

JUNE 2022 QUARTERLY ACTIVITIES REPORT

Fenix grows to become fully integrated mining, haulage and logistics company

\$102m Cash – positive cashflow – new hedging – Fenix-Newhaul

Highlights

- Six shipments totalling approximately 344,000 wet metric tonnes (wmt) of iron ore from the Iron Ridge Project in Western Australia were sold during the June 2022 Quarter, consisting of 140,699 wmt of lump and 203,591 wmt of fines
- Average price received was US\$121.90 (~A\$170) per dry metric tonne (dmt) FOB, which is equivalent to US\$154.05/dmt (~A\$215/dmt) CFR. Received prices were positively impacted by quotation period price adjustments from the previous quarter that amounted to US\$4.12m or US\$12.45/dmt (~A\$17.40/dmt)
- Cash as at 30 June 2022 of **A\$101.9m**, compared to A\$85.6m as at 31 March 2022
- Net operating cash flow for the June Quarter of **A\$15.0m** (March Q: A\$33.1m)
- C1 FOB cash costs for the quarter were A\$91.53/wmt shipped, impacted by higher diesel costs and lower fuel rebates
- New hedge contracts were entered into during the quarter, extending price protection from October 2022 to June 2023 for 35,000 tonnes per month at a fixed price of A\$180.65/dmt
- Existing hedging contracts for 50,000 tonnes a month through to October 2022 at a fixed price of A\$230.30/dmt generated ~A\$4.6m for the three contracts (March 2022, April 2022 and May 2022) settled during the June quarter
- Fenix signed definitive agreements to acquire 100% ownership in haulage joint venture, Fenix-Newhaul, positioning Fenix as a fully integrated mining, haulage and logistics company in a transaction which will reduce operating costs, is value accretive, and will ensure that the Company now receives 100% of profits and cashflows from Fenix-Newhaul's highly profitable haulage business
- Fenix will host a live investor briefing today at 9:30am AWST / 11:30am AEST. Register here: https://us06web.zoom.us/webinar/register/WN_zVq6yfWDR6WSXD5oq3X8zA

Fenix Resources Limited (ASX: FEX) (Fenix or The Company) is pleased to report on its activities for the quarter ending 30 June 2022 (**June Quarter**), in which the Company shipped ~344,000 wmt of high-grade iron ore from its Iron Ridge project in Western Australia's Mid-West, generating ~A\$15 million in net operating cash flow resulting in a closing cash balance of ~A\$102 million.

Fenix Managing Director Rob Brierley said:

“We are pleased to continue our strong operational performance which has enabled Fenix to ship more than 1.3 million wet metric tonnes of high quality iron ore for the full financial year and end the June quarter, with an impressive \$102 million in cash holdings. We generated \$15 million in net operating cashflow during the June quarter despite lower iron ore prices, higher diesel and shipping costs, and after payment during the quarter of A\$11 million in tax.

“Fenix’s ongoing ability to generate cash and profits was significantly improved during the quarter with the signing of the agreement to consolidate ownership of our road haulage joint venture. The Fenix-Newhaul transaction is an important strategic initiative that will reduce our future haulage costs and result in cost savings and additional operational flexibility as well as supporting growth initiatives.”

IRON RIDGE PROJECT - OPERATIONS**Health & Safety**

Fenix is committed to maintaining a safe work environment for all personnel. During the June Quarter, the Company recorded its first Lost Time Injury (LTI) since the commencement of mining operations, relating to a muscular impact injury that occurred at Iron Ridge. The Company’s Geraldton Port operations remain 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. The Company has not been materially affected by COVID-19 related restrictions, with minor numbers of cases being managed according to our policies and procedures, and in line with current health regulations.

Despite the relaxation of Government requirements, Fenix maintained mandatory vaccination requirements on its sites and will review this policy at the end of July 2022. Fenix personnel have responded positively to changing circumstances throughout the pandemic. The Company stands ready to respond promptly to the changing COVID-19 environment to ensure operational continuity.



