

QUARTERLY REPORT

For the period ending
30 September 2023

FENIX

25 October 2023

SEPTEMBER 2023 QUARTERLY ACTIVITIES REPORT

- C1 Cash Costs reduced by a further 5% to A\$75.9/wmt**
- Fully Franked FY23 Dividend of 2.0 cents per share declared and paid**
- Acquisition of Mount Gibson's Mid-West iron ore assets completed**
- Sale of Extension Hill assets announced**
- Ten million tone Beebyn-W11 right to mine transaction announced**
- Fenix Port Services commenced third party logistics business**
- Hedge book extended to June 2024**

HIGHLIGHTS

- Six shipments totalling 352,411 wet metric tonnes (wmt) of iron ore from Fenix's 100% owned Iron Ridge Mine in Western Australia were sold during the quarter, consisting of 166,433 wmt of lump and 185,978 wmt of fines.
- C1 Cash Costs for Iron Ridge production decreased by a further 5% to **A\$75.9/wmt** shipped FOB Geraldton (Jun Q: A\$79.6), equivalent to US\$50/wmt (Jun Q: US\$53/wmt).
- Average CFR price received, pre-hedging and quotation period price adjustments, of US\$116 per dry metric tonne (dmt), equivalent to A\$178/dmt CFR (Jun Q: US\$116/dmt).
- Shipping costs reduced to US\$17.2/dmt (Jun Q: US\$18.8/dmt), equivalent to A\$26/dmt (Jun Q: A\$28/dmt).
- Net C1 operating margin, excluding hedge and quotation period adjustments, of **~A\$70/dmt** (Jun Q: ~A\$60/dmt).
- Fenix completed the acquisition of Mount Gibson's Mid-West iron ore, rail and port assets, significantly expanding the Company's business and potential for growth.
- Fenix Port Services commenced operations following the completion of the Mount Gibson transaction and shipped a total of 196,176 tonnes of third-party ore.
- Fully franked final dividend for year ended 30 June 2023 of 2.0 cents per share declared and paid, with total dividends paid by Fenix to date now totalling 12.5 cents per share.

"The outstanding operational performance from our Iron Ridge Iron Ore Mine continues to provide a solid and reliable base to generate positive cash flow and enable disciplined investment in the expansion of our business.

Fenix's transformation into a fully integrated mining, haulage, rail and logistics business is progressing, with our ambition to build a major regional iron ore producer and a profitable third party logistics provider."

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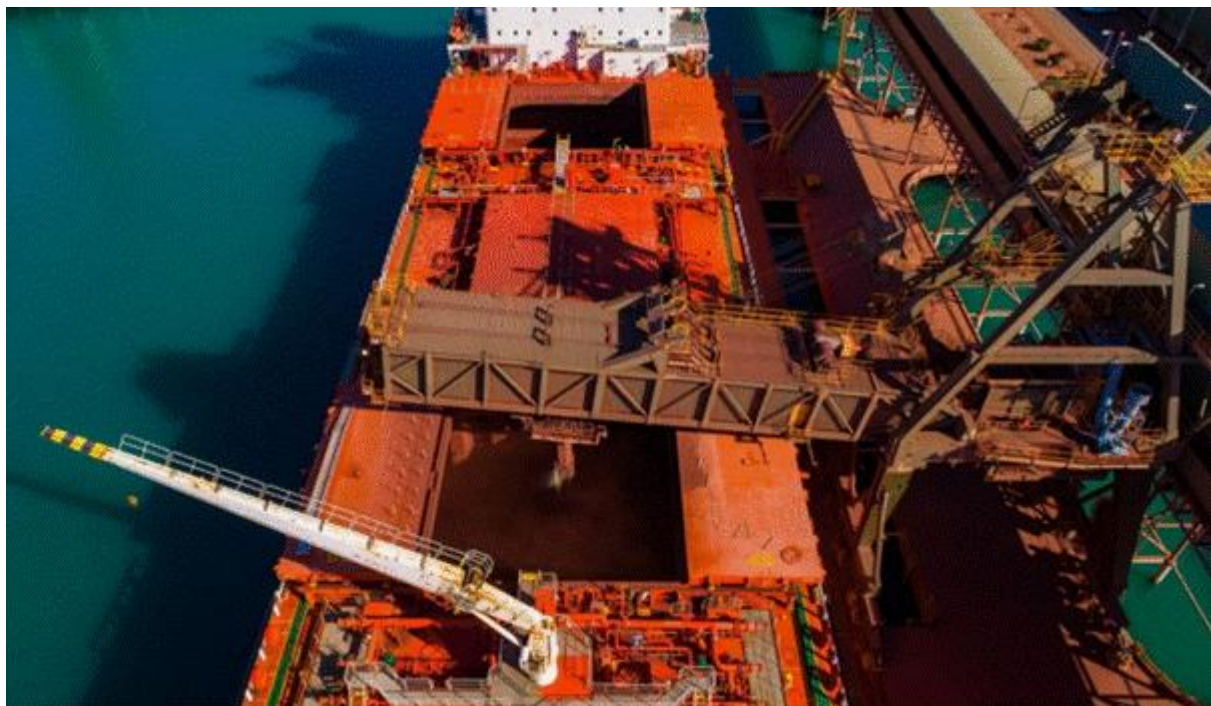
HIGHLIGHTS (continued)

