

FENIX ACHIEVES THREE MILLION TONNE PRODUCTION MILESTONE

HIGHLIGHTS

- Significant milestone achieved of three million dry metric tonnes of high-grade iron ore sales from Fenix's Iron Ridge Iron Ore Mine in WA's Mid-West
- Net operating margin (excluding hedging gains) has averaged ~A\$52 per tonne for the three million tonnes produced from Iron Ridge since February 2021
- Class D Performance Shares convert to ordinary shares upon verification of the achievement of the three million dry metric tonne production milestone
- First milestone on the Fenix-Newhaul acquisition also achieved upon verification of the successful haulage of three million dry metric tonnes to Fenix's port facilities
- Profitable iron ore production and sales are continuing at steady state 1.3 million tonnes per annum with strong operating margins and a valuable hedge position
- Fenix continues to explore opportunities to build on the Company's existing mining and logistics platform, with the ambition of delivering exceptional shareholder value

Fenix Resources Limited (ASX: FEX) (Fenix or the Company) is pleased to announce that the Company has produced and sold three million dry metric tonnes (dmt) of iron ore from its flagship Iron Ridge Iron Ore Project, located in the mid-west region of Western Australia. The three millionth tonne was shipped from Fenix's facilities at the Geraldton port, with the cumulative milestones of shipped iron ore production and haulage fully verified.

The unaudited net operating margin for the three million dry metric tonnes of iron ore produced and sold from Iron Ridge has been calculated as approximately A\$52 per dmt shipped (unaudited cashflow operating margin before accounting for hedging gains). Consistent with Fenix's steady and consistent production rate of 1.3Mtpa, this important milestone was achieved twenty-eight months after the first sale of Iron Ridge product in February 2021.

Chairman of Fenix, Mr John Welborn, congratulated the entire Fenix team:

"Fenix's consistent profitable production from Iron Ridge is the result of excellent work from our hard-working staff and contractors and our capabilities as a fully integrated mining, logistics and haulage business. We have reduced costs to maintain a strong operating margin which continues to average more than \$50 a tonne since first production.

"Our operations at Iron Ridge are maintaining consistent production at a run rate of approximately 1.3 million tonnes of high-quality iron ore products per annum and we are working to deliver C1 FOB Cash Costs below US\$60 per tonne. We continue to enjoy strong demand for our products and have a valuable hedge position out to December 2023.

"Strong production and sales performance from Iron Ridge provides the opportunity to advance new growth opportunities that play to our strengths. Fenix is a highly profitable Mid-West iron ore producer with fully integrated logistic capabilities and a strong balance sheet. Our aim is to deliver outstanding returns for shareholders."

Satisfaction of Vesting Conditions for Class D Performance Rights

Fenix acquired a 100% interest in the high-grade Iron Ridge Iron Ore Project in May 2018 for share-based consideration of 25 million ordinary shares plus 112.5 million Performance Shares. The Performance Shares were issued to the project vendors in four classes: 15 million Class A Performance Shares; 30 million Class B Performance Shares; 37.5 million Class C Performance Shares and 30 million Class D Performance Shares. The Performance Shares vest into ordinary shares upon specific performance hurdles relating to mineral resources and profitable production milestones (see ASX Announcement dated 7 May 2018).

The achievement of 3 million dmt 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 (the unaudited margin of ~A\$52/t corresponds to ~US\$38/t), triggers the conversion of the 30 million Class D Performance Shares to ordinary shares in Fenix.

Following the conversion, no further vendor Performance Shares remain outstanding.

Satisfaction of Milestone 1 for the Fenix-Newhaul acquisition

On 22 July 2022, Fenix announced that it had completed the acquisition of the remaining 50% interest in haulage joint venture company, Fenix-Newhaul, resulting in the consolidation of 100% ownership of the haulage business into Fenix. The purchase consideration payable to Newhaul included up to 60 million Fenix shares in contingent milestone payments upon the achievement of milestones linked directly to value creation for Fenix as follows:

- 20 million ordinary shares in Fenix upon hauling 3 million dmt;
- 20 million ordinary shares in Fenix upon hauling 6 million dmt; and
- 20 million ordinary shares in Fenix upon hauling 10 million dmt (subject to shareholder approval).

The achievement of the 3 million dmt haulage milestone triggers the issuance of 20 million ordinary shares in Fenix to Newhaul.

Fenix continues to advance exciting growth opportunities to build on the existing Fenix platform and expand the Company's business and operations. Fenix is exceptionally well placed to progress new opportunities with a strong balance sheet, stable operations, positive ongoing cashflows and a commitment to deliver value to shareholders.

