

# HALF-YEAR FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED  
**31 DECEMBER 2022**



27 February 2023

## Cost Discipline Drives \$11m Net Profit After Tax

- Shipments of 659,351 wet metric tonnes (wmt) of iron ore sold
- Average price received of A\$112/dmt FOB (US\$75/dmt equivalent to US\$100/dmt CFR)
- Revenue of \$85.0 million achieved despite lower prevailing iron ore prices in the half-year
- C1 Cash costs reduced by 10% from prior period to A\$81.25/wmt
- Gross profit of \$8.3 million achieved due to disciplined cost management and hedging
- Net profit after tax of \$10.9m includes Fenix-Newhaul acquisition adjustments
- Strong balance sheet maintained with cash as at 31 December 2022 of A\$48.8m
- Significant non-operational cash outflows totalled more than A\$50 million including ~A\$28 million in shareholder dividend and ~A\$22 million in tax
- Fully franked final dividend for FY22 of 5.25cps paid in October 2022
- Fenix achieved cumulative sales of 2 million dry metric tonnes in October 2022
- Strong hedging income received, with hedge book extended to cover 50,000 tonnes per month to June 2023 at a fixed price of A\$173.25/dmt
- Strong outlook for positive full year results based on significantly improved spot iron ore prices and ongoing excellent performance across the Fenix business.
- Fenix will host a live investor briefing on Wednesday 1 March 2023, at 11:00am AWST / 2:00pm AEDT. Register here:  
[https://us06web.zoom.us/webinar/register/WN\\_N3wRRJs5TQGSbuGaMiXVIA](https://us06web.zoom.us/webinar/register/WN_N3wRRJs5TQGSbuGaMiXVIA)



*“The Fenix team continue to deliver exceptional performance, further reducing operating costs and increasing operating margins in the face of volatile market conditions. Iron ore prices are strengthening and Fenix is well-positioned to outperform in the second half as we focus on advancing our growth aspirations and delivering exceptional value for shareholders.”*

ASX:FEX | [fenixresources.com.au](http://fenixresources.com.au)

**Fenix Resources Limited (ASX: FEX) (Fenix or the Company)** has today reported a half-year net profit after tax of \$10.9 million for the six months ended 31 December 2022. The Company shipped 659,351 wmt of high-grade iron ore generating A\$85.0 million in revenue.

**Fenix Chairman, Mr. John Welborn, commented on the strong performance of the business during the period:**

*“Fenix has reduced our operating costs in the face of challenging market conditions. The Company’s disciplined approach to hedging has supported a strong profit result despite lower prevailing iron ore prices last year. The acquisition of Fenix-Newhaul is proving to be a game changer, both in terms of reducing costs and providing Fenix a unique advantage in the Mid-West as a fully integrated mining, haulage and logistics company. With iron ore prices strengthening, Fenix is well-positioned to outperform in the second half as we focus on advancing our growth aspirations and delivering exceptional value for shareholders.”*

During the half-year to 31 December 2022, Fenix generated consistent production performance from the 100% owned Iron Ridge iron ore mine in Western Australia’s Mid-West. Fenix loaded 11 ships with a total of 659,351 wmt of high-grade iron ore (270,755 wmt of lump and 388,596 wmt of fines).

The average Platts 62 Index price during the period was US\$101/dmt CFR (prior period: US\$136/dmt). As a result of the specific timing of shipping and exchange rate fluctuations, the average price received by Fenix, not including hedging income and quotation period adjustments, was A\$112/dmt / US\$75/dmt FOB which is equivalent to US\$100/dmt CFR. Iron ore prices have improved significantly in early 2023 with recent spot prices above US\$130/t.

Fenix has an active hedging program which is designed to manage iron ore price risk and protect the Company’s operating margins. The Company extended the hedge book during the period with the addition of swap contracts for 50,000t per month from January 2023 through to June 2023 at a fixed price of A\$173.25 per dmt.

C1 cash costs for the six-month period averaged A\$81.25/wmt, representing a reduction of 10% when compared with the prior corresponding period. The reduction in operating costs was achieved through disciplined cost management and the initial benefits delivered from the integration of 100% ownership of the Fenix-Newhaul haulage business. This cost performance was critically important in maintaining profitability during a period of depressed iron ore prices.

Fenix’s dividend policy is to distribute between 50% and 80% of after-tax profits as fully franked dividends, subject to the availability of franking credits. Subject to the policy, and as previously indicated, payment of an interim dividend was not considered due to the volatility in iron ore markets and the preference to pay a final annual dividend based on final full-year numbers. A decision on a final dividend for the current financial year will be made in August 2023 based on full year results and subject to the Company’s circumstances at the time.

