

## MARCH 2022 QUARTERLY ACTIVITIES REPORT

### Fenix generates \$33 million of net operating cashflow

#### Highlights

- Five shipments totalling approximately 295,000 wet metric tonnes (wmt) of iron ore from the Iron Ridge Project in Western Australia were sold during the March 2022 Quarter, consisting of 100,339 wmt of lump and 194,362 wmt of fines
- Average price received was US\$132.83 (~A\$183) per dry metric tonne (dmt) FOB, which is equivalent to US\$159.49/dmt (~A\$220/dmt) CFR. Received prices were positively impacted by quotation period price adjustments from the previous quarter that amounted to US\$4.97m or US\$17.80/dmt (~A\$24.50/dmt)
- C1 FOB cash costs for the quarter were A\$81.72/wmt shipped
- Cash as at 31 March 2022 of A\$85.6m, compared to A\$54.9m as at 31 December 2021
- Fenix commenced delivering into hedge contracts from October 2021 at the rate of 50,000t a month for 12 months and at a fixed price of A\$230.30/dmt. Cash settlement under the hedge contracts occurs 10 days after the end of each month with a total of approximately A\$7.6m received for the three contracts (December 2021, January 2022 and February 2022) settled during the quarter
- A shipment was dispatched on 2 April 2022 meaning that the June 2022 quarter is expected to have at least six shipments
- Fenix will host a live investor briefing today at 9:00am AWST / 11:00am AEST. To view the webinar, investors are invited to sign up via the link: <https://bit.ly/3u8VSD7>

**Fenix Resources Limited (ASX: FEX) (“Fenix” or “The Company”)** is pleased to report on its activities for the quarter ending 31 March 2022 (March Quarter), in which the Company shipped approximately 295,000 wmt of high-quality iron ore from its Iron Ridge project in Western Australia’s Mid-West.

#### Fenix Managing Director Rob Brierley said:

*“A strong recovery in the iron ore price and a decrease in shipping costs has seen us generate some \$31m of cash for the quarter underpinned by a solid production performance. Fenix also benefited from some positive pricing adjustments from the December 2021 quarter, which validated our decision to operate at close to full capacity, despite the price weakness during that period.*

*“The current quarter has started positively with strong iron ore prices, and a shipment completed loading on 2 April 2022.*

*“We finished the quarter with a strong balance sheet with net cash of A\$85.6m, equal to 16.6c a share, and expect to build on this solid position during the current quarter.”*

## IRON RIDGE PROJECT - OPERATIONS

### Health & Safety

Fenix is committed to maintaining a safe work environment for all personnel. As at 31 March 2022, the Company's Iron Ridge mining operations and the Company's Geraldton Port operations have been Lost Time Injury (LTI) free since inception.

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, although we are starting to experience some cases at the mine (currently 5) and the port (currently 2), which are being managed according to our policies and procedures, and in line with current health regulations.

Fenix has taken steps to ensure the Company complies with the mandatory vaccination requirements of the Western Australian government. Fenix personnel have responded positively to changing circumstances throughout the pandemic. The Company stands ready to respond promptly to further government regulations and the changing COVID-19 environment to ensure operational continuity.

### Mining & Production

<b>Production Summary</b>				
Production Summary (kwmt)	Mar Q FY22	Dec Q FY22	Sept Q FY22	Project to Date
Ore Mined	340.6	277.9	335.2	1641.1
Lump Ore Produced	143.2	122.7	204.5	794.8
Fine Ore Produced	196.9	153.3	173.7	823.8
Lump Ore Hauled	121.4	165.4	195.6	749.8
Fine Ore Hauled	207.3	166.4	149.4	792.7
Lump Ore Shipped	100.3	188.4	197.8	628.3
Fine Ore Shipped	194.4	168.3	143.4	570.3
C1 Cash Cost (A\$/wmt Shipped FOB)	81.7	94.1	86.8	88.2

<b>Performance at a Glance</b>				
Item	Unit	Mar Q FY22	Dec Q FY22	Sept Q FY22
Lump product sales	k wmt	100	188	198
Fines product sales	k wmt	194	168	143
Total Ore Sales	k wmt	295	357	341
Platts 62% Fe CFR price, average	US\$/dmt	141.6	109.6	162.9
Average Realised FOB price	US\$/dmt	132.8	56.0	129.2
Average Freight cost	US\$/dmt	26.7	33.5	34.4

During the December Quarter, Fenix loaded five ships with a total of 294,701 wmt of iron ore from Iron Ridge (100,339 wmt of lump and 194,362 wmt of fines), with completion dates of 13 January, 31 January, 13 February, 1 March, and 16 March 2022.