- Cash as at 30 September 2023 of A\$59.6 million (31 Mar 2023: A\$76.1 million).
- Fenix announced the exclusive right to mine the Beebyn-W11 deposit, providing Fenix with a near-term growth opportunity to maximise value for shareholders.
- Hedge book extended, with cover of 25,000 tonnes per month from January to June 2024 at a fixed price of A\$163.50 per dmt, in addition to cover of 60,000 tonnes per month remaining from October to December 2023 at a fixed price of A\$170.10 per dmt.
- Fenix will host a live investor briefing on Wednesday, 25 October 2023, at 11:00am AWST / 2:00pm AEDT. Register here: <https://bit.ly/46PQvJw>

Fenix Resources Limited (ASX: FEX) (Fenix or the Company) is pleased to report on activities during and subsequent to the quarter ending 30 September 2023 (**September Quarter**).

The Company shipped 352,411 wmt of high-grade iron ore from the Company's 100% owned Iron Ridge Iron Ore Mine during the September quarter. In addition, Fenix Port Services shipped an additional 196,176 wmt of iron ore on behalf of third-party customers from the Company's newly expanded Geraldton Port facilities.

C1 cash costs for the Iron Ridge Iron Ore Mine reduced by a further 5% during the quarter to ~A\$75.9/wmt. This impressive operating performance, accompanied by strong iron ore prices during the quarter, generated a net C1 operating margin for production from Iron Ridge, excluding hedging and quotation period adjustments, of approximately A\$70/dmt.



Fenix Port Services has commenced providing logistics services to third-party customers using the Company's expanded facilities at Geraldton Port

MANAGEMENT SUMMARY

“Fenix has delivered a further 5% reduction in C1 Cash costs and has taken advantage of strength in the prevailing iron ore prices to generate an impressive net C1 operating margin of \$70 per tonne during the September quarter. This outstanding operational performance from our Iron Ridge Iron Ore Mine continues to provide a solid and reliable base to generate positive cash flow and enable disciplined investment in the expansion of our business.

Since June 2022, Fenix has reduced our C1 Cash Costs by more than \$15 per tonne. This has been achieved in the face of unprecedented cost inflation among our industry peers and is the result of the advantages generated by the consolidation of the ownership in our Fenix-Newhaul business and the expansion of our port facilities via the acquisition of Mount Gibson’s Mid-West assets.

Fenix’s transformation into a fully integrated mining, haulage, rail and logistics company progressed significantly during the September quarter. The completion of the acquisition of Mount Gibson’s Mid-West assets facilitated the commencement of the Fenix Port Services’ business and the first shipments of third-party products using our newly expanded Geraldton Port facilities.