Fenix’s Iron Ridge Iron Ore Mine, June 2022

Mining & Production

Production Summary				
Production Summary (kwmt)	June Q FY22	March Q FY22	Dec Q FY22	Project to Date
Ore Mined	313.6	340.6	277.9	1954.7
Lump Ore Produced	122.7	143.2	122.7	917.5
Fine Ore Produced	196.5	196.9	153.3	1020.2
Lump Ore Hauled	132.7	121.4	165.4	882.5
Fine Ore Hauled	207.4	207.3	166.4	1000.1
Lump Ore Shipped	140.7	100.3	188.4	869.4
Fine Ore Shipped	203.6	194.4	168.3	968.1
C1 Cash Cost (A\$/wmt Shipped FOB)	91.5	81.7	94.1	88.6

Performance at a Glance				
Item	Unit	June Q FY22	Mar Q FY22	Dec Q FY22
Lump product sales	k wmt	141	100	188
Fines product sales	k wmt	203	194	168
Total Ore Sales	k wmt	344	295	357
Platts 62% Fe CFR price, average	US\$/dmt	137.9	141.6	109.6
Average Realised FOB price	US\$/dmt	121.9	132.8	56.0
Average Freight cost	US\$/dmt	32.2	26.7	33.5

During the June Quarter, Fenix loaded six ships with a total of 344,290 wmt of iron ore from Iron Ridge (140,699 wmt of lump and 203,591 wmt of fines), with completion dates of 2 April, 18 April, 2 May, 19 May, 6 June and 21 June 2022.

To date, Fenix has shipped 1,837,533 wmt (1,757,874 dmt) of product from its Iron Ridge Project.

Average grade shipped for the June Quarter was 62.1% Fe for fines (previous quarter: 61.6%) and 63.6% Fe for lump product (previous quarter: 63.9%), further displaying the unique high-grade high-quality nature of the Iron Ridge ore body.

The current project-to-date lump to fines ratio of 47%:53% continues to be significantly higher than the life-of-mine assumed average of 25%:75%. The trend in the June Quarter was 42%:58%, similar to the previous quarter and representing an improvement against expectations as the pit deepens.

Waste stripping at the Iron Ridge mine was slightly higher than the life-of-mine average of 2.8 during the June 2022 quarter.

Fenix-Newhaul Haulage Joint Venture

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

During the Quarter, Fenix signed definitive agreements with Newhaul Pty Ltd (**Newhaul**) to acquire Newhaul's 50% interest in Fenix-Newhaul Pty Ltd (**Fenix-Newhaul**), which will result in the consolidation of 100% ownership of the haulage business into Fenix (**Transaction**) (See ASX announcement dated 21 June 2022).

Factoring in the cash and equity consideration of the Transaction, the additional cash flows expected to be generated from the consolidation of the Company's haulage operations will result in higher earnings for Fenix and higher dividends available to Fenix shareholders. The Transaction will deliver lower operating costs for Fenix with additional value expected from operational flexibility advantages as well as unlocking new growth opportunities that can now be explored for the benefit of Fenix. Completion of the Transaction is expected to occur during July 2022.

During the June Quarter, approximately 340,000 tonnes of iron ore were hauled by Fenix Newhaul, slightly higher than budgeted levels of approximately 110,000 tonnes per month.

Fenix Newhaul has now converted the majority of the haulage fleet to a quad-trailer configuration (pictured below) after a successful trial period conducted in late 2021. The innovative quad-trailer combination has increased haulage capacity to approximately 140 tonnes per truck delivering cost savings on a per tonne basis. Currently there are 26 truck and trailer combinations in the Fenix Newhaul fleet, 18 of which are quad-trailer combinations. Delivery of the remaining 7 A-Trailers is expected to occur during the current quarter.



Fenix Newhaul 140 tonne Truck and Trailer Combination

Financial Performance

Net operating cash flow for the June Quarter was A\$15.0m (March Q: A\$33.1m). Unaudited operating margins before hedging gains and tax payments averaged A\$54/wmt FOB for the period (March Q: A\$78/wmt FOB).

The Company paid approximately A\$10.7m in corporate tax payments in May 2022, reducing the net operating cashflow. Tax payments will now move to quarterly instalments commencing in the current quarter.