To date, Fenix has shipped 1,493,261 tonnes of product from its Iron Ridge Project.

Average grade shipped for the December Quarter was 61.6% Fe for fines (previous quarter: 61.6%) and 63.9% Fe for lump product (previous quarter: 64.4%), further displaying the unique high-grade nature of the Iron Ridge deposit.

The current project-to-date lump to fines ratio of 49%:51% continues to be significantly higher than the life-of-mine assumed average of 25%:75%. The trend in the March Quarter was 42%:58%, slightly diverging to previously assumed levels as the planned pit deepens.

Waste stripping at the Iron Ridge mine has been elevated due to the Stage 2 cutback of the open pit. The strip ratio is expected to revert to the life-of-mine average of 2.8 during the June 2022 quarter.



*Fenix's Iron Ridge Iron Ore Mine, March 2022*

### Fenix Newhaul Haulage Joint Venture

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 - 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 486km to the Fenix's loading facilities at Geraldton Port.

Fenix-Newhaul commenced haulage operations in December 2020 and has performed and grown strongly. The strategic joint venture approach to the Company's haulage operations represents a significant competitive advantage to Fenix.

During the March Quarter, approximately 329,000 tonnes of iron ore were hauled by Fenix Newhaul, closely aligned to budget levels of approximately 110,000 tonnes per month.

Fenix Newhaul successfully trialled and is now rolling out a new four trailer combination (pictured below) which will increase haulage capacity to approximately 140 tonnes per truck and will result in future cost savings. Currently there are 26 truck and trailer combinations in the Fenix Newhaul fleet, 18 of which are four trailer combinations. We are expecting delivery of the remaining A-Trailers on order in the June Quarter.



*Fenix Newhaul 140 tonne Truck and Trailer Combination*

### Financial Performance

Net operating cash flow for the March Quarter was \$33.1m (Dec Q: cash outflow of \$11.1m). Unaudited operating margins before hedging gains averaged A\$78/wmt FOB for the period (Dec Q: minus \$26/wmt FOB).

Capital expenditure for the March Quarter was \$1.2m, taking the total project capital expenditure to date to approximately \$22m. Fenix expects capex to be less than \$1m in the June 2022 quarter as the final site infrastructure is completed by the mining contractor. Fenix continues to investigate methods to deploy capital expenditure to reduce operating costs.

Unaudited C1 FOB Cash Costs for the March Quarter were A\$81.72 per wmt shipped, around 13% lower than the previous quarter due to lower strip ratio at the mine and recognition of profit from the haulage joint venture.

Project costs to date are A\$88.21/wmt FOB, equivalent to around US\$64/wmt based on prevailing FX rates. These costs are inclusive of marketing fees and costs incurred in the ramp up period in late 2020 and the early months of 2021.

Sea freight costs moderated somewhat during the March Quarter, which contributed to an increase in operating margins. Sea freight costs have increased 10-15% thus far in the current period, mainly due to high oil bunker prices caused by macroeconomic events.

Cash at the end of the period was \$85.6m. Fenix has no bank debt. This represents a net cash backing of 16.6 cents per share.

## Exploration

During the March Quarter, Fenix executed a Deed of Amendment agreement with Scorpion Minerals Limited (Scorpion) (ASX: SCN) in relation to tenements E20/953 and E20/948 (currently 100%-owned by Scorpion) (together the Pharos Project Tenements) (See ASX announcement dated 9 February 2022).

The new agreement 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.

