

QUARTERLY REPORT

For the period ending
31 March 2023



21 April 2023

MARCH 2023 QUARTERLY ACTIVITIES REPORT

Operating margin increased by 85% to A\$71/dmt
Production of 350,923wmt with C1 Cash Costs of A\$84/wmt
Hedge book extended to December 2023
A\$20 million free cash generated during the quarter
Cash increased to A\$69 million

HIGHLIGHTS

- Six shipments totalling 350,923 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 151,693 wmt of lump and 199,230 wmt of fines.
- C1 Cash Costs of A\$83.9/wmt shipped FOB Geraldton (Dec Q: A\$77.8), equivalent to US\$57/wmt (Dec Q: US\$51/wmt).
- Average CFR price received, pre-hedging and quotation period price adjustments, of US\$127 per dry metric tonne (dmt), equivalent to A\$185/dmt CFR (Dec Q: US\$101/dmt).
- Shipping costs decreased to US\$17.4/dmt (Dec Q: US\$21.7/dmt), equivalent to A\$25/dmt (Dec Q: A\$33/dmt).
- Net C1 operating margin, excluding hedge and quotation period adjustment, increased by 85% to ~A\$71/dmt (Dec Q: ~A\$38/dmt).
- Cash as at 31 March 2023 increased to A\$68.9 million (31 Dec 2022: A\$48.8 million).
- Free cash generated during the quarter of A\$20 million
- Hedge book extended out to December 2023 with cover of 50,000 tonnes per month to June 2023 at a fixed price of A\$173.25/dmt and 40,000 tonnes per month from July 2023 through to December 2023 at a fixed price of A\$173.38 per dmt.



“The Fenix team continue to deliver exceptional performance and have taken advantage of improved market conditions to generate \$20 million of free cash in the March quarter. Fenix remains well-positioned with a unique advantage in the Mid-West as a fully integrated mining, haulage and logistics company.”

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HIGHLIGHTS (Continued)

- Fenix-Newhaul officially launched a state-of-the-art truck driver simulator in conjunction with the launch of the Fenix-Newhaul Kickstart Training Academy.
- Fenix progressing potential growth opportunities focused on expanding the Company's existing business including mine-life extension and production expansion designed to maximise value for shareholders.

Fenix Resources Limited (ASX: FEX) (Fenix or the Company) is pleased to report on activities for the quarter ending 31 March 2023 (**March Quarter**). The Company shipped 350,923 wmt of high-grade iron ore and increased C1 operating margin to ~A\$71/dmt for the quarter (pre-hedging and QP Adjustments). The increase in margins was primarily the result of high iron ore prices during the quarter with lower shipping rates offset by limited cost inflation and higher mining costs as a result of pre-stripping for future pit expansion.



Fenix's iron ore being loaded at berth 5 Geraldton Port, March 2023

MANAGEMENT SUMMARY

“Fenix has taken full advantage of improved iron ore market conditions with excellent ongoing production performance resulting in a strong cash build during the quarter. Fenix-Newhaul continues to deliver value in delivering below-market haulage costs. The successful launch of the world's first, state-of-the-art truck driver simulator, as a key component of the Fenix-Newhaul Kickstart Training Academy, builds on our unique advantage in the Mid-West as a fully integrated mining, haulage and logistics company.”

JOHN WELBORN

Chairman

IRON RIDGE PROJECT - OPERATIONS

Health & Safety

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

Fenix has implemented appropriate COVID-19 protocols at all operational sites to protect the health, safety and wellbeing of the Company's people. Fenix has not been materially affected by COVID-19 and is maintaining policies and procedures that, in line with prevailing health regulations, ensure our people are safe and that operational impacts are minimal.



Fenix's Iron Ridge Iron Ore Mine, March 2023

Mining & Production

During the March Quarter, Fenix loaded six ships with a total of 350,923 wmt of iron ore from Iron Ridge (151,693 wmt of lump and 199,230 wmt of fines), with completion dates of 7 January, 27 January, 9 February, 24 February, 8 March and 26 March 2023.

To date, Fenix has shipped 2,847,774 wmt (2,707,404 dmt) of product from the Iron Ridge Iron Ore Mine.