Capital expenditure for the June Quarter was A\$0.6m mainly relating to mine site infrastructure. Total project capital expenditure to date has been approximately A\$23m. Fenix

expects capital expenditure to again be less than A\$1m in the current 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 June Quarter were A\$91.53 per wmt shipped, approximately 12% higher than the previous quarter mainly due to higher diesel prices and reduced fuel rebates. Following completion of the Fenix-Newhaul transaction, expected in the Current quarter, the Company expects C1 FOB cash costs to reduce by approximately A\$10 per tonne recognising full ownership by the Company of the haulage profit margin.

Project costs to date are A\$88.65/wmt FOB, equivalent to around US\$62/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 increased 20% during the June Quarter, predominantly due to higher oil prices impacting bunker prices. Sea freight costs have retracted slightly in the early part of the current quarter.

Cash at the end of the period was A\$101.9m. Fenix currently has no senior bank debt. Upon completion of the Fenix-Newhaul transaction, Fenix will assume approximately A\$18m of financial obligations related to the financing of Fenix-Newhaul's haulage fleet.

The Company's cash balance as at 30 June 2022 represents net cash backing of approximately \$0.20 per share.

Exploration

Fenix holds 100% interest in the Iron Ore rights over tenements E20/953 and E20/948 (together the **Pharos Project Tenements**) (See ASX announcement dated 9 February 2022).

The Pharos Project Tenements cover 385 km² 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 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.

Fenix is actively recruiting geological staff to form an exploration team to investigate the potential of the Pharos Project Tenements to host iron ore bodies of similar quality and scale to Iron Ridge. In addition, Fenix continues to investigate opportunities for collaboration and acquisition of quality iron ore projects in the Mid-West with relevance to the Company's existing mining, haulage, and port operations.

CORPORATE

Dividend Policy

Fenix's dividend policy provides that the Company will distribute between 50% and 80% of after-tax profits as fully franked dividends, subject to the availability of franking credits.

A decision on a full year dividend payment for the current financial year will be made based on the full year financial results consistent with the Company's dividend policy.

Hedging

On 22 July 2021, Fenix entered into swap arrangements with an Australian top tier financial institution for 50,000 dry metric tonnes (dmt) 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.

On 9 June 2022, the Company entered into additional iron ore swap arrangements for 35,000 dmt per month of the Monthly Average Platts TSI 62 Index converted to AUD for the 9-month period from October 2022 to June 2023. The price fixed is equivalent to A\$180.65 per dmt, flat over the period.

The swap arrangements were executed as part of the Company's Price Protection Policy designed to secure the medium-term future of the Iron Ridge project, whilst maintaining Fenix's exposure to the iron ore price.

Cash settlement under the hedge contracts occurs 10 days after the end of each month with a total of approximately A\$4.6m received for the three contracts (March 2022, April 2022 and May 2022) settled during the June quarter.

As at 30 June 2022, Fenix's hedge book had a mark-to-market value of approximately A\$12.65m, inclusive of the outstanding settlement for the month of June 2022 that was paid subsequent to the end of the quarter.

Capital Structure

During the June Quarter, the Company issued no new shares or options. As part of the announced Fenix-Newhaul Transaction, a total of up to 90.0 million fully paid ordinary shares in the capital of the Company may be issued (See ASX announcement dated 21 June 2022 for full details).

In accordance with ASX Listing Rule 5.3.5, \$165,150 in payments were made to related parties or their associates during the quarter, comprising Executive Director salaries, Non-executive Director fees and superannuation.

Financial Reporting

During the June Quarter, Fenix received confirmation from the ASX that the Company's ASX classification had been changed from a 'mining exploration entity' to a 'mining production entity'. Pursuant to the ASX Listing Rules, the Company is no longer required to lodge an Appendix 5B quarterly cashflow report.

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 which is soon to be consolidated, 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 continue to 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.