Subsequent to the end of the quarter we have announced the acquisition of the right to mine ten million tonnes from the nearby Beebyn-W11 ore body. This transaction further boosts our available iron ore resources and creates the opportunity to expand our production and extend the life of our operations in the Mid-West. We are building our available mining inventories and have secured the port, rail and haulage infrastructure to build a major regional iron ore producer and a profitable third party logistics provider.”

JOHN WELBORN
Chairman

IRON RIDGE PROJECT – OPERATIONS

Health & Safety

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

Mining & Production

During the September Quarter, Fenix loaded six ships with a total of 352,411 wmt of iron ore from Iron Ridge (166,433 wmt of lump and 185,978 wmt of fines), with completion dates of 14 July, 30 July, 7 August, 28 August, 8 September and 22 September 2023.

To date, Fenix has shipped 3,552,013 wmt (3,362,854 dmt) of product from the Iron Ridge Iron Ore Mine.

Average grade shipped during the September Quarter was 64.7% Fe for lump product (previous quarter: 64.4%) and 63.4% Fe for fines (previous quarter: 63.3%), again demonstrating the unique high-grade high-quality nature of the Iron Ridge ore body.

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

Production Summary				
Production Summary (k wmt)	Sep Q FY24	Jun Q FY23	Mar Q FY23	Project to Date
Ore Mined	367.9	362.1	327.1	3,797.2
Lump Ore Produced	222.2	161.2	137.7	1,761.7
Fine Ore Produced	212.1	182.0	189.7	1,996.3
Lump Ore Hauled	174.4	144.9	148.4	1,630.0
Fine Ore Hauled	211.2	208.2	184.0	1,985.5
Lump Ore Shipped	166.4	141.9	151.7	1,600.2
Fine Ore Shipped	186.0	209.9	199.2	1,951.8
C1 Cash Cost (A\$/wmt Shipped FOB)	75.9	79.6	83.9	84.6

Performance at a Glance				
Item	Unit	Sep Q FY23	Jun Q FY23	Mar Q FY23
Lump product sales	k wmt	166	142	152
Fines product sales	k wmt	186	210	199
Total Ore Sales	k wmt	352	352	351
Platts 62% Fe CFR price, average	US\$/dmt	114.0	111.0	125.5
Average Realised CFR price	US\$/dmt	116.4	116.3	126.8
	A\$/dmt	177.7	174.0	185.3
Average Freight cost	US\$/dmt	(17.2)	(18.8)	(17.4)
	A\$/dmt	(26.2)	(28.2)	(25.5)
Average Realised FOB price	US\$/dmt	99.2	97.4	109.4
(pre-QP Adjustments & hedging)	A\$/dmt	151.5	145.8	159.8

Operating Financial Performance

Unaudited C1 FOB Geraldton Cash Costs for the September Quarter were A\$75.9 per wmt shipped, equivalent to ~US\$50/wmt. Cash Costs were 5% lower than the previous quarter due to economies of scale achieved at Fenix's port operations as well as further efficiencies at Fenix-Newhaul's haulage and logistics operations.

Iron ore markets remained buoyant in the September quarter with the average CFR price received by Fenix, prior to hedging returns and quotation period price adjustments averaging US\$116/dmt (Jun Q: US\$116/dmt). Fenix's received CFR iron ore price was slightly better than the quarterly average 62% Fe CFR index market price of US\$114/dmt (Jun Q: US\$111/dmt). Pleasingly, iron ore markets remain resilient, with the 62% Fe index price currently trading near US\$120/dmt.

Sea freight costs decreased 9% during the quarter to US\$17.2/dmt (equivalent to ~A\$26/dmt).

The Iron Ridge C1 operating margin, not including hedging and quotation period adjustments, for the September Quarter was ~A\$70/dmt. The C1 operating margin is calculated as the Average Realised FOB price less C1 Cash Costs, calculated on an equivalent dry metric ton basis for the period.



Fenix's 100% owned Iron Ridge Iron Ore Mine – October 2023

FENIX-NEWHAUL – OPERATIONS

Health & Safety

During the September Quarter, Fenix-Newhaul recorded no Lost Time Injuries across its operations.