Average grade shipped during the December Quarter was 64.2% Fe for lump product (previous quarter: 64.6%) and 62.9% Fe for fines (previous quarter: 62.4%), 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)	Mar Q FY23	Dec Q FY23	Sep Q FY23	Project to Date
Ore Mined	327.1	416.8	368.6	3,067.1
Lump Ore Produced	137.7	167.6	155.4	1,378.3
Fine Ore Produced	189.7	197.0	195.3	1,602.2
Lump Ore Hauled	148.4	149.5	130.3	1,310.8
Fine Ore Hauled	184.0	185.8	196.2	1,566.1
Lump Ore Shipped	151.7	132.8	138.0	1,291.8
Fine Ore Shipped	199.2	165.7	222.9	1,555.9
C1 Cash Cost (A\$/wmt Shipped FOB)	83.9	77.8	84.1	86.2

Performance at a Glance

Item	Unit	Mar Q FY23	Dec Q FY23	Sep Q FY23
Lump product sales	k wmt	152	133	138
Fines product sales	k wmt	199	166	223
Total Ore Sales	k wmt	351	298	361
Platts 62% Fe CFR price, average	US\$/dmt	125.5	99.0	103.3
Average Realised CFR price	US\$/dmt	126.8	101.0	105.2
	A\$/dmt	185.3	153.7	153.9
Average Freight cost	US\$/dmt	(17.4)	(21.7)	(26.6)
	A\$/dmt	(25.5)	(33.0)	(38.9)
Average Realised FOB price	US\$/dmt	109.4	79.3	78.6
(pre-QP Adjustments & hedging)	A\$/dmt	159.8	120.7	115.0

Operating Financial Performance

Unaudited C1 FOB Cash Costs for the December Quarter were A\$83.89 per wmt shipped, equivalent to ~US\$57/wmt. Cash Costs were 8% higher than the previous quarter mainly due to the higher mining costs associated with pre-stripping for the future expansion of the Iron Ridge open pit. Higher mining costs were offset by continued cost savings from Fenix-Newhaul's haulage operations.

Iron ore markets improved sharply during the quarter with the average CFR price received by Fenix, prior to recognising any hedging returns and quotation period price adjustments, improving to US\$127/dmt (Dec Q: US\$101/dmt). Fenix's received CFR iron ore price aligned with the quarterly average CFR market price of US\$125/dmt (Dec Q: US\$99/dmt). Pleasingly, iron ore markets remain resilient, with prices currently around US\$120/dmt.

Sea freight costs decreased 20% during the quarter to US\$17.4/dmt (equivalent to ~A\$25/dmt), continuing the trend from the prior quarter where global shipping markets continued to ease.

Fenix's C1 operating margin, not including hedging and quotation period adjustments, for the December Quarter increased strongly to ~A\$71/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. The increase in margin was primarily the result of high iron ore prices, continued lower shipping rates and the ongoing strong control on cost inflation, outside of additional mining costs incurred to prepare for future pit expansion at Iron Ridge.

Cash outflows during the quarter included a further FY23 income tax prepayment of ~\$3.1 million.

Capital expenditure for the March Quarter was ~\$1.1 million which largely related to new prime mover trucks acquired as part of the Company's planned fleet replacement program. Fenix continues to maintain a state-of-the-art haulage fleet and take advantage of strong second-hand equipment values in prime mover trucks to accelerate new-for-old asset replacement. As at 31 March 2023, the asset value of Fenix-Newhaul's haulage fleet and associated infrastructure was ~A\$31 million offset by debt obligations totalling ~A\$18 million.

Cash as at 31 March 2023 was A\$68.9 million. The A\$20 million of free cash generated during the quarter did not include sales receipts of ~A\$9.3 million for the last shipment for the quarter which sailed on 26 March 2023 as the funds for this shipment were received in early April 2023.

Project costs to date have averaged A\$86.24/wmt FOB, equivalent to around US\$59/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.



