FENIX RESOURCES LIMITED

ABN 68 125 323 622

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2019

CORPORATE DIRECTORY

Directors

Garret Dixon	*Non-Executive Chairman*
Robert Brierley	*Managing Director*
Garry Plowright	*Executive Director*
Petar Tomasevic	*Non-Executive Director*

Company Secretary
Matthew Foy

Auditor
Grant Thornton Audit Pty Ltd
Central Park
Level 43, 152-158 St Georges Terrace
Perth WA 6000

Bankers
National Australia Bank Limited
100 St Georges Terrace
Perth WA 6000

Share Registry
Automic Registry Services
Level 2, 267 St Georges Terrace
Perth WA 6000
Telephone: 1300 288 664
Facsimile: +61 2 9698 5414

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

Registered and Principal Office
Office 10, Emerald House
1202 Hay Street
West Perth WA 6005
Telephone: +61 8 9226 2011
Facsimile: +61 8 9226 2099
Email: info@fenixresources.com.au
Web: www.fenixresources.com.au

CONTENTS

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 2019 (**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:

Garret Dixon	Non-Executive Chairman (Appointed 1 January 2020)
Robert Brierley	Managing Director
Garry Plowright	Executive Director
Petar Tomasevic	Non-Executive Director
Bevan Tarratt	Non-Executive Chairman (Resigned as Chairman and Non-Executive Director 1 January 2020)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the Period were to develop and explore the Iron Ridge Project, Western Australia.

DIVIDENDS

No dividends have been declared, provided for or paid in respect of the half-year ended 31 December 2019 (31 December 2018: Nil).

FINANCIAL SUMMARY

The Group made a net loss after tax of $623,524 for the financial half-year ended 31 December 2019 (31 December 2018: loss $1,559,062). At 31 December 2019, the Group had net assets of $7,809,073 (30 June 2019: $8,175,028) and cash assets of $2,115,692 (30 June 2019: $4,213,915).

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

Feasibility Study confirms the technical and financial viability of Iron Ridge

During the period Fenix advised the findings of the Feasibility Study (**FS**) relating to the Iron Ridge Project (**Project**). The FS revealed a high-grade and high-quality Project that provides strong returns over its life of mine (**LOM**).

The FS estimated that Iron Ridge will have modest initial capital cost of just $11.9 million, 44% of which will not have to be paid until after the expected first shipment is dispatched.

The FS included a maiden Ore Reserve of 7.76Mt at 63.9% Fe. This underpins forecast annual production of 1.25 million tonnes.

The forecast annual Earnings before interest, tax, depreciation and amortization (**EBITDA**) is $16.4 million is based on C1 cash operating costs of $76.86 a tonne and an assumed 62% Fe index price of $111.43 per dry metric tonne (**dmt**) (US$78/t at an AUD:USD exchange rate of US$0.70 per A$). This compares with the benchmark price as at 7 February 2020 of $120.28/t.

Iron Ridge, which is located 490km from the Port of Geraldton, is planned to be a Direct Shipping Ore (**DSO**) operation. Ore will be crushed and screened on site and separated into lump and fines product before being trucked to port.

The FS confirmed the following key attributes of Iron Ridge:

- High-grade nature of the deposit;
- Existing infrastructure that is currently under-utilised (bitumen roads, surplus port storage capacity, surplus ship loading capacity);
- Granted Mining Lease which contains all the Mineral Resource;
- Rapid Delivery Time with the ability to mine ore from month one of operations; and
- Meaningful production at a simple single-excavator scale able to maintain a steady state production profile of 1.25Mtpa.

Operating Metrics	Unit	Feasibility Study Outcome
Processing Capacity	Mtpa	1.25
Average Strip Ratio	Waste:ore (tonnes)	2.86:1
Total Mineral Inventory	Mt	8.0
Initial Mine Life	Months	77
Average C1 Cash costs	A$/dmt	76.86

Financial Metrics	Unit	Feasibility Study Outcome
Project Life of Mine Revenue	A$m	802.9
Project net cash flow	A$m	110.4
Estimated C1 cash operating cost	A$/dmt	76.86
Pre-Production Capex	A$m	11.4
Pre-Production Capex Contingency	A$m	0.5
NPV_{10}	A$m	54.3
IRR	%	58.9
Annual Average EBITDA	A$m	16.4

The above financial metrics were based on a flat forecast 62% Fe index price of US$78/dmt for the LOM and a flat forecast exchange rate of A$/US$ of US$0.70 for the LOM.