Haulage Performance

During the September Quarter, Fenix-Newhaul hauled 385,520 wmt of iron ore from Fenix's Iron Ridge Iron Ore Mine to the Company's on-wharf storage facilities at Geraldton Port. Fenix-Newhaul continues to demonstrate industry leading performance with continued cost reduction across the haulage value chain.

Following Fenix's consolidation of the ownership of Fenix-Newhaul, the business has commenced investigating contract opportunities to transport ore on behalf of third party customers via road and/or rail to Fenix Port Services' operations at Geraldton. Currently, 100% of Fenix-Newhaul's activity is related to servicing the Company's production from Iron Ridge and consequently the financial performance of the business is included in the cost reporting above for production from Iron Ridge.

As at 30 September 2023 the asset value of Fenix-Newhaul's haulage fleet and associated infrastructure was ~A\$34 million, offset by debt obligations totalling ~A\$22 million.



Fenix-Newhaul Geraldton truck workshop

FENIX PORT SERVICES – OPERATIONS

New Business Established

Following the recent acquisition of two large capacity on-wharf storage sheds at Geraldton Port, Fenix has established a wholly owned subsidiary, Fenix Port Services Limited, to provide port loading, storage, ship loading and logistics services at Geraldton Port.

Details of the new port logistics business, including the commercial terms of third party services to be provided, will be published on the Company's website once finalised.

Health & Safety

During the September Quarter, Fenix Port Services recorded no Lost Time Injuries across its port operations.

Shipping performance

During the September Quarter, Fenix Port Services loaded a total of 352,411 wmt of product on behalf of Fenix's Iron Ridge Mine via its port facilities at Geraldton, achieving a cost per tonne reduction due to economies of scale following the Mount Gibson transaction as well as improved efficiencies following its planned maintenance spend incurred in the prior quarter.

During the September Quarter, Fenix Port Services loaded a total of 196,176 wmt of product on behalf of a third-party customer. These arrangements were subject to a short-term transitional contract inherited from Mount Gibson as part of the acquisition of their Mid-West assets. The contract had a term of three months ending on 30 September 2023. Fenix is negotiating a longer term contract and will update the market once this arrangement is confirmed.



Fenix's on-wharf Geraldton Port storage facilities

COMPLETION OF THE ACQUISITION OF MID-WEST ASSETS

On 24 July 2023, Fenix announced that it had completed the acquisition of Mount Gibson's Mid-West iron ore, rail and port assets. The assets that Fenix acquired:

- 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 - 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. As described below, Fenix subsequently agreed to transfer these Extension Hill assets to Terra Mining Pty Ltd and Extension Hill Pty Ltd for consideration of up to \$2 million (see ASX Announcement dated 29 September 2023).

The acquisition of Mount Gibson's Mid-West iron ore, rail and port assets provides Fenix the opportunity to:

- Reduce the cost of the Company's existing Iron Ridge production;
- Expand production from Iron Ridge, unlocked via a 400% increase in Fenix's Geraldton port capacity;
- Potentially re-commission the Shine Iron Ore Mine as an additional 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, which was transferred to Mount Gibson during the quarter, consisted of A\$10 million in cash, 60 million fully paid ordinary shares in Fenix, and 25 million options in Fenix. Following completion of the transaction, Mount Gibson holds approximately 8.6% of the Company's issued ordinary shares.

Refer to the Company's ASX announcement dated 29 June 2023 for further information on the assets Fenix has acquired and the terms and conditions of the transaction.

SALE OF EXTENSION HILL ASSETS

On 29 September 2023, Fenix announced that the Company has agreed to transfer to Terra Mining Pty Ltd and Extension Hill Pty Ltd all of the Extension Hill assets, liabilities, rights and obligations that the Company had acquired from Mount Gibson for consideration to be received by Fenix of up to \$2 million.

Consideration to be received by Fenix as follows:

- \$250,000 payable on the earlier of one month after the first shipment of ore from the Extension Hill Magnetite Project and 12 months after completion; and
- a royalty of \$0.50 per tonne of material produced and sold from the Extension Hill Magnetite Project, up to a cap of \$1,750,000.

Terra Mining Pty Ltd will assume Fenix's rehabilitation obligations of approximately \$5 million relating to Mount Gibson's historical hematite mining operations at Extension Hill.