Fenix-Newhaul Kickstart Training Academy, March 2023

CORPORATE

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 March quarter, Fenix took advantage of strengthening iron ore prices to expand the Company's hedge book. As a result, the Company has now secured hedges of 50,000 dmt of iron ore per month up to and including June 2023 at a fixed price of A\$173.25 per dmt and a total of 40,000 dmt of iron ore per month from July 2023 through to December 2023 at a fixed price of A\$173.38 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 March Quarter, a total of ~A\$0.1 million was paid for the three hedging contracts settled (December 2022, January 2023 and February 2023).

Quotation Period Adjustments

During the March quarter, market iron ore prices increased sharply. As a result, quotation period price adjustments arising from the prior quarter's shipments resulted in a total cash inflow of US\$3.3 million (~A\$4.8 million). For comparison purposes, during the December 2022 quarter, where market iron ore prices decreased from the previous quarter, quotation period price adjustments resulted in a total cash outflow of US\$2.2 million (~A\$3.4 million).

Capital Structure

During the March Quarter, no new shares or rights were issued.

In accordance with ASX Listing Rule 5.3.5, \$642,999 in payments were made to related parties or their associates during the quarter, comprising Executive Director salaries, superannuation and bonus 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).

Stakeholder Engagement

During the quarter, Fenix-Newhaul officially launched the world's first truck driver simulator at its Geraldton depot. The event was attended by a number of key partners and stakeholders, with the Hon. Kyle Owen McGinn MLC, Parliamentary Secretary to the Minister for Regional Development, joining Fenix-Newhaul at the launch. Fenix received support from the State Government through the Regional Economic Development (RED) Grants and is confident that the simulator will help deliver modernised driver training and respond to the changing skills need for WA drivers.

In conjunction with the launch of the simulator, Fenix-Newhaul also launched its Kickstart Training Academy, aimed at creating jobs and opportunities for the local communities within which the Company operates. This program offers two training pathways:

- 1) Driver Upskill - driver training to existing local mature aged workforce to a Multi Combination licence; and
- 2) Youth Traineeship - a paid Driver Traineeship for youth aged between 18 to 20 years who have completed Year 12 and have a C class driver's licence.

In recognition of Fenix-Newhaul's potential to improve heavy vehicle safety outcomes in the Mid-West, Kickstart has also received crucial funding support from the National Heavy Vehicle Regulator's Heavy Vehicle Safety Initiative, supported by the Australian Federal Government.

Business Development and Growth Opportunities

Fenix continues to actively explore and evaluate new regional opportunities for exploration, development and production. Fenix continues to assess the Pharos Project Tenements (refer to ASX announcement dated 9 February 2022) contiguous to the tenements comprising Fenix's flagship Iron Ridge Project.

Fenix continues to investigate potential collaboration and/or acquisition of quality mineral projects and mining infrastructure assets in the Mid-West. Fenix is seeking opportunities to expand the Company's resource base with a view to extending the mine-life of existing mining, haulage and port operations and/or expanding existing production volumes. There is no guarantee that current business development activities or future exploration will result in increases to either resources or production volumes. Any material developments will be reported when confirmed.

Authorised by the Board of Fenix Resources Limited.

