FENIX RESOURCES LIMITED

ABN 68 125 323 622

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2023

CORPORATE DIRECTORY

Directors
John Welborn *Executive Chairman*
Craig Mitchell *Executive Director*
Garry Plowright *Non-Executive Director*

Company Secretary
Shannon Coates

Auditor
Grant Thornton Audit Pty Ltd
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Perth WA 6000

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Stock Exchange Listing
Australian Securities Exchange
ASX Code - **FEX**

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DIRECTORS' REPORT

The Directors present their financial report for the consolidated entity consisting of Fenix Resources Limited (**Company** or **Fenix**) and the entities it controls (**Consolidated Entity** or **Group**) at the end of, or during, the half-year ended 31 December 2023 (**Period**).

DIRECTORS

The names of Directors who held office during the half-year and up to the date of signing this report, unless otherwise stated are:

John Welborn	Executive Chairman
Craig Mitchell	Executive Director
Garry Plowright	Non-Executive Director

PRINCIPAL ACTIVITIES

The principal activity of the Group is to explore, develop and mine mineral tenements in Western Australia's Mid-West and the provision of related transport logistics services.

FINANCIAL SUMMARY

The Group made a net profit after tax of $22,051,532 for the financial half-year ended 31 December 2023 (31 December 2022: $10,934,871). At 31 December 2023, the Group had net assets of $153,490,941 (30 June 2023: $124,837,216) and cash assets of $63,455,130 (30 June 2023: $76,328,189).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The significant changes in the state of affairs of the Consolidated Entity during the financial period and to the date of this report are set out in the review of operations below.

REVIEW OF OPERATIONS

BUSINESS UNIT PERFORMANCE

During the half year ended 31 December 2023, the Company completed a number of transformational transactions and activities, including the:

- Acquisition of Mount Gibson Iron Limited's (MGX) Mid-West iron ore, rail and port assets, significantly expanding the Group's business and potential for growth;
- Acquisition of the Right to Mine 10 million tonnes from the high grade Beebyn-W11 deposit located 20km from Iron Ridge, with mining expected to commence in 2024;
- Execution of an ore purchase agreement for 500,000 tonnes of high-grade iron ore from 10M Pty Ltd's Twin Peaks iron ore mine, expected to boost Fenix production volumes in 2024; and
- Commencement of third-party port management services, having secured CuFe Limited as a foundation customer.

The Company now operates across three business units, namely Mining, Haulage and Port Services. Details regarding the strong performance delivered by each business unit and key activities during the period are outlined below.

MINING

IRON RIDGE

Health & Safety Performance

No Lost Time Injuries (LTI) were recorded at Fenix's Iron Ridge mining operations during the half year ended 31 December 2023. The Company remains committed to maintaining a safe work environment for all personnel.

Mining & Production Performance

During the half year ended 31 December 2023, Fenix maintained a stable production rate of 1.3 million dry metric tonnes (dmt) per annum. Pleasingly, the lump to fines production ratio increased vs the prior corresponding period (half year ended 31 December 2022), generating additional high value lump product available for sale during the period.

C1 cash costs for the period averaged A$77.1 per wet metric tonne (wmt), representing a 5% decrease when compared with the prior corresponding period. Fenix is particularly proud of this achievement given the continued inflationary pressures and the increased mining costs associated with additional stripping ahead of Stage 3 expansion. The reduction of C1 cash costs to c.US$50/wmt was driven by economies of scale achieved via the expansion of Fenix's port services operations as well as further efficiencies at the Company's 100%-owned Fenix-Newhaul haulage operation. Fenix is committed to targeting further C1 cash cost reductions, notably via further economies of scale once additional mining operations are brought into production.

Production Summary

Production Summary (kwmt)	Dec Q FY24	Sep Q FY24	Jun Q FY23	Project to Date
Ore Mined	355.0	367.9	362.1	4,152.2
Lump Ore Produced	147.0	222.2	161.2	1,908.6
Fine Ore Produced	152.1	212.1	182.0	2,148.4
Lump Ore Hauled	214.9	174.4	144.9	1,844.9
Fine Ore Hauled	139.8	211.2	208.2	2,125.2
Lump Ore Shipped	207.1	166.4	141.9	1,807.2
Fine Ore Shipped	146.3	186.0	209.9	2,098.2
C1 Cash Cost (A$/wmt Shipped FOB)	78.2	75.9	79.6	84.0

Sales Performance

During the half year ended 31 December 2023, Fenix loaded 12 ships with a total of 705,786 wmt of iron ore from Iron Ridge (373,489 wmt of lump and 332,297 wmt of fines). As at 31 December 2023, Fenix has shipped 3,905,388 wmt (3,695,767 dmt) of high quality iron ore products from Iron Ridge.

Average grade shipped during the half year ended 31 December 2023 was 64.4% Fe for lump products and 63.3% Fe for fines products, demonstrating the exceptionally high-grade qualities of the Iron Ridge deposit.

The current project-to-date lump to fines ratio of 46:54 continues to be significantly higher than the feasibility study assumption of a life-of-mine average of 25:75. Fenix continues to actively manage the value chain from pit to port to ensure the quality of the lump product is maximised, as this product attracts a premium price.

Revenue increased compared to the prior corresponding period primarily as a result of an increase in the Platts TSI 62 Index price. The average index price for the period was US$121/dmt (prior period: US$101/dmt). As a result, Fenix's CFR iron ore price received (not including hedging and quotation period adjustments from any prior period shipments) increased by 30% vs the prior corresponding period to US$130/dmt (prior period: US$100/dmt), aided by the lump premium received on an all-lump shipment in November 2023.

Sea freight costs decreased 29% vs the prior corresponding period to US$17.3/dmt (prior period: US$24.4/dmt), equivalent to A$27/dmt.

Iron Ridge's C1 operating margin for the period increased to c. A$90/dmt (prior period: A$26/dmt), not including hedging and quotation period adjustments.