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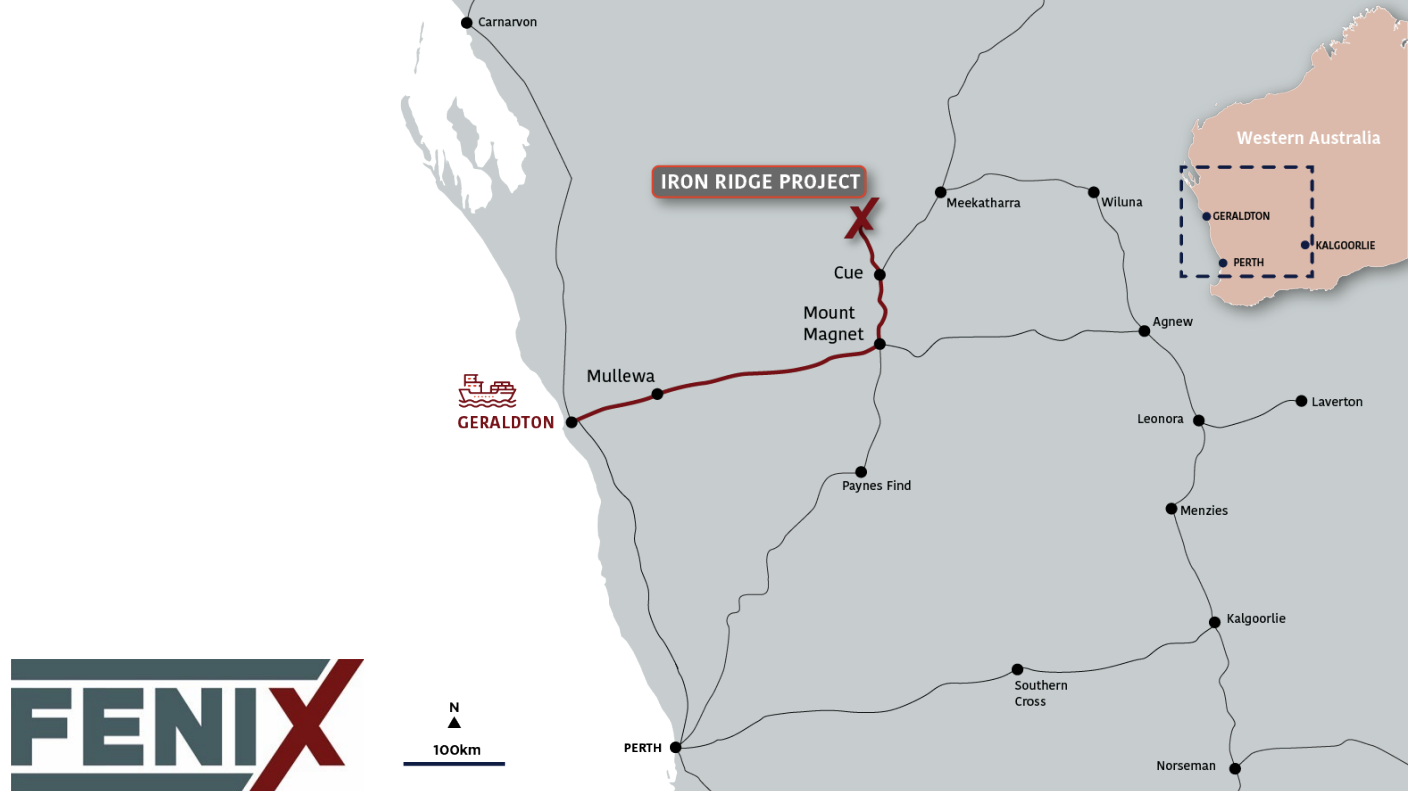
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Fenix Resources (ASX: FEX) is a high grade, high margin iron ore producer located in the prolific mid-west mining region of Western Australia.

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. Over 1.8 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 given a purer product results in lower emissions. Chinese steelworks are demanding high grade ore to meet increasingly strict government regulations.

Fenix is led by a proven team with deep mining experience and benefits from strategic alliances and agreements, including a haulage JV with Fenix Newhaul Pty Ltd which is in the process of being consolidated, 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 Iron Ridge 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 local 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	100% of Iron Ore rights	100% of Iron Ore rights
Western Australia	Pharos	E20/953	100% of Iron Ore rights	100% of Iron Ore rights