Authorised by the Mr John Welborn, Chairman of Fenix Resources Limited.

For further information, contact:

John Welborn

Chairman

Fenix Resources Limited

john@fenixresources.com.au

Dannika Warburton

Investor & Media Relations

+61 401 094 261

dannika@investability.com.au

Follow Fenix Resources:

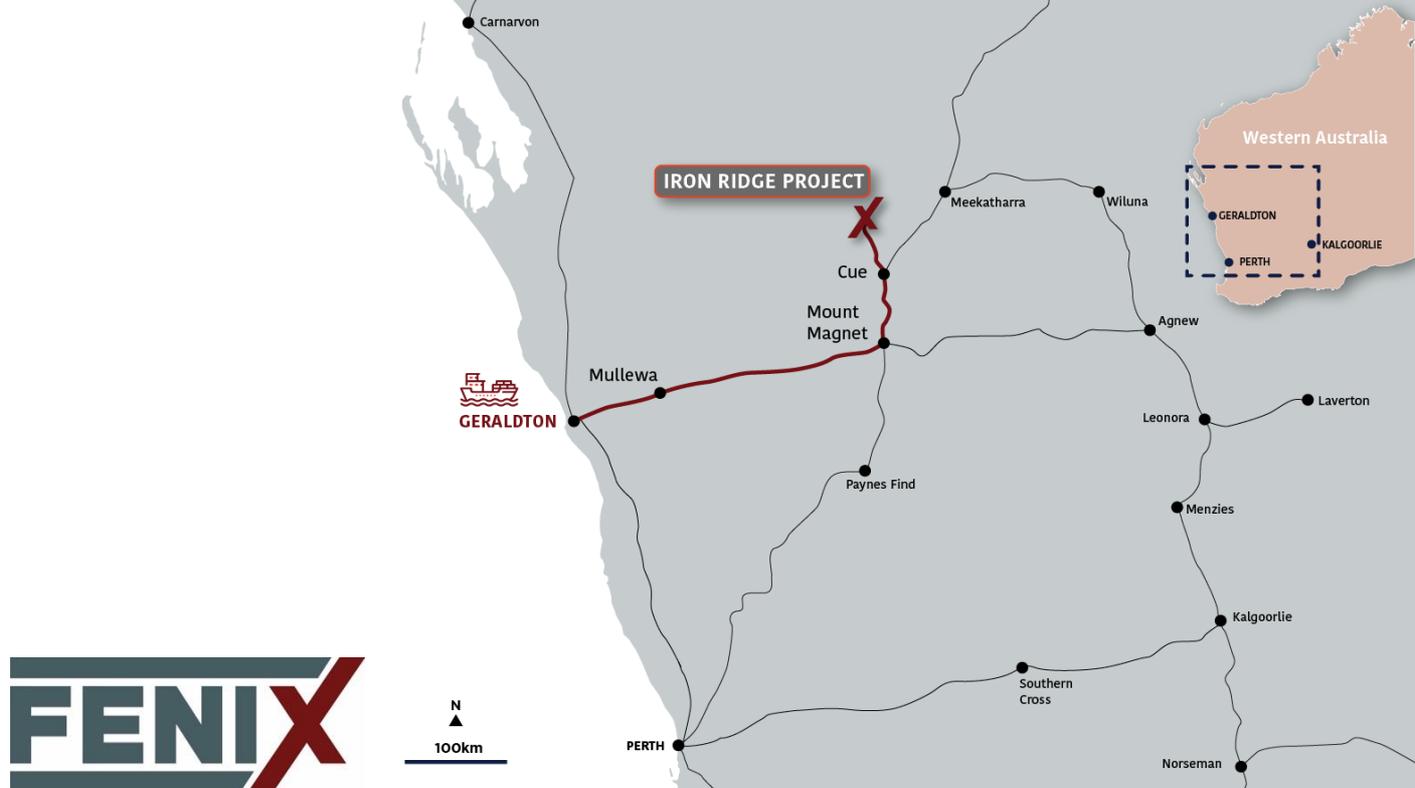
Twitter: twitter.com/Fenix_Resources

LinkedIn: www.linkedin.com/company/fenix-resources

Facebook: www.facebook.com/fenixresources1

Website: fenixresources.com.au

Join Fenix' mailing list: <https://fenixresources.com.au/subscribe/>



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 3 million tonnes of premium iron ore, generating excellent cash flow and profitability since commencement of production. The unaudited net operating margin for the first three million dry metric tonnes of iron ore sold from Iron Ridge averaged A\$52 per dry metric tonne shipped, representing an unaudited gross cashflow operating margin of more than A\$153 million in just 28 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.