Sales Summary				
Item	**Unit**	**Dec Q FY24**	**Sep Q FY24**	**Jun Q FY23**
Lump product sales	k wmt	207	166	142
Fines product sales	k wmt	146	186	210
Total Ore Sales	k wmt	353	352	352
Platts 62% Fe CFR price, average	US$/dmt	128.3	114.0	111.0
Average Realised CFR price	US$/dmt	137.8	116.4	116.3
	A$/dmt	212.0	177.7	174.0
Average Freight cost	US$/dmt	(17.5)	(17.2)	(18.8)
	A$/dmt	(27.0)	(26.2)	(28.2)
Average Realised FOB price	US$/dmt	120.3	99.2	97.4
(pre-QP Adjustments & hedging)	A$/dmt	185.0	151.5	145.8

Beebyn-W11 Deposit

In October 2023, Fenix signed binding agreements with Sinosteel Midwest Corporation securing 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 (Beebyn-W11 Transaction). The Beebyn-W11 iron ore deposit has a JORC 2012 compliant total Measured and Indicated Mineral Resource Estimate of 20.5 million tonnes at a grade of 61.3% Fe.

Following signing, Fenix immediately commenced progressing the required approvals with the expectation that mining activities will commence at Beebyn-W11 during 2024. A number of workstreams have commenced in anticipation of submitting a mining proposal to bring Beebyn-W11 into production as an additional source of product for Fenix.

For further details regarding the Beebyn-W11 Transaction or the progress with regards to the development of the deposit, refer to the ASX Announcement dated 3 October 2023 and Fenix's December 2023 Quarterly Activities Report.

Shine Iron Ore Mine

In July 2023, Fenix acquired the Shine Iron Ore Mine (Shine) from MGX. Shine is currently on care and maintenance and has a Mineral Resource Estimate of 15 million tonnes at 58% Fe. Shine represents an attractive growth opportunity for Fenix, with similar mining scale and operational characteristics to Iron Ridge and the potential to leverage the Company's haulage and logistics capabilities. The ore body and expected product grades may provide an ideal blending product, reinforced by the high iron grades available at Iron Ridge and the low alumina content from Shine. Since acquisition, Fenix has been evaluating the re-commissioning of Shine and is currently awaiting drill results from the recent drilling programme, which will inform further work required to bring the mine back into production. The Group will update the market on any investment decision made on a recommissioning program and timeline.

For further details regarding the acquisition, refer to the ASX Announcements dated 29 June 2023 and 24 July 2023.

Twin Peaks Iron Ore Mine

In November 2023, Fenix secured the exclusive right to purchase and export up to 500,000 tonnes of Direct Shipping Ore from 10M Pty Ltd's high-grade Twin Peaks Mine (Twin Peaks). The agreement demonstrates Fenix's unique ability to apply its fully integrated haulage and port services capabilities to unlock value from otherwise stranded Mid-West iron ore assets. Under the agreement, Fenix is responsible for haulage, storage, port services, ship loading, marketing and ore sales. Twin Peaks is located approximately 200km northeast of Geraldton within the Yalgoo Mineral Field in the greater Murchison district of Western Australia. The project area includes a defined Mineral Resource Estimate at the Woolbung Peak hematite iron ore deposit.

Fenix-Newhaul has commenced haulage of ore from Twin Peaks to Fenix Port Services' on-wharf storage sheds at Geraldton Port. An up-front cash prepayment of A$5 million was made by Fenix during the period, repayable in instalments approximately equivalent to A$1 million per 50,000 tonne shipment of ore from Twin Peaks. The Twin Peaks ore purchase provides an immediate boost to Fenix's iron ore production and revenues, with first shipment of iron ore from Twin Peaks expected in the first half of 2024.

For further information regarding the agreement, refer to the ASX Announcement dated 20 November 2023.

Extension Hill Mining Assets and Liabilities

In July 2023, Fenix acquired the residual assets, liabilities, rights and obligations relating to the decommissioned Extension Hill hematite operation from MGX. The assets Fenix acquired at the completed Extension Hill Iron Ore Mine consisted of a large-scale crushing and screening plant, associated equipment, and interests in an operational 138 bed mining camp, which were all on long-term care and maintenance following the completion of mining activities by MGX at Extension Hill in early 2021. As part of the transaction, Fenix also assumed rehabilitation obligations at Extension Hill which had been provisioned in MGX's accounts for approximately A$5 million.

In November 2023, Fenix successfully completed the sale of residual Extension Hill assets, liabilities, rights and obligations to Terra Mining and Extension Hill Pty Ltd for consideration of up to A$2 million and the assumption by the purchasers of historic rehabilitation obligations valued at approximately A$5 million. The consideration of A$2 million will be received by Fenix as A$250,000 on first shipment of ore and a royalty of A$0.50 per tonne sold.

For further information regarding the sale transaction, refer to the ASX Announcements dated 29 September 2023 and 6 November 2023.

HAULAGE

FENIX-NEWHAUL

Health & Safety Performance

Fenix-Newhaul recorded one LTI across its operations during the half year ended 31 December 2023, with an incident involving a sprained knee and ankle that was originally recorded as a medical treatment injury later upgraded to a LTI.

Haulage Performance

During the half year ended 31 December 2023, Fenix-Newhaul hauled 740,173 wmt of iron ore from Fenix's Iron Ridge 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.

During the period, Fenix-Newhaul commenced the transport of iron ore from Twin Peaks to Fenix's port facilities. Fenix-Newhaul is focused on expanding its fleet in anticipation of future haulage requirements relating to the Beebyn-W11 Deposit and Shine as well as securing additional third-party haulage contracts.

OTHER HAULAGE OPERATIONS

In July 2023, Fenix acquired MGX's Mid-West rail assets located at Ruvidini and Perenjori. The rail assets include the respective rail sidings, associated land and infrastructure, which provide an opportunity for higher volumes, and flexibility for increased accessibility and efficiency of haulage to the Geraldton Port. Both sites have historically been utilised as a cost-effective location for product assembly, including blending. Since acquisition, Fenix-Newhaul commenced a detailed evaluation of the potential use of the rail sidings.

NEWHAUL

Post 31 December 2023, on 1 January 2024, Fenix acquired 100% of Newhaul Pty Ltd (Newhaul) from a related party, Mr Craig Mitchell. Mr Mitchell is a director and shareholder of Newhaul Pty Ltd. Newhaul was founded in 2019 and provides management services to Fenix-Newhaul which include the provision of strategic and operational management, finance, administration, human resources, procurement and IT services. Newhaul has previously been providing these services to Fenix-Newhaul via a services agreement which will now end as a result of the acquisition. The acquisition of Newhaul is a logical consolidation of the main administrative cost centre of Fenix-Newhaul and was completed on an arm's length basis for immaterial consideration.