Project Management

The FS was executed by Fenix management with the support of experienced consultants including Mining Plus, CSA Global and HFC Mining, as follows:

Table 1: Project Management Consultants

Component	Consultant
Resource Estimation	CSA Global
Mine Design and Schedules	Mining Plus
Geotechnical Assessment	Peter O'Bryan & Associates

Component	Consultant
Hydrological Assessment & Modelling	Rockwater
Metallurgical Testwork	ALS / Nagrom / CSIRO
Marketing & Shipping	M2A Partners / Thurlestone Shipping
Metallurgical Assessment	METS Engineering
Engineering	HFC Mining
Road Transport Logistics	Fenix Newhaul Pty Ltd
Mining Operations	MACA Limited

The vast majority of inputs into the FS were derived from commercial proposals/quotations from experienced and highly capable service providers meaning that there is strong confidence in both the operating and capital cost estimates.

Mineral Resources and Ore Reserves

The FS was based on the independently modelled Mineral Resource by CSA Global using a 58% Fe cut-off grade. The resulting Indicated and Inferred Resource is 10.5Mt at 64.2% Fe (Refer ASX release dated 21 August 2019 "*Significant Increase in Iron Ridge Mineral Resource*") outlined below:

Table 2: Iron Ridge Project – Mineral Resource estimate

Classification	Tonnes Mt	Fe %	Al_2O_3 %	LOI %	P %	SiO_2 %	TiO_2 %
Indicated	10.0	64.3	2.56	1.90	0.046	3.21	0.09
Inferred	0.5	62.5	2.80	3.13	0.046	4.41	0.12
Total	**10.5**	**64.2**	**2.57**	**1.96**	**0.046**	**3.26**	**0.09**

Based on the current Mineral Resource, Mining Plus conducted a series of pit optimisations and mine designs with input from our geotechnical, hydrological and mining consultants. Detailed mine design and mine scheduling was then conducted before Fenix conducted a detailed Request for Proposals (**RFP**) from several mining services proponents.

Ore Reserves were then declared by Mining Plus based on a combined fines and lump production rate of 1.25Mtpa with a life of mine waste to ore stripping ratio of 2.86:1.

Table 3: Iron Ridge Project – Ore Reserve

Classification	Tonnes Mt	Fe %	Al_2O_3 %	LOI %	P %	SiO_2 %	TiO_2 %
Probable	7.76	63.9	2.79	2.00	0.05	3.46	0.09
Total Ore Reserves	**7.76**	**63.9**	**2.79**	**2.00**	**0.05**	**3.46**	**0.09**

Ore Reserves are derived from Indicated Resources and the Mineral Resources outlined above in Table 2 are inclusive of the Ore Reserves.

FEASIBILITY STUDY KEY DETAILS

Capital Costs

Capital cost estimates were prepared based on site establishment and mobilisation estimates from the RFP process, quotations from Cue Shire on road upgrade requirements, tenders for the mining camp and other associated project infrastructure, estimates of pre-production owner's costs from HFC Mining and initial contribution requirements to the road transport JV derived from the road transport model.

Initial capital costs to establish the operation are estimated at $11.9 million, which includes $520,000 in contingencies and $1.25 million of total contributions to the Fenix Newhaul road transport joint venture. More than 80% of the capital cost estimate was derived from recent commercial proposals from reputable service providers. Approximately 44% of the estimated capital costs are not payable until commercial production has been achieved, meaning there is a high likelihood that these costs will be funded from the proceeds of the first shipment.

Table 4: Initial Capital Cost estimates

Item	Pre Start-up Capital Cost (A$m)	At Commercial Production Cost (A$m)	TOTAL CAPEX (A$m)
Roads	2.76	0.00	2.76
Infrastructure Pads	0.33	0.00	0.33
Contractor Mobilisations	0.00	0.99	0.99
Mine Site Infrastructure	1.20	3.88	5.08
Owners Site Costs	0.79	0.21	1.00
Contingency	0.39	0.13	0.52
Total Project Development Capex	**5.46**	**5.20**	**10.67**
Haulage JV Contribution	1.25	0.00	1.25
Total Capex	**6.71**	**5.20**	**11.92**

There is a further $3 million of capital to be spent in year one of the project, with more than 90% of that amount likely to occur in quarter four.