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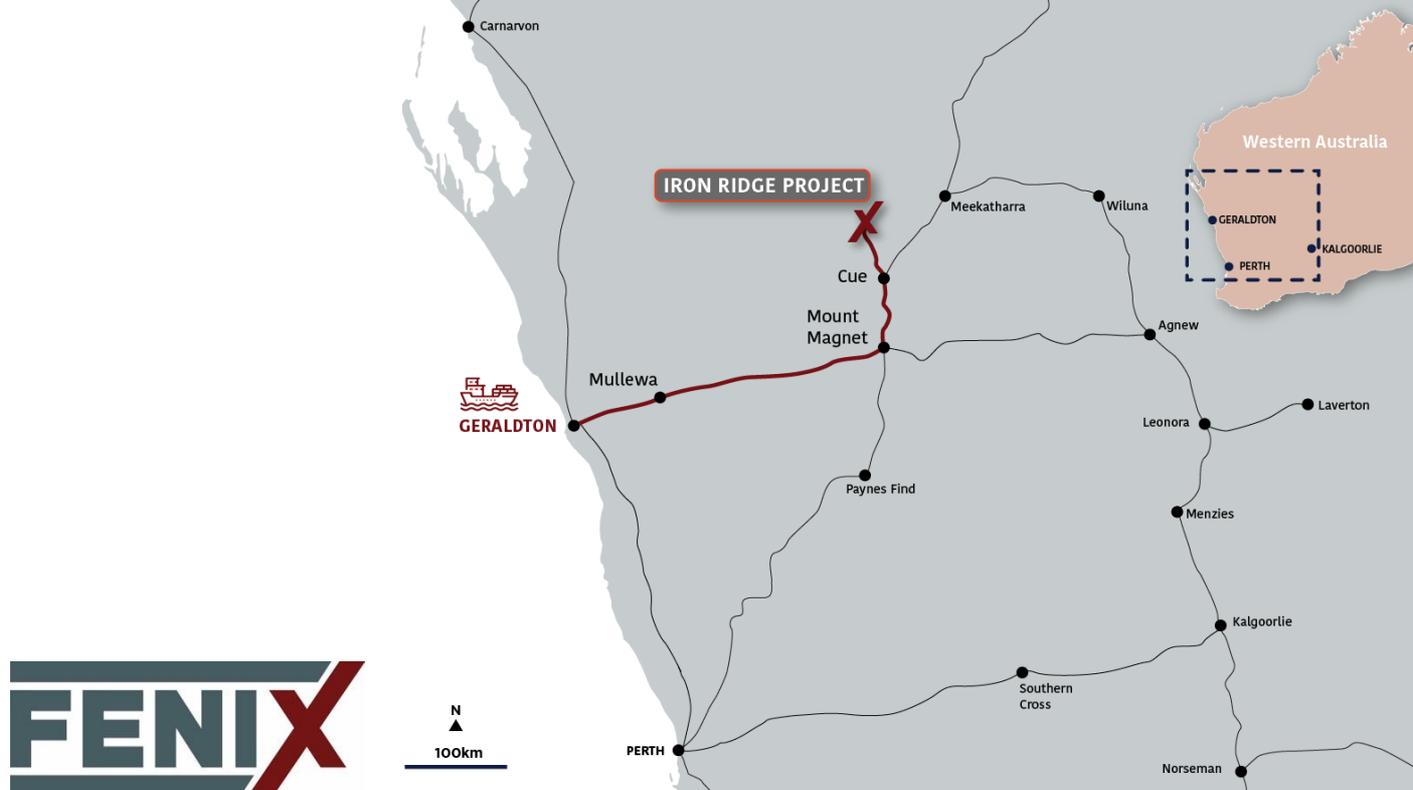
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Fenix Resources (ASX: FEX) is a high grade, high margin iron ore producer located in the mid-west mining region of Western Australia.

The Company's 100% owned, flagship Iron Ridge Iron Ore Mine is a premium direct shipping ore deposit that hosts some of the highest grade iron ore in Western Australia. Fenix's high grade iron ore attracts a premium price on the seaborne market. Increasingly, global customers are demanding high grade ore to meet increasingly strict government regulations.

Fenix operates a unique fully integrated mining and logistics business. Mining at Iron Ridge is via conventional open pit methods with a low strip ratio and simple crushing and screening of high-grade lump and fines direct shipping ore products. High quality iron ore products from Iron Ridge 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.

Production commenced at Iron Ridge in December 2020 and is operating at the planned production run rate of 1.3 million tonnes per annum. Fenix has produced and exported more than 2 million tonnes of premium iron ore, generating excellent cash flow and profitability since commencement of production. The unaudited net operating margin for the first two million dry metric tonnes of iron ore sold from Iron Ridge averaged A\$56 per dry metric tonnes shipped, representing an unaudited gross cashflow operating margin of more than A\$112 million in just 19 months of operation.

Fenix has a generous dividend policy to distribute between 50% and 80% of after-tax profits as fully franked dividends. For the year ended 30 June 2022, Fenix declared a final fully franked dividend of 5.25 cents per share.

The Company is led by a proven team with deep mining 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 leading contract service providers including MACA Ltd, Alpha 1 WA Pty Ltd, Champion Bay Electrical Ltd, the Schwarze Brothers Pty Ltd, and other leading local and national service providers.

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



Fenix's Iron Ridge Iron Ore Mine, March 2023