The acquisition includes all the assets and intellectual property of Newhaul and specifically excludes the contingent milestone payments and limited profit-sharing rights (which remain on foot) that Fenix granted to Newhaul in relation to the consolidation of Fenix-Newhaul Joint Venture and certain other pre-existing Newhaul business opportunities that are either outside the Mid-West or otherwise unrelated to Fenix. The logical integration of Newhaul and Fenix-Newhaul as 100% subsidiaries completes the transition of Fenix as a fully integrated mining and logistics business.

Given that the transaction became effective post 31 December 2023, the transaction has not been recorded in the financial statements for the half year ended 31 December 2023. For further details, refer to Fenix's December 2023 Quarterly Activities Report dated 23 January 2024.

PORT SERVICES

FENIX PORT SERVICES

Health & Safety Performance

Fenix Port Services recorded no LTIs during the half year ended 31 December 2023.

Shipping Performance

In July 2023, Fenix acquired MGX's Geraldton port assets. Fenix Port Services now owns and operates three large on-wharf bulk material storage sheds at Geraldton Port. These storage facilities are connected to Fenix's truck unloader and to the Mid-West Port Authority's rail unloader and are capable of storing more than 400,000 tonnes of bulk commodity and facilitating export of more than 5 million tonnes a year.

During the half year ended 31 December 2023, Fenix Port Services shipped a total of 1,446,190 wmt of iron ore via the Group's on-wharf storage facilities at Geraldton Port. This consisted of 705,786 wmt of product from Fenix's Iron Ridge mine and 740,404 wmt of product on behalf of third-party customers, including shipments on behalf of CuFe Limited. CuFe Limited was secured as a foundation customer for Fenix Port Services, with a new longer-term contract having been signed during the period to replace the original short-term transitional contract. Fenix is in discussions with a number of potential port services customers and any new material contracts will be announced when secured.

CORPORATE ACTIVITIES

Fenix FY23 Final Dividend

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. Fenix declared a final dividend of 2.0 cents per share for the financial year ended 30 June 2023 (30 June 2022: 5.25c) equating to a total dividend payment of approximately $13.9 million (30 June 2022: $28.7m). The FY23 final dividend payment was made on 15 September 2023.

Leadership Team

During the period, Fenix further bolstered its management team via a number of key appointments:

- Mining: Scott Pileggi appointed as Deputy Mine Manager. Scott is a qualified Mining Engineer, having joined Fenix from MACA where he worked for more than ten years, most recently as a Project / Mine Manager. Scott's appointment will ensure continuity and long-term succession planning at Iron Ridge.
- Port Services: Jamie Jones appointed as Port Services Manager. Jamie is a licenced electrician, having successfully operated Champion Bay Electrical, Fenix's outsourced port services management partner. Jamie will focus on optimising Fenix's acquired port facilities and delivering on additional third-party shipping volumes on behalf of Fenix's third-party customers.
- Projects: Goran Seat appointed as General Manager – Projects. Goran has a Bachelor of Engineering (civil) and a Diploma or Engineering (structural), having significant project delivery and study experience including roles with Superior Gold, Calibre Group, Advisian and Rio Tinto. Goran will be responsible for Fenix studies and project execution plans, notably the Beebyn-W11 project.

During the period, the Group entered into agreements regarding the issue of further Performance Rights to key management. These Performance Rights were granted and recognised as the services period commenced during the period, although they were only issued in early January 2024. Refer to the ASX Announcement dated 5 January 2024. The Board is delighted with the performance and continuity of the key management team at the Iron Ridge mine, the Fenix-Newhaul business, Fenix's port operations and the Company's small corporate team.

To reward staff for their commitment and loyalty, and recognising the Company's excellent performance during 2023, Fenix has issued a total of 456,000 Bonus Shares to 114 staff and contractors, excluding key management who were awarded Performance Rights. The Fenix Board has the ambition that all Fenix team members act and feel like owners of the business and to facilitate this ambition, selected staff and contractors were provided the opportunity to be issued with 4,000 Fenix shares valued at approximately $1,000 (4,000 shares valued at $0.25 per share). The shares were issued at no cost with the intention that recipients will hold the shares as a long-term investment and participate in the future success of the Company.

The Performance Rights and Bonus Shares were issued in accordance with the Company's Employee Securities Incentive Plan approved by shareholders on 15 November 2022.

The Board is committed to ensure Fenix maintains an excellent senior executive leadership team and continues to evaluate the Company's requirements based on current activities and future growth ambitions.

Hedging

Fenix has an active economic hedging program which is designed to manage iron ore price risk and protect the Company's strong operating margins. During the period, Fenix took the opportunity to expand the Company's hedge book which currently comprises 50,000t per month from January 2024 through to June 2024 at a fixed price of A$170.25 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.

Quotation Period Adjustments

Market iron ore prices declined slightly during July/August 2023, before improving markedly to end the period at c.US$140/t. As a result, quotation period price adjustments arising from the prior half-year's shipments (i.e. shipments during January to June 2023) resulted in a total cash outflow of US$0.9 million (~A$1.4 million) during July-September 2023. In accordance with Fenix's accounting policy, a A$2.4 million receivable was recognised as at 31 December 2023, in relation to estimated quotation period price adjustments on outstanding shipments.

Capital Structure

In July 2023, Fenix issued 60 million new shares and 25 million options to MGX as part of the MGX acquisition. Refer to the ASX announcement dated 24 July 2023 for full details.

During the period, Fenix also issued options to its corporate advisers as part-payment for advisory services in relation to the MGX and Beebyn-W11 transactions. Refer to the ASX announcements dated 24 July 2023 and 5 January 2024 for further details.

A total of 31,933,487 performance rights were issued to key management as referred to above (see ASX announcement dated 5 January 2024) as well as 456,000 Bonus Shares noted above.

Fenix Community Contribution

Fenix continued to invest in innovative youth training programs such as the Fenix-Newhaul Kickstart Training Academy and other local business partnerships and community activities. The Company retained its naming rights of the premiership-winning Fenix Geraldton Buccaneers – a successful franchise in the National Basketball League NBL1 West conference. During the period, Fenix was selected as a Finalist for AMEC's 2023 Community Contribution Award for our Fenix Connections program.

Growth Opportunities

During the period, Fenix's growth activities focused on the transformational acquisitions noted above. The immediate opportunity in 2024 is to augment Iron Ridge production with new production from Beebyn-W11, Shine and Twin Peaks. In addition, Fenix is seeking to expand the third-party logistics business to create a new profit generator for the Company. These projects and initiatives provide a rapid opportunity for Fenix to expand its existing businesses and position the Company for exciting longer-term growth.