Table 5: Capex to be Incurred in Year 1

Item	Year 1 Capital Cost (A$m)
Roads	1.89
Infrastructure Pads	0.00
Contractor Mobilisations	0.50
Mine Site Infrastructure	0.00
Owners Site Costs	0.43
Contingency	0.18
Total Project Development Capex	**3.00**
Haulage JV Contribution	0.00
Total Capex	**3.00**

Operating Costs

Mining schedules were prepared by Mining Plus in consultation with Fenix management. Operating cost estimates were compiled from the results of the Request For Proposal process for the mining and processing component, the detailed road transport model prepared by Newhaul, published tariffs and a leasing cost estimate of port infrastructure from Mid West Ports Authority, and owner's costs estimated by HFC Mining.

C1 Cash Operating Costs are forecast at $76.86 per dry metric tonne FOB over the life of the mine, with 56.3% attributable to road transport costs, 27.1% to mine and processing, 12.1% to port costs and 4.5% to corporate and administration. Including royalties, cash costs are estimated at $86.10/dmt FOB (US$60.27/dmt).

Table 6: Operating Cost estimates

Item	Life of Mine Cost (A$/dmt)	Life of Mine Cost (US$/dmt)
Mining & Processing	20.87	14.61
Road Haulage	43.27	30.29
Port storage, handling & ship loading	9.27	6.49
Corporate & administration	3.45	2.41
C1 Operating Cash Costs (FOB)	**76.86**	**53.80**
Royalties	9.24	6.47
Cash Costs (FOB)	**86.10**	**60.27**

Production Profile

The FS is based on single open pit operation using conventional mining techniques providing 1.25Mtpa of high-grade iron ore to the crushing and screening plant for a mine-life of 6.5 years. The production schedule targeted the Indicated Resources, which were used for the Ore Reserve determination, with Inferred Resources added as additional tonnes where it was mined as part of the extraction process for the Indicated Resources. Over the modelled 6.5 years, the Iron Ridge Project utilises 7.76Mt of Indicated Resources (96.5%) and 0.28Mt of Inferred Resources (3.5%).

