



1 December 2021

ASX Announcement

# Fenix achieves one million dry metric tonnes of sales from Iron Ridge

## HIGHLIGHTS:

- Significant milestone achieved of one million dry metric tonnes of high-grade iron ore sales
- Net operating margin averaging ~A\$64 per tonne for the one million tonnes sold to date
- Class B Performance Shares convert to ordinary shares upon milestone achievement
- Iron ore production and sales continuing with operating margin protected by hedge position
- Hedge position currently more than A\$52 million in-the-money
- Business reviews designed to optimise operational strategy and evaluate synergistic growth opportunities to commence in current quarter

Fenix Resources Limited (**Fenix or the Company**) (ASX:FEX) is pleased to advise that it has achieved one million dry metric tonnes of sales from its flagship Iron Ridge Iron Ore Project, located in the mid-west region of Western Australia. The one millionth tonne was shipped last week from Fenix's facilities at the Geraldton port with the cumulative milestone of shipped iron ore production verified by Company records.

The unaudited net operating margin for the first one million dry metric tonnes of iron ore sold from Iron Ridge has been calculated as in excess of A\$64 per dry metric tonne shipped (unaudited cashflow operating margin). This important milestone has been achieved in less than ten months from first sale, with an exemplary record with regards to safety, environmental and community relations.

Fenix Managing Director Rob Brierley said: "I'm proud of the entire Fenix and Iron Ridge team, which includes our major service providers MACA Ltd, Fenix Newhaul Pty Ltd, Alpha 1 WA Pty Ltd and Champion Bay Electrical, for delivering this significant milestone. Although current macroeconomic conditions in the iron ore industry have been challenging in the last few months, we are maintaining a solid production and sales profile supported by our hedge position, which is currently more than A\$52 million in-the-money based on 26 November 2021 price and exchange rate data."

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 comprised 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 have milestones upon which they convert to ordinary shares which are based on mineral resources and significant production performance hurdles (see ASX Announcement dated 7 May 2018).

The achievement of one million dry metric tonnes 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\$64/t corresponds to more than US\$48/t), triggers the conversion of the 30 million Class B Performance Shares to ordinary shares in Fenix.

The 15 million Class A Performance Shares lapsed in July 2019 having not met the requirement for conversion (see ASX Announcement dated 9 July 2019). The 67.5 million Performance Shares which remain on issue consist of 37.5 million Class C Performance Shares which convert upon achieving a cumulative total of two million dry metric tonnes of shipped iron ore, and 30 million Class D Performance Shares which convert upon a cumulative total of 3 million dry metric tonnes of shipped iron ore, with both milestones requiring the same net operating margin of greater than US\$15 per dry metric tonne.

Fenix plans to commence business reviews in the current quarter designed to optimise current operational strategy and evaluate synergistic growth opportunities to build upon the achievement of this significant production milestone.

This announcement is authorised by the Board of Directors of Fenix Resources Limited.

For further information contact:

Rob Brierley  
Managing Director  
Fenix Resources Limited  
[rob@fenixresources.com.au](mailto:rob@fenixresources.com.au)

## About Fenix Resources

Fenix Resources is an ASX-listed, West Australian based high-grade iron ore miner currently producing ~1.25 million tonnes of iron ore per annum.

The Company has mined and shipped more than 1 million tonnes of ore at a grade above 63% Fe from its 100% owned flagship Iron Ridge Iron Ore Project. Iron Ridge is a premium Direct Shipping Ore (DSO) deposit which hosts a JORC 2012 compliant resource which is located 486km by road from Geraldton port. Production commenced in December 2020 and first sales were generated in February 2021.

Fenix's produces high-grade high-quality iron ore products which attract a premium price on the seaborne market. Global customers are demanding higher grade ore to reduce the environmental impact and meet the lower emission targets set by increasingly strict government regulations.

The Company hauls iron ore from Iron Ridge to Geraldton Port using a joint-venture company, Fenix Newhaul Pty Ltd. Export capacity has been secured at Geraldton through binding agreements with the Mid West Ports Authority for the use of its facilities. At Geraldton Port, Fenix owns its own iron ore storage shed, truck unloading and conveyor systems.

Product sales are conducted 50% through an offtake arrangement with Sinosteel International Holding Company Limited and 50% through an exclusive marketing agreement with Atlas Iron Pty Ltd. The Company has protected its margins with a hedge book which consists of 50,000 tonnes per month at a price A\$230 per dry metric tonne through to September 2022.

The Company has adopted a dividend policy which provides that, to the extent that dividends can be fully franked, Fenix will distribute between 50% and 80% of after-tax earnings to shareholders in the form of dividends.

Fenix has generated some 170 full time equivalent jobs and the Company is focussed on promoting opportunities for local businesses and the community.

The Project's Mineral Resource, announced on 21 August 2019 and updated on 15 September 2021, is categorised into Indicated and Inferred Mineral Resources as shown in Table A.

Classification	Tonnes Mt	Fe %	Al <sub>2</sub> O <sub>3</sub>	LOI %	P %	SiO <sub>2</sub> %	TiO <sub>2</sub> %
Indicated	9.4	64.5	2.45	1.85	0.05	3.11	0.09
Inferred	0.4	62.1	2.74	3.70	0.05	4.52	0.11
<b>Total</b>	<b>9.8</b>	<b>64.4</b>	<b>2.46</b>	<b>1.92</b>	<b>0.05</b>	<b>3.16</b>	<b>0.09</b>

**Table A: Iron Ridge Mineral Resource Estimate reported above a 58% Fe cut-off grade.**

The Project's Ore Reserves as announced on 4 November 2019 and updated on 15 September 2021 are categorised is shown in Table B.

Classification	Tonnes Mt	Fe %	Al <sub>2</sub> O <sub>3</sub>	LOI %	P %	SiO <sub>2</sub> %	TiO <sub>2</sub> %
Probable	7.10	64.09	2.67	1.96	0.05	3.35	0.09
<b>Total Ore Reserves</b>	<b>7.10</b>	<b>64.09</b>	<b>2.67</b>	<b>1.96</b>	<b>0.05</b>	<b>3.35</b>	<b>0.09</b>

**Table B: Iron Ridge Ore Reserves**

### Competent Person Statements

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.

The information in this report that relates to the Processing and Metallurgy for the Iron Ridge Project is based on and fairly represents, information and supporting documentation compiled by Mr Damian Connelly who is a Fellow of the Australasian Institute of Mining and Metallurgy and a full time employee of METS Engineering Group. Mr Connelly has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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 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.

The information in this report that relates to Ore Reserves is based on information compiled by Mr John Battista, a Competent Person who is a Member and Chartered Professional (Mining) of the Australasian Institute of Mining and Metallurgy and is currently employed by Mining Plus (UK) Ltd. Mr Battista 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. In relation to the production target and forecast financial information referred to in the report, the Company confirms that all material assumptions underpinning the production target and the forecast financial information derived from the production target continue to apply and have not materially changed since the announcement of the feasibility study on 4 November 2019.