Fenix continues to assess new opportunities and assets seeking to expand the Company's Mid-West business. The Company is exploring regional opportunities for exploration, development and production, both in collaboration with third parties and/or the acquisition of quality mineral projects and mining infrastructure assets in the Mid-West.

Tenements

As at 31 December 2023, the Company's interests in tenements are set out below:

Location	Project	Tenement	Interest
Western Australia	Iron Ridge	M20/118-I, E20/936, L20/83, L20/84, L20/85, G20/28	100%
Western Australia	Beebyn-W11	M51/869-I	Right to Mine 10Mt of iron ore
Western Australia	Shine	M59/406, M59/731, M59/421, L59/54, L59/143, L59/122, M59/458, M59/420, M59/497, M59/380, M59/379	100% of Iron Ore rights
Western Australia	Pharos	E20/948, E20/953	100% of Iron Ore rights
Western Australia	Ruvidini	L 70/74, G 70/201, G 70/202, G 70/203, G 70/204, G 70/205, L70/73	100%
Western Australia	Perenjori	G 70/232, G 70/238, L70/133	100%

Competent Person Statement

The information in this report relating to the Shine Mineral Resource 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.

The information in this announcement relating to the Beebyn-W11 Mineral Resource is based on information compiled by Dr Heather King, a Competent Person who is a member of the South African Council for Natural Scientific Professions (SACNASP) and a Fellow of the Geological Society of South Africa (GSSA). Dr King is an employee of A&B Global Mining (Pty) Ltd, a sub-consultant of ResourcesWA Pty Ltd. Dr King 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 3 October 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 13.22Mt Measured and 7.25Mt Indicated.

MATTERS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 1 January 2024, Fenix acquired 100% of Newhaul Pty Ltd (Newhaul) from a related party, Mr Craig Mitchell. Newhaul was founded in 2019 and provides management services to Fenix-Newhaul which include the provision of strategic and operational management, finance, administration, human resources, procurement and IT services. The logical integration of Newhaul and Fenix-Newhaul as 100% subsidiaries completes the transition of Fenix as a fully integrated mining and logistics business.

No material matters have occurred subsequent to the end of the half-year which requires reporting on other than those which have been noted above.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

Signed in accordance with a resolution of the directors

John Welborn
Chairman

Perth
28 February 2024

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Auditor's Independence Declaration

To the Directors of Fenix Resources Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Fenix Resources Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B P Steedman
Partner – Audit & Assurance

Perth, 28 February 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2023

	Notes	31 December 2023 $	31 December 2022 $
Revenue	2	126,933,844	85,043,188
Cost of sales	3	(90,049,866)	(76,707,697)
Gross profit		36,883,978	8,335,491
Other income		4,118,953	815,850
Other expenses	5	(9,178,340)	(3,209,986)
Profit on joint venture		24,148	7,709,358
Operating profit		31,848,739	13,650,713
Finance income		914,957	404,959
Finance costs	6	(1,059,162)	(631,575)
Profit before income tax expense		31,704,534	13,424,097
Income tax expense	8	(9,653,002)	(2,489,226)
Profit after income tax expense for the period attributable to the owners of the Group		22,051,532	10,934,871
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for year attributable to owners of Fenix Resources Limited		22,051,532	10,934,871
Basic earnings per share (cents per share)	20	3.21	1.95
Diluted earnings per share (cents per share)	20	2.96	1.81

The accompanying notes form part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	31 December 2023 $	30 June 2023 $
Current Assets			
Cash and cash equivalents		63,455,130	76,328,189
Inventories		12,528,508	8,293,921
Other current assets – term deposit	10	40,000	40,000
Trade and other receivables	10	26,032,002	13,644,578
Current tax receivable		-	2,735,404
Loan receivable	11	-	10,761
		102,055,640	101,052,853
Non-Current Assets			
Mine properties, property, plant and equipment	12	92,941,996	57,924,158
Capitalised exploration and evaluation expenditure	13	10,886,780	1,157,474
Intangible assets	14	27,660,256	26,874,368
Loan receivable	11	5,000,000	-
Interest in joint venture		36,125	11,977
		136,525,157	85,967,977
Total Assets		**238,580,797**	**187,020,830**
Current Liabilities			
Trade and other payables		36,230,649	21,267,508
Provisions	15	1,086,139	887,818
Provision for income tax		98,928	-
Borrowings and lease liabilities	16	9,740,015	8,795,003
		47,155,731	30,950,329
Non-Current Liabilities			
Other payables		500,000	500,000
Provisions	15	6,438,916	2,134,225
Borrowings and lease liabilities	16	18,181,967	12,572,652
Deferred tax liability	9	12,813,242	16,026,408
		37,934,125	31,233,285
Total Liabilities		**85,089,856**	**62,183,614**
Net Assets		**153,490,941**	**124,837,216**
Equity			
Issued capital	17	86,274,934	68,018,010
Reserves		4,762,601	2,684,094
Retained earnings		62,453,406	54,135,112
Total Equity		**153,490,941**	**124,837,216**

The accompanying notes form part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2023

	Issued Capital $	Other Equity $	Reserves $	Retained Earnings $	Total $
Balance at 1 July 2022	**52,166,431**	**-**	**2,759,182**	**53,295,652**	**108,221,265**
Profit for the half-year	-	-	-	10,934,871	10,934,871
Other comprehensive income	-	-	-	-	-
Total comprehensive profit for the half-year	-	-	-	10,934,871	10,934,871
Transactions with owners in their capacity as owners					
Dividend payable	-	-	-	(28,413,722)	(28,413,722)
Share issue costs	8,506	-	-	-	8,506
Acquisition of Fenix Newhaul	8,550,000	-	-	-	8,550,000
Share based payments	-	-	6,939,075	-	6,939,075
Transfer of reserve upon exercise of performance rights	1,500,000	-	(1,500,000)	-	-
Balance at 31 December 2022	**62,224,937**	**-**	**8,198,257**	**35,816,801**	**106,239,995**
Balance at 1 July 2023	**68,018,010**	**1,911,225**	**772,869**	**54,135,112**	**124,837,216**
Profit for the half-year	-	-	-	22,051,532	22,051,532
Other comprehensive income	-	-	-	-	-
Total comprehensive profit for the half-year	-	-	-	22,051,532	22,051,532
Transactions with owners in their capacity as owners					
Dividend payable	-	-	-	(13,733,238)	(13,733,238)
Share issue costs	(13,076)	-	-	-	(13,076)
Acquisition of Mount Gibson assets (Note 4)	18,270,000	-	1,225,000	-	19,495,000
Share based payments (Note 19)	-	-	853,507	-	853,507
Balance at 31 December 2023	**86,274,934**	**1,911,225**	**2,851,376**	**62,453,406**	**153,490,941**