The consolidation of the Extension Hill assets and obligations provides the buyers an opportunity to fast track the Extension Hill Magnetite Project into production, with Terra Mining expected to operate under the existing mining approvals.

Fenix and Terra Mining Pty Ltd are investigating additional opportunities for collaboration and cooperation with regard to haulage logistics and port services which will further support the Extension Hill Magnetite Project.

Refer to the Company's ASX announcement dated 29 September 2023 for further information on the assets Fenix has disposed, details of the Extension Hill Magnetite Project, and the terms and conditions of the transaction.

ACQUISITION OF 10MT RIGHT TO MINE OVER BEEBYN-W11 HIGH-GRADE ORE DEPOSIT

In early October 2023, Fenix announced that it had entered into a binding agreement with Sinosteel Midwest Corporation and secured the exclusive right to mine and export up to 10 million dry metric tonnes of iron ore from the high-grade Beebyn-W11 iron ore deposit in the Weld Range.

The transaction provides Fenix with:

- Immediate access to significant additional high-grade resources;
- The opportunity to realise significant operational synergies for future mining activity and the utilisation of the Company's existing infrastructure and regional transport and logistics capabilities;
- Exclusive sole control of all mining, hauling, logistics and port operations relating to the mining and export of 10 million dry metric tonnes of iron ore; and
- Scope for Fenix and Sinosteel to investigate further opportunities to monetise high-value projects within the vast resource rich Mid-West region.

Refer to the ASX announcement dated 3 October 2023 for further information on the transaction, with completion expected during 2024.



Sinosteel and Fenix signing ceremony for the 10 million tonne Right to Mine Agreement over Beebyn-W11

CORPORATE

Financial Results for FY23

On 29 August 2023, Fenix announced the Company's financial results for the year ended 30 June 2023 (FY23), reporting a Net Profit after Tax of \$29.3 million on total revenue of \$196.8 million from shipments of 1.36 wmt of iron ore.

Refer to the ASX announcements dated 29 August 2023 for full details of the full year results for FY23.

FY23 Dividend Payment

Fenix's dividend policy states 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. Based on the FY23 profit of \$29.3 million, Fenix declared a final fully franked dividend of 2.0 cents per share, equating to a total dividend payment of c.\$13.9 million. This dividend was paid to shareholders on 15 September 2023.

Hedging

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

During the September quarter, Fenix took advantage of market conditions to expand the Company's hedge book through to June 2024. Hedges in place as at 30 September comprised:

- 60,000 dmt of iron ore per month from July 2023 through to December 2023 at a fixed price of A\$170.10 per dmt; and
- 25,000 dmt of iron ore per month from January 2024 through to June 2024 at a fixed price of A\$163.50 per dmt.

These hedging arrangements are structured as swap contracts facilitated by Macquarie Bank Limited and are based on the Monthly Average Platts TSI 62 Index converted to AUD for the relevant month. Cash settlement under the hedge contracts occurs 5 business days after the end of each month.

During the September Quarter, a total of ~A\$0.5 million was received for the three hedging contracts settled (June 2023, July 2023 and August 2023).

Quotation Period Adjustments

During the September quarter, average market iron ore prices remained stable. However, given the timing associated with prior quarter shipments, quotation period price adjustments arising from the prior quarter's shipments resulted in a total cash outflow of US\$0.9 million (~A\$1.4 million).

Cash Flows and Position

Cash as at 30 September 2023 was A\$59.6 million. Cash flows during the quarter included the following material items:

- A\$10.0m plus applicable GST pursuant to the Mount Gibson transaction, which completed on 21 July 2023;
- The FY23 dividend declared of 2.0 cents per share, which equated to A\$13.9m;
- Further FY23 income tax prepayments of ~A\$3.8 million; and
- Net capital expenditure of ~A\$0.7 million mainly related to new prime mover trucks acquired, net of older trucks disposed of as part of the Company's fleet replacement program.