As at 31 December 2022, Fenix held A\$48.8 million in cash. Significant non-operational cash outflows during the half-year totalled more than A\$50 million, including ~A\$28 million in shareholder dividends and ~A\$22 million in tax.

For complete details of the Company's financial performance for the half year ended 31 December 2022, please refer to the Interim Financial Report released by Fenix today.

## **HALF-YEAR RESULTS CONFERENCE CALL**

Fenix will host a live investor briefing on Wednesday 1 March 2023, at 11:00am AWST / 2:00pm AEDT. Register here:

[https://us06web.zoom.us/webinar/register/WN\\_N3wRRJs5TQGSbuGaMIXVIA](https://us06web.zoom.us/webinar/register/WN_N3wRRJs5TQGSbuGaMIXVIA)

*Authorised by the Board of Fenix Resources Limited.*

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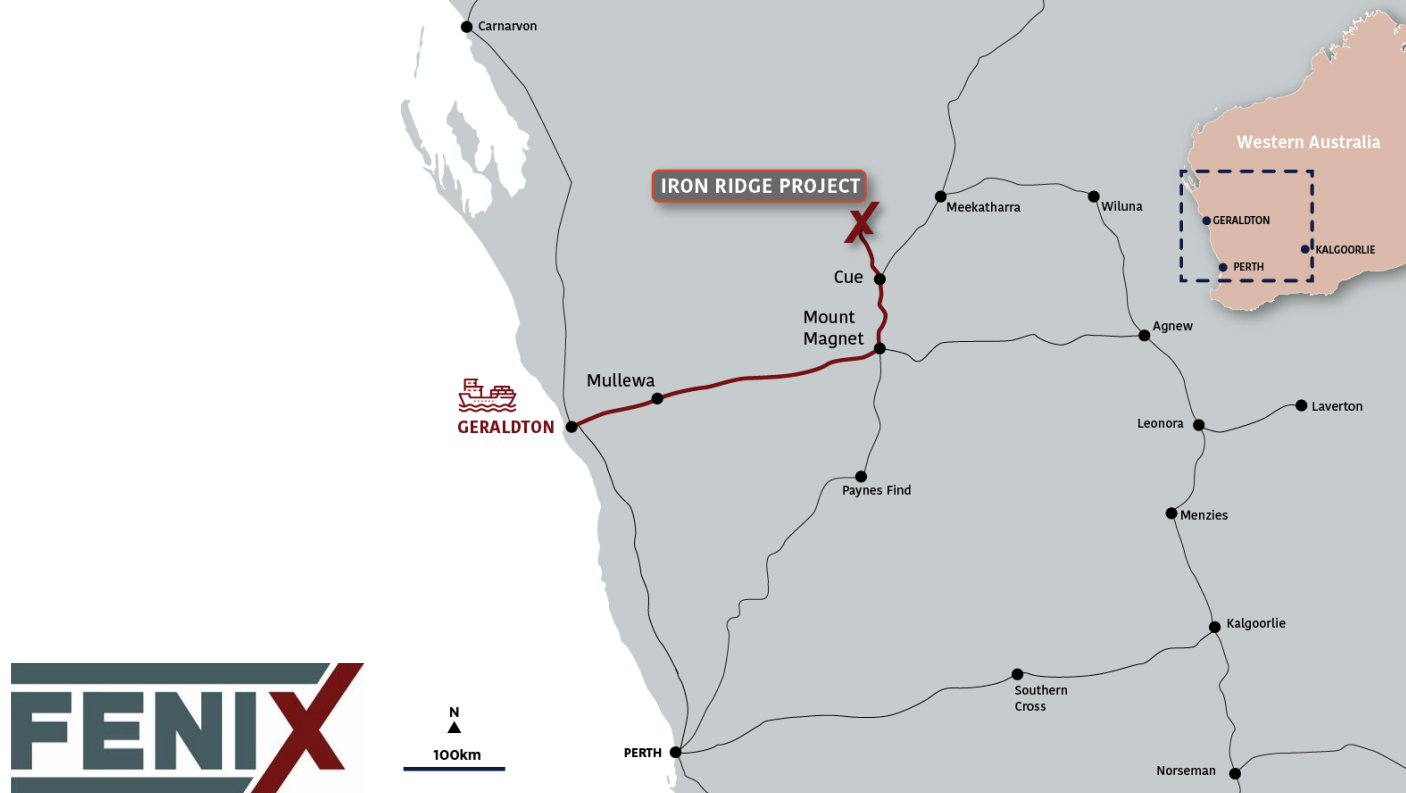
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**Fenix Resources (ASX: FEX)** is a high grade, high margin iron ore producer located in the mid-west mining region of Western Australia.

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.