The accompanying notes form part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

For the half-year ended 31 December 2023

	31 December 2023 $	31 December 2022 $
Cash flows from operating activities		
Receipts from customers	122,507,774	78,672,618
Payments to suppliers, consultants, and employees	(84,241,638)	(72,163,956)
Interest received	1,234,271	533,849
Interest expense	-	(3,705)
Transaction costs of borrowings	-	(13,701)
Income taxes paid	(10,044,912)	(21,998,462)
Net cash from/(used) in operating activities	29,455,495	(14,973,357)
Cash flows from investing activities		
Payments for plant and equipment	(13,020,155)	(2,493,541)
Payments for exploration and evaluation	(5,528,519)	(18,000)
Proceeds from sale of plant and equipment	1,521,733	400,000
Government grants received	27,500	-
Loans to other entities	(5,000,000)	-
Loans to joint venture	11,996	18,643
Net cash from acquisition	-	(2,821,300)
Net cash used in investing activities	(21,987,445)	(4,914,198)
Cash flows from financing activities		
Repayment of asset finance	(6,104,387)	(5,032,658)
Interest payments	(782,281)	(597,025)
Dividends paid	(13,178,376)	(28,034,589)
Net cash used in financing activities	(20,065,044)	(33,664,272)
Net decrease in cash held	(12,596,994)	(53,551,827)
Cash and cash equivalents at the beginning of the period	76,328,189	101,675,767
Effects of exchange rates on cash held	(276,065)	658,662
Cash and cash equivalents at the end of the period	63,455,130	48,782,602

The accompanying notes form part of these consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2023

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This consolidated interim financial report for the half-year reporting period ended 31 December 2023 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide a full understanding of financial performance, financial position and financing and investing activities of the consolidated entity as full year financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by Fenix Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2 REVENUE

The Group primarily generates revenue from the sale of iron ore. Revenue is recognised at a point in time when control of the promised goods or services passes to the customer. In most instances, control passes when the goods are delivered to a destination specified by the customer, typically on board the customer's appointed vessel. The amount of revenue recognised reflects the consideration to which the Group expects to be entitled in exchange for the goods.

The group uses derivative financial instruments such as iron ore forward contracts to manage the risk associated with commodity price. The sale of iron ore under such hedge instruments is accounted for using the 'own use exemption' under AASB 9 Financial Instruments and as such all hedge revenue is recognised in the Statement of Profit or Loss and no fair value adjustments are subsequently made to sales yet to be delivered under the hedging program.

The Group's sales contracts include an underlying embedded derivative, whereby the value of the trade receivables under the contracts, post initial recognition, is linked to market-based pricing indices.

3 COST OF SALES

	31 December 2023 $	31 December 2022 $
Costs of production	82,661,662	69,967,372
Inventory product movement	(3,581,049)	48,602
Depreciation and amortisation	10,969,253	6,691,723
	90,049,866	76,707,697

Costs of production

Costs of production includes ore and waste mining costs, processing costs, site administration, haulage, storage and support costs.

Inventory product movement

Inventory product movement represents the movement in inventory ore stockpiles and consumables.

4 ASSET ACQUISITION

On 28 June 2023, Fenix entered into a binding agreement with Mount Gibson to acquire the assets of its Mid-West operations as follows:

- Exploration and mining assets of Shine Iron Ore Project (Shine assets);
- Mining assets and other property, plant and equipment of Extension Hill Project (Extension Hill assets);
- Freehold land, rail sidings and relevant infrastructure of Ruvidini and Perenjori (Ruvidini assets and Perenjori assets respectively); and
- Sheds, port assets, including commercial agreements, vehicles and other plant and equipment (Port assets).

The Transaction was deemed completed after the close of business on 21 July 2023.

An analysis of the transaction indicated that it was not a business combination within the scope of AASB 3 Business Combinations and as such it has been accounted by an asset acquisition using relative fair values for allocation of the consideration to the assets acquired. As the Assets acquired consist of both tangible and intangible assets, and each accounting standard defines different approaches in recognising the assets acquired, Fenix's management has determined that it would account for the Transaction by applying the acquisition method, the accounting and reporting requirements for the acquirer, as established by AASB 6 Exploration for and Evaluation of Mineral Resource, AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets.

Consideration for the Transaction ('Purchase Price') was as follows:

- $10,000,000 cash consideration paid to Mount Gibson;
- 60,000,000 ordinary shares issued after business close on 21 July 2023;
- 12,500,000 5-year options exercisable at $0.25 per share; and
- 12,500,000 5-year options exercisable at $0.30 per share.

Share consideration

The fair value of the fully paid ordinary shares was based on Fenix’s 5-day volume weighted average trading share price of $0.3045 on 21 July 2023. As a result, the 60,000,000 shares issued are recorded as having a fair value of $18,270,000.

Option consideration

The fair value of consideration was calculated by reference to the fair value of the options issued in connection with the acquisition in accordance with AASB 2, see Note 19.

Details of the purchase consideration are shown below.

			Notes	22 July 2023 $
Cash consideration				10,000,000
Share consideration			17	18,270,000
Options	-	Tranche 1	19	675,000
	-	Tranche 2	19	550,000
				29,495,000

5 OTHER EXPENSES

	31 December 2023 $	31 December 2022 $
Administrative expense		
Advertising and marketing costs	111,394	155,646
Advisory costs	2,513,979	540,181
Compliance costs	212,282	200,729
Consultants	92,340	78,300
Office costs and management fees	1,636,711	1,222,888
Employee benefits expense	1,210,650	751,951
Foreign exchange loss /(gain)	344,764	(624,697)
Other administrative expenses	311,297	379,900
Total administrative expense	6,433,417	2,704,898
Share-based payments expense	594,815	505,088
Depreciation	1,130	-
Acquisition costs	2,148,978	-
Total other expenses	9,178,340	3,209,986

6 FINANCE COSTS

	31 December 2023 $	31 December 2022 $
Finance costs		
Interest on Right of Use assets	191,886	13,205
Unwinding of provisions	40,067	48,384
Loss on lease disposal	10,307	-
Discount on value of outstanding loan	-	18,707
Interest expense	795,407	530,744
Other borrowing costs	21,495	20,535
Total finance costs	1,059,162	631,575

7 OPERATING SEGMENTS

At the end of the period, the Group had three reportable segments, being Mining, Haulage and Port Services businesses. During the prior period, the Group has three reportable segments during the period, being the Iron Ridge Project, Fenix Newhaul and the Trucking Joint Venture. This determination is based on the internal reports that are reviewed and used by the Board (chief operating decision maker) in assessing performance and determining the allocation of resources. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its production activities.