After excluding the above, operating free cash flows of A\$14m were generated during the quarter, driven by strong iron ore prices and disciplined cost performance noted above. These cash flows did not include sales receipts of ~A\$8.6 million for the last shipment for the quarter which sailed on 22 September 2023 as the funds for this shipment were received post 30 September 2023.

Capital Structure

During the September Quarter, shares and options were issued in relation to the Mount Gibson transaction. Refer to the announcements issued on 24 July 2023 for further information.

In accordance with ASX Listing Rule 5.3.5, \$832,125 in payments were made to related parties or their associates during the quarter, including Executive Director salaries and superannuation payments, Non-Executive Director fees and superannuation payments, as well as Fenix-Newhaul payments to Newhaul (an entity associated with Fenix Director Mr Craig Mitchell).

Business Development & Growth Opportunities

The acquisition of the Beebyn-W11 right to mine as well as Mount Gibson's Mid-West iron ore, port and rail assets are game-changing transactions which significantly expands Fenix's Mid-West asset base and provides an excellent foundation for future growth. The assets acquired include the Beebyn-W11 deposit and Shine iron ore mine which provide an opportunity for Fenix to expand iron ore production. In addition, the on-wharf bulk material storage sheds at the Geraldton port, and the two rail sidings at Ruvadini and Perenjori, provide additional opportunities to establish cash generating future business through the provision of third-party logistics solutions of rail access and port storage in addition to Fenix's existing capabilities in road haulage.

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

Authorised by the Board of Fenix Resources Limited.

For further information, contact:

John Welborn

Chairman

Fenix Resources Limited

john@fenixresources.com.au

Dannika Warburton

Investor & Media Relations

Investability

dannika@investability.com.au

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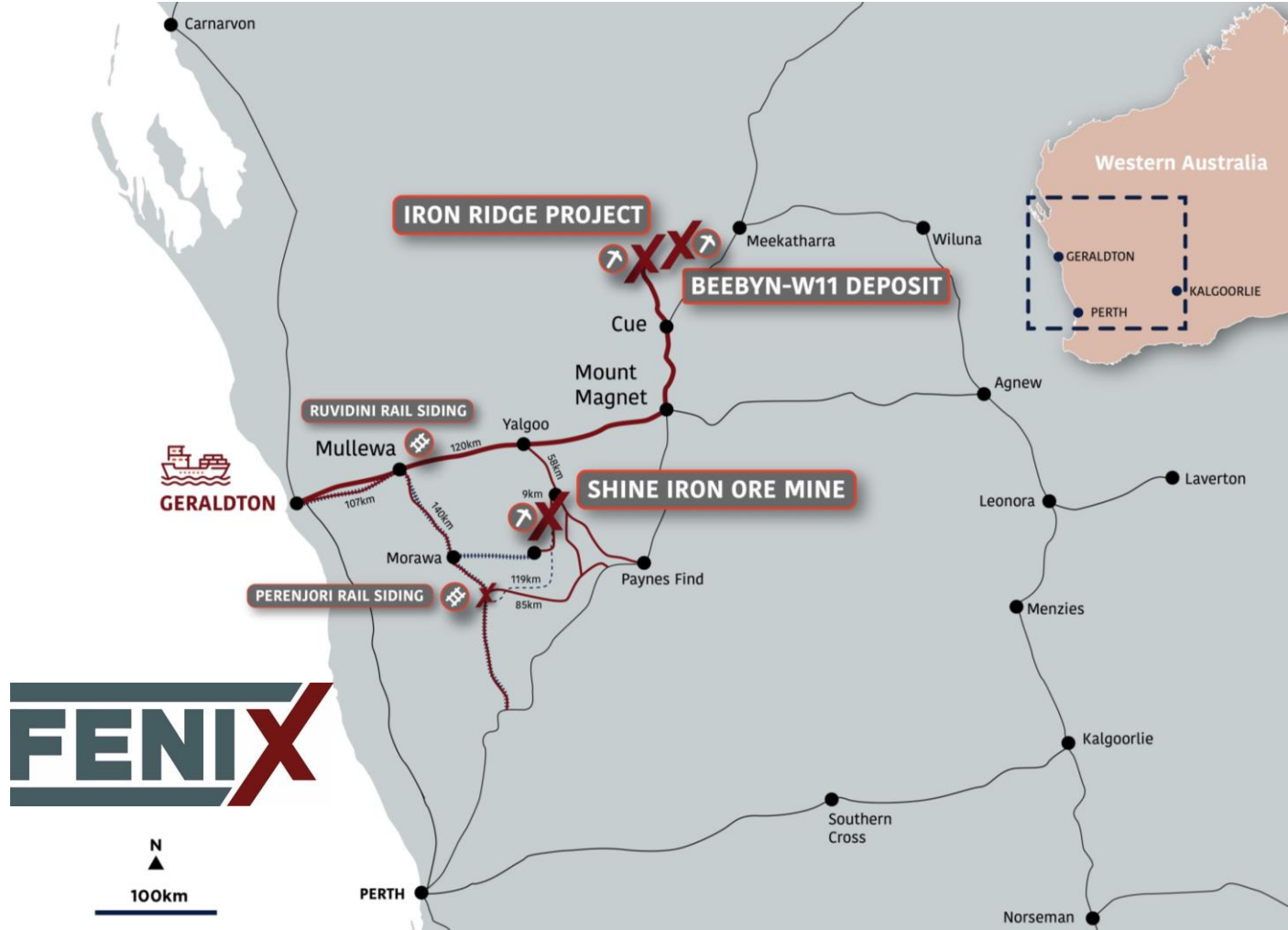
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Competent Person Statement

