieved with a net operating margin in excess of US$15 per dry metric tonne. This announcement triggered the conversion of the 30 million Class B Performance Shares to ordinary shares in Fenix (see Note 15(a)).

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.

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 each reporting period.

18 EARNING/LOSS PER SHARE

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 relating to the performance shares are set out in Note 17.

	31 December 2021 $	31 December 2020 $
Basic earnings/(loss) per share		
Net profit/(loss) after tax attributable to the members of the Company	$ 13,965,573	$ (1,236,788)
Weighted average number of ordinary shares	476,931,311	356,422,580
Basic earnings/(loss) per share (cents)	2.93	(0.35)
Net profit /(loss) after tax attributable to the members of the Company	$ 13,965,573	$ (1,236,788)
Weighted average number of ordinary shares	476,931,311	356,422,580
Adjustments for calculation of diluted earnings per share		
Performance shares	67,500,000	-
Weighted average number of ordinary shares and potential ordinary shares	544,431,311	-
Diluted earnings/(loss) per share (cents)	2.57	(0.35)

19 CONTINGENCIES

There have been no changes to contingent assets or liabilities since the last annual reporting date, 30 June 2021.

20 COMMITMENTS

Fenix entered iron ore swap arrangements for its Iron Ridge Project for the 12 months from October 2021 to September 2022. The deal covers 50,000 tonnes 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 see pricing for ore fixed at $230.30 per dry metric tonne.

There have been no other changes to commitments since the last annual reporting date, 30 June 2021.

21 RELATED PARTY TRANSACTIONS

Share capital issued

On 16 July 2021, Mr Brierley, received 2,000,000 ordinary fully paid shares as a result of the exercise of options.

On 1 December 2021, 30,000,000 Class B Performance Shares had met the requirement for conversion and each Class B Performance Shares was converted into ordinary fully paid shares. Mr Plowright was the holder of 6,035,502 Class B Performance Shares which were converted into 6,035,502 ordinary fully paid shares.

Director appointment

On 16 November 2021, Mr John Welborn was appointed Non-Executive Chairman. Mr Welborn's appointment followed the resignations of Interim Non-Executive Chairman Mr Warwick Davies and Mr Richard Nicholls-Maltman as Non-Executive Directors of the Company.

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 2021.

22 EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the end of the period:

- On 9 February 2022, Scorpion Metals Limited and Fenix announced an accelerated and expanded iron ore earn-in agreement over the Pharos Project in WA. Fenix was deemed to have earned a 100% interest in the Iron Ore Rights in Pharos Project. Consideration to be paid by Fenix to Scorpion consists of:
    - Upfront Consideration of 4 million ordinary shares in Fenix; and
    - Deferred consideration of:
        - 5 million Fenix ordinary shares on delineation of an inferred resource of at least 10Mt iron ore, or an indicated and/or measured resource of at least 1Mt iron ore; and
        - 5 million Fenix ordinary shares on first shipment from Pharos Project tenements
- On 4 March 2022, shareholder approved the Fenix Share Loan Plan. Under the plan, Mr Welborn has agreed to subscribe for 10 million shares in the Company to be issued under the Share Loan Plan. The proposed share issue was approved by shareholders, on 4 March 2022.

In the opinion of the Directors, no event of a material nature or transaction has arisen since period end and the date of this report that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or its state of affairs.

DIRECTORS' DECLARATION

In the opinion of the Directors:

1. The consolidated financial statements, and accompanying notes of Fenix Resources Limited, are in accordance with the *Corporations Act 2001*, including:

   (a) Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

   (b) Complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001; and*

2. There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable;

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

John Welborn
Non-Executive Chairman

Perth
10 March 2022

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Independent Auditor's Review Report

To the Members of Fenix Resources Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Fenix Resources Limited (the Company) and its subsidiaries (the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2021, and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Fenix Resources Limited does not comply with the *Corporations Act 2001* including:

a. giving a true and fair view of the Fenix Resources Limited's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Grant Thornton

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B P Steedman
Partner – Audit & Assurance

Perth, 10 March 2022