	Mining $	Haulage $	Port Services $	Other $	Intersegment amounts $	Total $
For the half-year ended 31 December 2023						
Segment Revenue	120,441,707	34,666,016	11,946,614	-	(40,120,493)	**126,933,844**
Segment profit/(loss)	29,147,899	6,848,474	2,181,243	(16,126,084)	-	**22,051,532**
Segment assets [1]	61,396,396	69,415,264	36,174,881	128,652,860	(57,058,604)	**238,580,797**
Segment liabilities	(41,675,791)	(33,357,948)	(34,648,011)	(6,403,664)	30,995,558	**(85,089,856)**

	Iron Ridge Mine $	Fenix-Newhaul $	Trucking Joint Venture $	Other $	Intersegment amounts $	Total $
For the half-year ended 31 December 2022						
Segment Revenue	85,043,188	26,324,105	-	-	(26,324,105)	**85,043,188**
Segment profit/(loss)	11,438,349	2,749,275	7,709,379	(10,962,132)	-	**10,934,871**
For the year ended 30 June 2023						
Segment assets [1]	39,621,770	83,688,504	-	63,710,556	-	**187,020,830**
Segment liabilities	(16,156,205)	(41,072,880)	-	(4,954,529)	-	**(62,183,614)**

1 *Unallocated activities include cash held of $50,008,579 for the half-year ended 31 December 2023 and $62,441,179 for the year ended 30 June 2023.*

8 TAXATION

Major components of income tax expense for the periods ended 31 December 2023 and 31 December 2022 are:

	31 December 2023 $	31 December 2022 $
Statement of profit or loss and other comprehensive income		
Current income		
Current income tax expense	13,022,019	2,107,299
Adjustments in respect of previous current income tax	(142,775)	14,115
Deferred income tax		
Relating to origination and reversal of temporary differences	(3,365,856)	442,596
Adjustment in respect of prior year tax losses / DTA	139,614	(74,784)
Income tax expense reported in income statement	9,653,002	2,489,226

8 TAXATION (continued)

	31 December 2023 $	31 December 2022 $
Statement of changes in equity		
Deferred income tax		
Capital raising costs	(13,076)	8,506
Income tax (expense) / benefit reported in equity	(13,076)	8,506
Reconciliation of income tax to prima facie tax payable		
Profit before income tax	31,704,534	13,424,097
Income tax expense at 30% (31 December 2020: 30%)	9,511,361	4,027,229
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses / (non-assessable income)	171,902	(2,159,133)
Under over in respect of prior years	(3,161)	(60,668)
Temporary differences brought to account	(27,100)	681,798
Total income tax expense	9,653,002	2,489,226

9 DEFERRED TAX ASSETS AND LIABILITIES

The composition of the Group's net deferred tax assets and liabilities recognised in the statement of financial position and the deferred tax expense (credited)/ charged to the statement of profit or loss statement is as follows:

	31 December 2023 $	30 June 2023 $
Deferred tax liabilities		
Trade and other receivables	(188,812)	(221,357)
Property, plant and equipment	(8,322,252)	(8,790,758)
Capitalised exploration and evaluation expenditure	(1,755,039)	(347,242)
Mine properties	(7,261,222)	(8,182,713)
Deferred tax assets		
Trade and other payables	135,079	441,956
Provisions - current	325,841	266,345
Right of use assets	1,511,993	92,193
Provisions – non-current	1,931,675	640,267
Business related costs – statement of profit or loss	599,875	29,000
Unrealised foreign exchange losses	72,115	(104,680)
Business related costs - equity	137,505	150,581
Net deferred tax assets/(liabilities)	(12,813,242)	(16,026,408)

9 DEFERRED TAX ASSETS AND LIABILITIES (continued)

The composition of the Group's unrecognised deferred tax assets and liabilities is as follows:

	31 December 2023 $	30 June 2023 $
Deferred tax assets and liabilities not recognised relate to the following:		
Mine properties	(1,129,899)	(1,140,978)
Capital losses	7,415	7,415
Net deferred tax assets unrecognised	(1,122,484)	(1,133,563)

10 TRADE AND OTHER RECEIVABLES AND OTHER CURRENT ASSETS

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

Other receivables are generally due for settlement within 30 days and are therefore classified as current.

The term deposit has a maturity of more than three months.

	31 December 2023 $	30 June 2023 $
Trade and other receivables		
Trade receivables	14,293,143	9,253,341
Quotation period adjustments	2,436,997	(1,367,024)
Other receivables	6,359,383	4,553,053
Prepayments	2,337,823	773,023
Accrued interest	604,656	432,185
	26,032,002	13,644,578
Other Current Assets		
Term deposit	40,000	40,000
	40,000	40,000

11 LOAN RECEIVABLE

Loan amounts outstanding at the end of the period were made to 10M Pty Ltd for the purpose of developing and mining the Twin Peaks project. The loan is for a term of 24 months at an interest rate of 10%, with a 6 months interest free period from drawdown date.

During the prior period, the Group had lent money to Schwarze Brothers Pty Ltd., a joint venture entity of the Group. Loans with Schwarze Brothers Pty Ltd have been repaid during the period.

Loans are recognised at amortised cost and shown as current if amounts are due for repayment within 12 months from the reporting date.