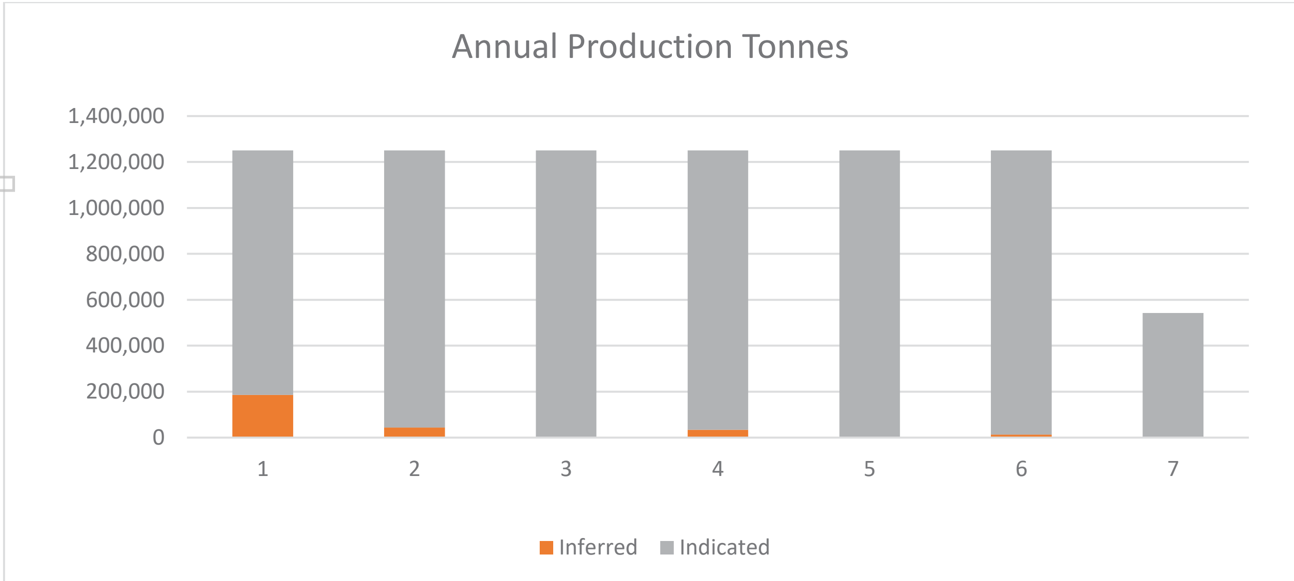

Figure 1: Annual Production Tonnes by Resource Category

Mining

The FS determined that approximately 8 million tonnes of high-grade hematite grading approximately 64% Fe over a mine life of 6.5 years could be extracted and sold based on declared Ore Reserves at the Project of 7.76Mt grading 63.9% Fe with a low level of impurities.

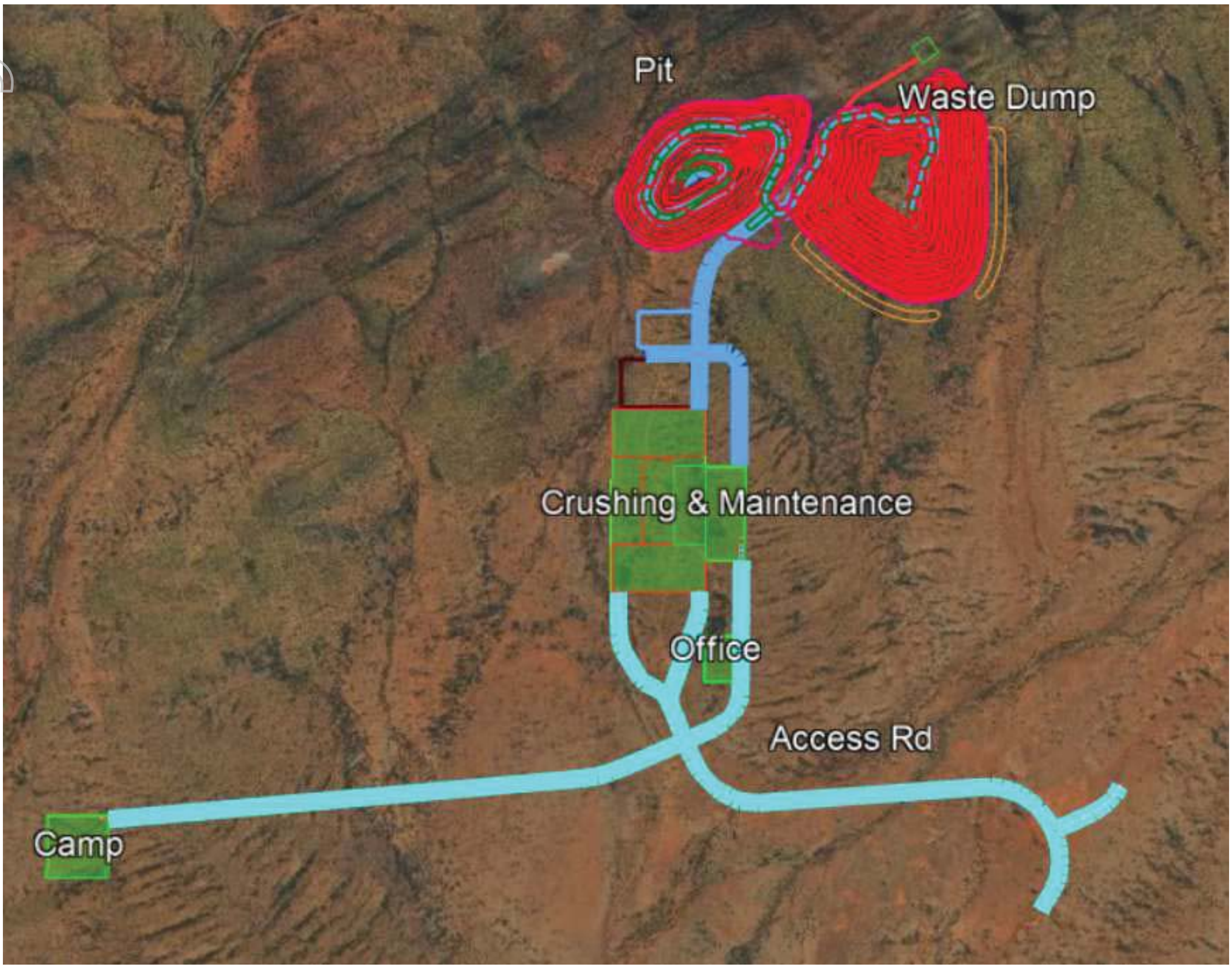

Figure 2: Iron Ridge Project Site Layout

Processing

The processing of ore is a simple task given its high Fe and low impurity in-situ values. No beneficiation is required and there is no waste stream generated during the process.