The information in this announcement relating to the Shine Mineral Resources is based on information compiled by Ms Elizabeth Haren, a Competent Person who is a member and Chartered Professional of the Australasian Institute of Mining and Metallurgy and member of the Australian Institute of Geoscientists. Ms Haren is a consultant to Fenix Resources Limited. Ms Haren has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcement on 29 June 2023 and all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Mineral Resource comprises 5.1Mt Measured, 6.3Mt Indicated and 3.6Mt Inferred.



Fenix Resources (ASX: FEX) is a high grade, high margin iron ore producer with assets in the Mid-West mining region of Western Australia. The Company's 100% owned, flagship Iron Ridge Iron Ore Mine is a premium direct shipping ore operation located approximately 360km north east of Geraldton that hosts some of the highest grade iron ore in Western Australia.

Production commenced at Iron Ridge in December 2020 and is currently operating at the production run rate of 1.3 million tonnes per annum. Fenix has produced and exported more than 3 million tonnes of premium iron ore, generating excellent cash flow and profitability since commencement of production.

Fenix operates a unique fully integrated mining and logistics business. High quality iron ore products are transported by road to Geraldton using the Company's 100% owned Fenix-Newhaul haulage and logistics business. The Company operates its own loading and storage facilities at the Geraldton Port with storage capacity of up to 400,000 tonnes and loading capacity of more than 5Mt per annum.

The acquisition of Mount Gibson Iron Limited's Mid-West iron ore, port and rail assets in July 2023 significantly expands Fenix's Mid-West asset base and provides an excellent foundation for future growth. The assets acquired include the Shine Iron Ore Mine currently on care and maintenance located 230km east of Geraldton, two on-wharf bulk material storage sheds at Geraldton Port, and two rail sidings at Ruvidini and Perenjori.

In October 2023, Fenix secured a Right to Mine 10 million tonnes from Sinosteel Midwest Corporation's Beebyn-W11 Iron Ore Deposit. Beebyn-W11 is located only 20km from Iron Ridge and provides an opportunity to boost mining production, extend the life of regional operations and further reduce costs. Fenix is progressing approvals with the ambition of commencing mining at Beebyn-W11 during 2024.

The Company is led by a proven team with deep mining and logistics experience and benefits from strategic alliances and agreements with key stakeholders, including the Wajarri Yamatji people who are the Traditional Custodians of the land on which the Iron Ridge Iron Ore Mine is located.

Fenix is focused on promoting opportunities for local businesses and the community. The Company has generated more than 200 local jobs. Fenix is proud to have a strong indigenous representation in the Company's workforce and to be in partnership with the traditional owners.