	31 December 2023 $	30 June 2023 $
Current loan receivable	-	10,761
Non-current loan receivable	5,000,000	-
	5,000,000	10,761

12 MINE PROPERTIES, PROPERTY, PLANT AND EQUIPMENT

		31 December 2023 $	30 June 2023 $
Carrying value			
Right of use assets	Property	4,947,117	248,247
	Plant and equipment	-	32,946
Mine properties, property, plant and equipment	Plant and equipment	12,528,287	10,797,187
	Mine properties	9,564,740	10,874,112
Trucks and Trailers	Trailers	18,284,048	14,895,032
	Trucks	10,523,443	10,940,111
Rail infrastructure	Rail infrastructure	2,057,146	-
Land	Land	9,016,895	6,338,088
Plant and equipment	Work in progress	195,696	402,888
	Plant and equipment	25,824,624	3,395,547
Total carrying value		**92,941,996**	**57,924,158**

Right of use assets

	Property $	Plant and equipment $
Cost		
At 1 July 2023	431,393	57,265
Disposal	(431,393)	(57,265)
Additions	5,178,363	-
At 31 December 2023	5,178,363	-
Accumulated depreciation, amortisation and impairment		
At 1 July 2023	(183,146)	(24,319)
Reversal on disposal	187,248	24,863
Depreciation and amortisation	(235,348)	(544)
At 31 December 2023	(231,246)	-
Net book value	4,947,117	-

12 MINE PROPERTIES, PROPERTY, PLANT AND EQUIPMENT (continued)

Mine properties, property, plant and equipment

	Plant and equipment $	Mine properties $
Cost		
At 1 July 2023	16,760,462	17,568,794
Cost on acquisition	5,169,408	-
Additions	3,363,835	262,640
Disposal	(5,169,408)	-
Movement in provisions	-	1,612
At 31 December 2023	20,124,297	17,833,046
Accumulated depreciation, amortisation and impairment		
At 1 July 2023	(5,963,275)	(6,694,682)
Depreciation and amortisation	(1,632,735)	(1,573,624)
At 31 December 2023	(7,596,010)	(8,268,306)
Net book value	**12,528,287**	**9,564,740**

Mine properties include $2.04 million relating to the rehabilitation provision.

Plant and Equipment

	Work in progress $	Plant and equipment $
Cost		
At 1 July 2023	402,888	5,445,276
Cost on acquisition	-	23,526,956
Reallocations	(207,192)	-
Additions	-	619,735
Disposal	-	(924)
At 31 December 2023	195,696	29,591,043
Accumulated depreciation, amortisation and impairment		
At 1 July 2023	-	(2,049,729)
Reversal on disposal		790
Depreciation and amortisation	-	(1,717,480)
At 31 December 2023	-	(3,766,419)
Net book value	**195,696**	**25,824,624**

12 MINE PROPERTIES, PROPERTY, PLANT AND EQUIPMENT (continued)

Trucks and Trailers

	Trailers $	Trucks $
Cost		
At 1 July 2023	18,620,434	16,102,980
Additions	4,779,349	3,116,315
Disposals	-	(2,696,864)
At 31 December 2023	23,399,783	16,522,431
Accumulated depreciation, amortisation and impairment		
At 1 July 2023	(3,725,402)	(5,162,869)
Depreciation and amortisation	(1,390,333)	(2,244,676)
Reversal of disposal of asset	-	1,408,557
At 31 December 2023	(5,115,735)	(5,998,988)
Net book value	**18,284,048**	**10,523,443**

Properties and Rail Infrastructure

	Rail Infrastructure $	Land $
Cost		
At 1 July 2023	-	6,478,811
Cost on acquisition	1,942,146	607,854
Additions	115,000	2,130,620
At 31 December 2023	2,057,146	9,217,285
Accumulated depreciation, amortisation and impairment		
At 1 July 2023	-	(140,723)
Depreciation and amortisation	-	(59,667)
At 31 December 2023	-	(200,390)
Net book value	**2,057,146**	**9,016,895**

13 EXPLORATION AND EVALUATION ASSETS

	Note	31 December 2023 $	30 June 2023 $
Opening balance		1,157,474	1,139,474
Acquisition of Shine Assets		4,307,819	-
Acquisition of Right to Mine at Beebyn-W11		5,000,000	-
Exploration expenditure incurred		421,487	18,000
Closing balance		10,886,780	1,157,474

14 INTANGIBLE ASSETS

	Note	Customer Contracts $	Other intangibles $	Goodwill $	Total $
Cost					
At 1 July 2023		18,519,643	1,102,724	10,849,435	30,471,802
Additions		2,876,461	-	-	2,876,461
At 31 December 2023		21,396,104	1,102,724	10,849,435	33,348,263
Accumulated amortisation and impairment					
At 1 July 2023		(3,395,268)	(202,166)	-	(3,597,434)
Depreciation and amortisation		(1,980,300)	(110,273)	-	(2,090,573)
At 31 December 2023		(5,375,568)	(312,439)	-	(5,668,007)
Net book value		**16,020,536**	**790,285**	**10,849,435**	**27,660,256**

15 PROVISIONS

	31 December 2023 $	30 June 2023 $
Current - Employee benefits		
Opening balance	887,818	225,779
Movement in provisions	730,221	1,780,126
Amount utilised	(531,900)	(1,118,087)
Closing balance	1,086,139	887,818
Non-current - Rehabilitation and mine closure		
Opening balance	2,134,225	1,914,125
Acquisition of Shine Rehabilitation provision	4,266,236	-
Acquisition of Extension Hill Rehabilitation provision	4,669,408	-
Movement in provision	(1,612)	154,660
Unwinding of provision	40,067	65,440
Disposal of Extension Hill provision	(4,669,408)	-
Closing balance	6,438,916	2,134,225

16 BORROWINGS AND LEASE LIABILITIES

	31 December 2023 $	30 June 2023 $
Current		
Lease liabilities	378,194	81,971
Chattel mortgages	9,361,821	8,713,032
	9,740,015	8,795,003
Non-current		
Lease liabilities	4,661,784	225,339
Chattel mortgages	13,520,183	12,347,313
	18,181,967	12,572,652

17 ISSUED CAPITAL

(a) Issued Capital

	31 December 2023 Shares	30 June 2023 Shares	31 December 2023 $	30 June 2023 $
Fully paid	694,161,920	634,161,920	86,274,934	68,018,010

Movements in ordinary share capital during the prior and current financial years are as follows:

Details	Notes	Date	Number of shares	Issue price $	$
Balance at 1 July 2023			**634,161,920**		**68,018,010**
Issue of shares – Mount Gibson	4	21-Jul-23	60,000,000	-	18,270,000
Less: Share issue costs claimed as a deduction	8		-	-	(13,076)
Balance at 31 December 2023			**694,161,920**		**86,274,934**

18 DIVIDENDS

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. Fenix declared a final dividend of 2.0 cents per share for the financial year ended 30 June 2023 (30 June 2022: 5.25c) equating to a total dividend payment of approximately $13.9 million (30 June 2022: $28.7m). The FY23 final dividend payment was made on 15 September 2023.