The specific Pharos Project Tenements cover 385 km<sup>2</sup> and are contiguous to the tenements comprising Fenix's flagship Iron Ridge Project and contain numerous known iron ore targets.

Historical exploration and recent field work at Pharos has identified areas that are highly prospective for iron ore. Several target areas in close proximity to the Company's existing Iron Ridge mining operations have been prioritised as having the potential to host high grade iron mineralisation similar to Iron Ridge.

Exploration work conducted during the March Quarter included reviewing data and conducting ground truthing to support finalisation of a potential first-pass drilling program over the high priority target areas at the Pharos Project Tenements.

In addition to exploration work undertaken on the Pharos Project Tenements, the Company continued to review regional exploration targets at the Iron Ridge Project with several areas of interest identified for follow-up drilling.

## CORPORATE

### Dividend Policy

Fenix 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.

Fenix did not pay an interim dividend due to the unavailability of franking credits. A decision on a full year dividend for the current financial year will be made in August, subject to the Company's policy.

## Hedging

On 22 July 2021, Fenix entered into 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/dmt, flat over the period.

As at 31 March 2022, Fenix's hedge book had a mark-to-market value of approximately \$6.44m, inclusive of the outstanding settlement for the month of March 2022 that was paid subsequent to the end of the quarter.

## Capital Structure

During the March Quarter, the Company issued a total of 14.0 million fully paid ordinary shares in the capital of the Company, including 10.0 million fully paid ordinary shares issued at a price of \$0.23 per share pursuant to the Share Loan Plan approved by Shareholders on 4 March 2022 and 4.0 million fully paid ordinary shares issued to Scorpion as consideration for the acquisition of 100% interest in the Iron Ore rights on the Pharos Project Tenements.

In accordance with ASX Listing Rule 5.3.5, \$165,775 in payments were made to related parties or their associates during the quarter, comprising Executive Director salaries, Non-executive Director fees and superannuation.

## 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.

As part of the Company's growth strategy, Fenix will assess corporate and asset opportunities that have a strategic fit, build upon the Company's strengths and importantly, add to Shareholder value.

*Authorised by the Board of Fenix Resources Limited.*

For further information, contact:

### **Rob Brierley**

Managing Director

Fenix Resources Limited

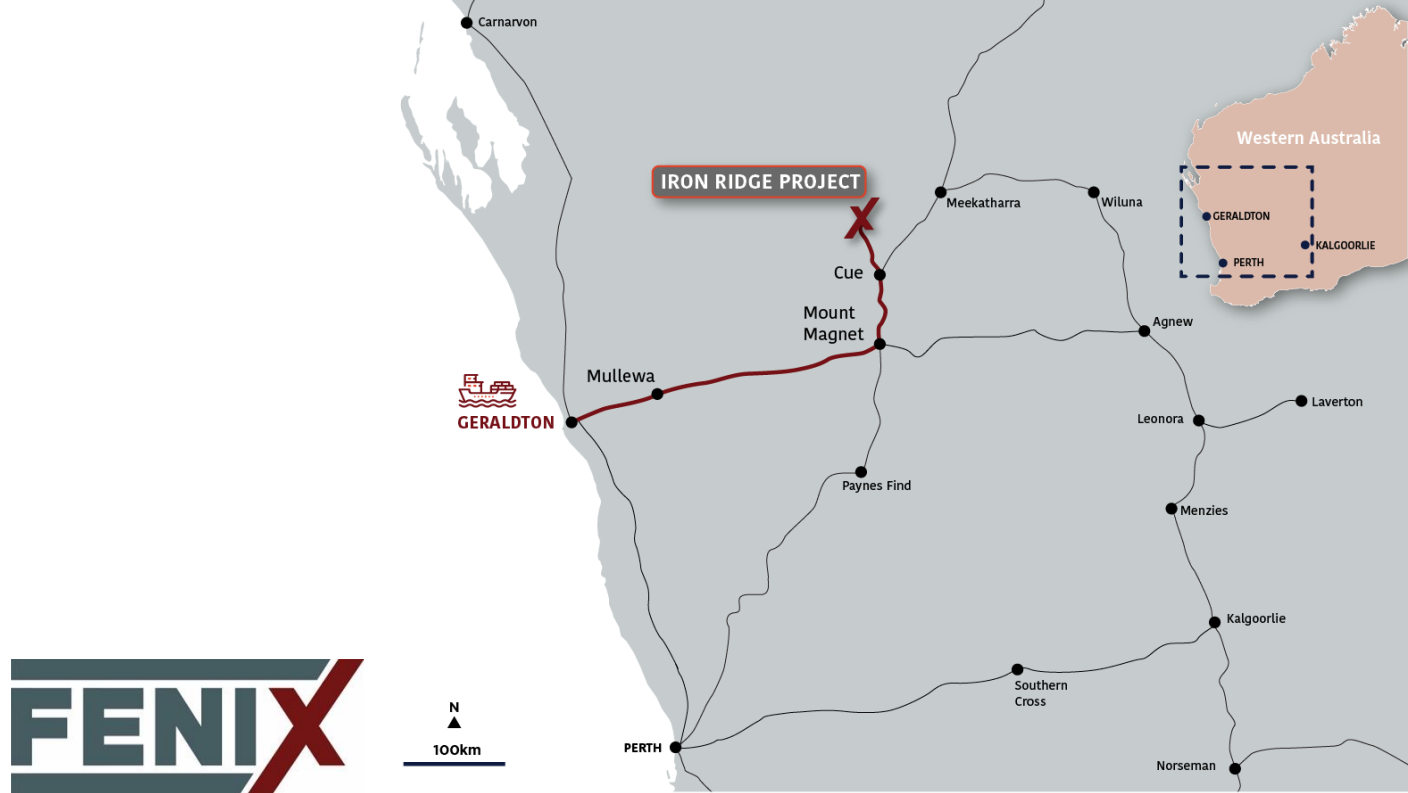
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**Fenix Resources (ASX: FEX)** is a high grade, high margin iron ore producer located in the prolific mid-west mining region of Western Australia.

The Company's 100% owned, flagship Iron Ridge Iron Ore Project is a premium DSO deposit that hosts a high grade, JORC 2012 compliant resource of 9.8 Mt @ 64.4% Fe, which represents some of the highest grade iron ore in Western Australia. Production commenced in December 2020 following a rapid three-month development period, and first sales were generated in February 2021, shipped from the Company's port facility at Geraldton. Approximately 1.5 million tonnes of premium ore have been exported to date, generating solid cash flow.

High grade iron ore attracts a premium price on the seaborne market, as a purer product results in lower emissions. Chinese steelworks are demanding high grade ore to meet increasingly strict government regulations.

The Company is led by a proven team with deep mining experience and benefits from strategic alliances and agreements, including a JV with Fenix Newhaul Pty Ltd for haulage, binding agreements with the Mid West Ports Authority for the use of its Geraldton Port facilities, a 50% off-take arrangement with Sinosteel International Holding Company Limited and an exclusive marketing agreement with Atlas Iron Pty Ltd for the remaining 50% of product sales.

The Company is focused on promoting opportunities for local businesses and the community; to date, the project has generated some 180 local jobs. Fenix is proud to employ a 40% indigenous workforce and be in partnership with the Schwarze Brothers and other leading service providers.

### Competent Person Statement

The information in this report that relates to Mineral Resources is based on information compiled by Mr Alex Wishaw, 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 Wishaw 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.

## TENEMENT SCHEDULE

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

Location	Project	Tenement No.	Interest at Beginning of Quarter	Interest at End of Quarter
Western Australia	Iron Ridge	M20/118-I	100%	100%
Western Australia	Iron Ridge	E20/936	100%	100%
Western Australia	Iron Ridge	L20/83	100%	100%
Western Australia	Iron Ridge	L20/84	100%	100%
Western Australia	Iron Ridge	L20/85	100%	100%
Western Australia	Iron Ridge	G20/28	100%	100%
Western Australia	Pharos	E20/943	0%	100% of Iron Ore rights
Western Australia	Pharos	E20/953	0%	100% of Iron Ore rights