Dividends are determined after period-end and announced with the results for the period. Dividends determined are not recorded as a liability at the end of the period to which they relate. Dividends are recognised upon declaration.

19 SHARE-BASED PAYMENTS

Share-based payment transactions are recognised at fair value in accordance with AASB 2 *Share based payments*.

The total movement arising from share-based payment transactions recognised during the year were as follows:

	Notes	31 December 2023 $	31 December 2022 $
As part of share-based payment expense		853,507	505,088
As part of acquisition of Mount Gibson assets	4	1,225,000	-
As part of acquisition of Fenix-Newhaul		-	14,983,987
Total share-based payments		2,078,507	15,489,075

During the half-year the Group had the following share-based payments:

(a) Share capital issues for acquisition of Mount Gibson assets

Consideration for the Transaction ('Purchase Price') is as follows:

- $10,000,000 cash consideration payable to Mount Gibson;
- 60,000,000 ordinary shares issued on 21 July 2023;
- 12,500,000 5-year options exercisable at $0.25 per share; and
- 12,500,000 5-year options exercisable at $0.30 per share.

Share consideration

The fair value of the fully paid ordinary shares was based on Fenix's 5-day volume weighted average trading share price of $0.3045 on 21 July 2023, the day before the Acquisition Date. As a result the 60,000,000 shares issued are recorded as having a fair value of $18,270,000.

Option consideration

The fair value of consideration was calculated by reference to the fair value of the options issued in accordance with AASB 2. The options are not listed and carry no dividend or voting right. Upon exercise, each option is convertible into one ordinary share to rank pari passu in all respects with the Company's existing fully paid ordinary shares.

The model inputs, utilising the Black and Scholes model, for options granted included:

Exercise price	Expiry (years)	Options granted	Share price at Grant date	Expected volatility (1)	Dividend yield	Risk free interest rate (2)	Option value	Fair value
$0.25	5.0	12,500,000	$0.3045	50.00%	16.94%	3.91%	$0.054	675,000
$0.30	5.0	12,500,000	$0.3045	50.00%	16.94%	3.91%	$0.044	500,000

1 *The expected price volatility is based on historical volatility (based on the remaining life of the option), adjusted for any expected changes to future volatility due to publicly available information.*
2 *Risk free rate of securities with comparable terms to maturity.*

Significant accounting estimates, assumptions and judgements

Estimation of fair value of share-based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes or Monte-Carlo model taking into account the assumptions detailed within this note.

19 SHARE-BASED PAYMENTS (continued)

Probability of vesting conditions being achieved

Inputs to pricing models may require an estimation of reasonable expectations about achievement of future vesting conditions. Vesting conditions must be satisfied for the counterparty to become entitled to receive cash, other assets or equity instruments of the entity, under a share-based payment arrangement.

Vesting conditions include service conditions, which require the other party to complete a specified period of service, and performance conditions, which require specified performance targets to be met (such as a specified increase in the entity's profit over a specified period of time) or completion of performance hurdles.

The Group recognises an amount for the goods or services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and shall revise that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates. On vesting date, the entity shall revise the estimate to equal the number of equity instruments that ultimately vested.

The achievement of future vesting conditions are reassessed each reporting period.

20 EARNINGS PER SHARE

	31 December 2023	31 December 2022
Basic earnings per share		
Net profit after tax attributable to the members of the Company	$ 22,051,532	$ 10,934,871
Weighted average number of ordinary shares	687,314,094	560,317,181
Basic earnings per share (cents)	3.21	1.95
Net profit after tax attributable to the members of the Company	$ 22,051,532	$ 10,934,871
Weighted average number of ordinary shares	687,314,094	560,317,181
Adjustments for calculation of diluted earnings per share		
Options	11,073,370	-
Performance shares	-	30,000,000
Performance rights	3,000,000	2,510,869
Retention rights	3,500,000	2,929,348
Consideration shares	40,000,000	7,172,913
Weighted average number of ordinary shares and potential ordinary shares	744,887,464	602,931,311
Diluted earnings per share (cents)	2.96	1.81

Options

Options granted are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive.

Retention rights

Retention rights granted to employees under the employee incentive scheme are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive.

20 EARNINGS PER SHARE (continued)

Performance rights

Performance rights granted to employees under the employee incentive scheme are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive.

Performance shares

Performance shares granted to vendors of Prometheus in consideration for the acquisition of 100% of the mining lease M20/118-I are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive.

Milestone Consideration shares

Consideration shares are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The performance shares have not been included in the determination of basic earnings per share. Milestone consideration shares formed part of the 50% acquisition of Fenix-Newhaul Pty Ltd, during the prior year. 40,000,000 consideration shares may convert into fully paid ordinary shares upon achievement of various milestones. Milestone are still outstanding as at 31 December 2023.

21 CONTINGENCIES

There have been no changes to contingent assets or liabilities since the last annual reporting date, 30 June 2023.

22 COMMITMENTS

Fenix entered iron ore swap arrangements for its Iron Ridge Project for the 6 months from January 2024 to June 2024. The total swap arrangements covers 55,000 tonnes of material per month, calculated at the average monthly iron ore 62 per cent Fe futures index (Platts IODEX), converted to Australian dollars. The conversion will see pricing for ore fixed at an average price of A$170.25 per dry metric tonne.

There have been no other changes to commitments since the last annual reporting date, 30 June 2023.

23 RELATED PARTY TRANSACTIONS

Director appointment

On 25 October 2023, Mr Craig Mitchell transitioned from Non-Executive Director to Executive Director.

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Other than the items noted above there have been no changes to related party transactions since the last annual reporting date, 30 June 2023.

24 EVENTS SUBSEQUENT TO REPORTING DATE

In the opinion of the Directors, no event of a material nature or transaction has arisen since period end and the date of this report that has significantly affected, or may significantly affect, the Group’s operations, the results of those operations, or its state of affairs.

DIRECTORS' DECLARATION

In the opinion of the Directors:

1. The consolidated financial statements, and accompanying notes of Fenix Resources Limited, are in accordance with the *Corporations Act 2001*, including:

   (a) Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

   (b) Complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001; and*

2. There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable;

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

John Welborn
Chairman

Perth
28 February 2024

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Independent Auditor's Review Report

To the Members of Fenix Resources Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Fenix Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Fenix Resources Limited does not comply with the *Corporations Act 2001* including:

a giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and

b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES *110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B P Steedman
Partner – Audit & Assurance

Perth, 28 February 2024