The designed processing plant is mobile and modular and consists of a two-stage crushing circuit (primary and secondary crushing) and a multi-deck screen to separate the lump and fines product into distinct stockpiles for road transport to the port of Geraldton. The Process Flow Diagram (**PFD**) below depicts the simple process from the mine to the port:

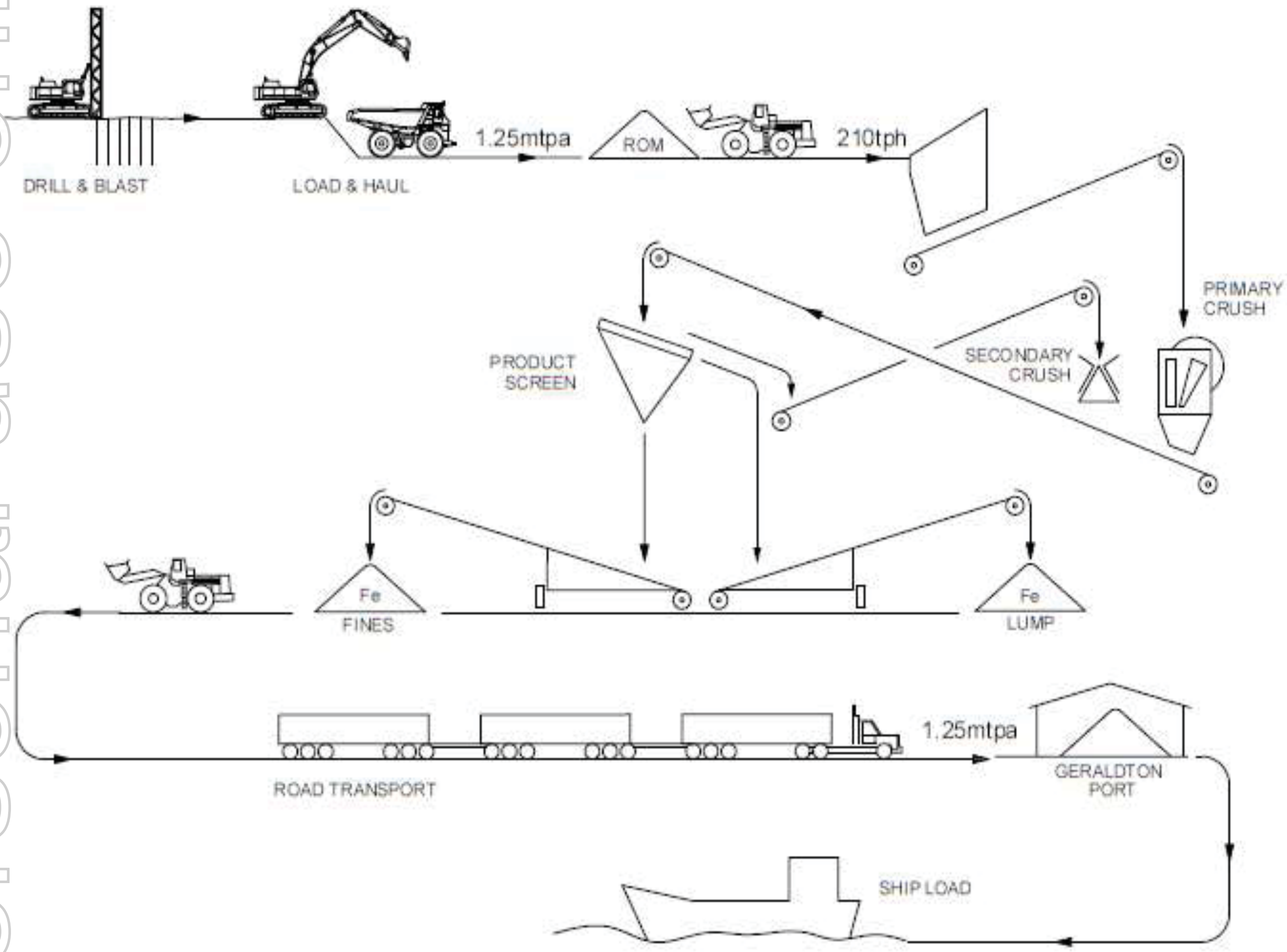

Figure 3: Iron Ridge Project – Process Flow Diagram

Logistics

In May 2019, Fenix entered into a road transport joint venture agreement with Newhaul Pty Ltd, a private company owned by Mr Craig Mitchell, an experienced transport and logistics operator. Since then, the JV has developed a detailed road transport model that provides a competitive cost of transporting iron ore product from Iron Ridge to a storage shed at Geraldton port. Terms have essentially been agreed and the contract awaits signing once the Final Investment Decision is made.

Figure 4: Iron Ridge Project – Road Transport Route

Financial Metrics

Using a constant LOM Platts 62% Fe index price of US$78/dmt CFR and an AUD:USD exchange rate of US$0.70, Fenix estimates that the Iron Ridge project has a Net Present Value of $54.3 million and will generate a pre-tax Internal Rate of Return of 58.9%.

Average annual EBITDA is estimated at $16.4 million.

The financial metrics of the Iron Ridge Project, based on the capital and operating costs outlined above, are depicted in Table 7 below, assuming an AUD:USD exchange rate of US$0.70 and a Platts 62% Fe iron ore price of US$78/dmt CFR:

Table 7: Feasibility Study Financial Metrics

Item	Unit	FS Outcome
Project NPV_{10} (real, pre-tax, ungeared)	A$m	54.3
IRR (pre-tax, ungeared)	%	58.9
Total Development Capital	A$m	14.9

Item	Unit	FS Outcome
Initial Development Capital	A$m	11.9
EBITDA per annum (average)	A$m	16.4
Life of Mine Revenue after marketing fee	A$m	802.9
Life of Mine WA State Royalty payments	A$m	60.2
Life of Mine	Months	77.0

Given the premium quality of the Iron Ridge product with an average grade of approximately 64% Fe over the life of mine, a significant premium to the Platts 62% Fe index price is expected, particularly in the last five years of operations. Fenix also estimates that 25% of the delivered product will be lump, which attracts a further premium.

Accounting for the expected premium for Iron Ridge product, the Project is expected to be cash flow neutral at a Platts 62% Fe price of US$68/dmt CFR, assuming an average sea freight cost of US$13.5/wmt and an average final product moisture content of 5%.

Sensitivity Analysis

The NPV of the Project is highly sensitive to iron ore price and the foreign exchange rate.

Modelling indicates that every US$1/dmt move in the Platts 62% Fe index price impacts the NPV by approximately $8 million and the average annual EBITDA by approximately $1.6 million.

Similarly, every US$0.01 movement in the AUD:USD exchange rate impacts NPV by approximately $7 million and average annual EBITDA by approximately $1.5 million.

Analysis of 5% movements to index price, currency, operating costs, capital costs and grade are illustrated in the Figure 5 below:

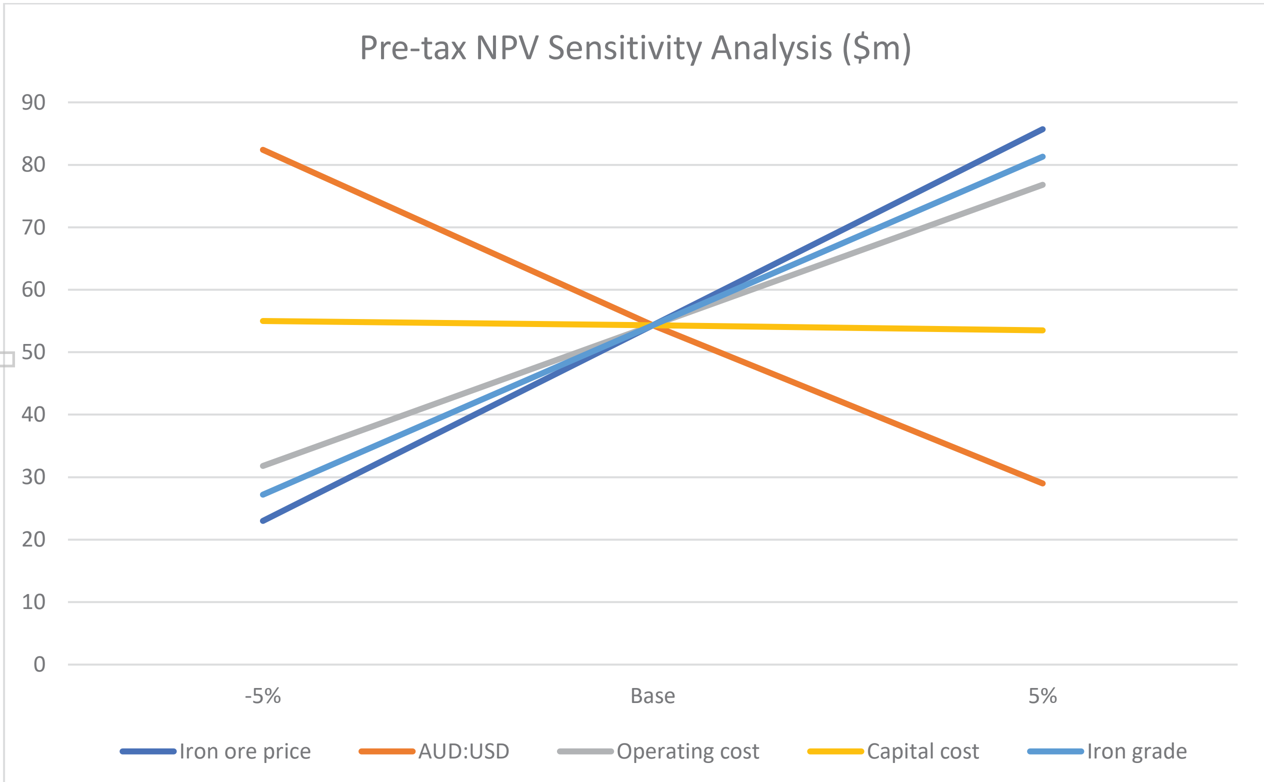

Figure 5: Iron Ridge Project Pre-tax NPV Sensitivity Analysis

Approvals & Permitting

The Company has applied for the necessary miscellaneous licences and general lease required for project start-up. As is common during the lease application stage, there have been some objections to the granting of these leases. Fenix is engaged in productive discussions with the objecting parties and are hopeful of reaching access agreements during 2020. This will allow the submission of a Mining Proposal to the Department of Mines, Industry Regulation and Safety for statutory approval. Confirmation of this approval will allow the project to proceed to Final Investment Decision (**FID**) soon thereafter.

Value Enhancement Opportunities

The Company is studying further opportunities to enhance the value of the project including entering into project partnering arrangements, seeking grants and concessions to reduce capital expenditure and ways to reduce operating costs. Fenix is also studying additional project opportunities in the vicinity of Iron Ridge and along the road haulage route.

Iron Ridge Mineral Resource Upgrade

During the Period Fenix advised that the results from its most recent drilling program announced on 30 July 2019 at its Iron Ridge project had been incorporated into a mineral resource upgrade.

Fenix delivered a significant increase in overall Resource confidence, with the Indicated Mineral Resource increasing by 51% to 10.0Mt at 64.3% Fe, 3.2% SiO_2, 2.6% Al_2O_3 and 0.05% P (from previous estimate of 6.6Mt at 64.5% Fe, 3.1% SiO_2, 2.5% Al_2O_3 and 0.04% P).

The Mineral Resource is categorised into Indicated and Inferred Mineral Resources as shown in Table 8.

Table 8: Iron Ridge Mineral Resource Estimate reported above a 58% Fe cut-off grade

Classification	Tonnes Mt	Fe %	Al_2O_3 %	LOI %	P %	SiO_2 %	TiO_2 %
Indicated	10.0	64.3	2.56	1.90	0.046	3.21	0.09
Inferred	0.5	62.5	2.80	3.13	0.046	4.41	0.12
Total	**10.5**	**64.2**	**2.57**	**1.96**	**0.046**	**3.26**	**0.09**

Additionally, the Mineral Resource estimate was further categorised depending on stratigraphy, with the Main BIF being the thicker, higher-grade iron mineralised unit as shown in Table 9.

Table 9: Iron Ridge Mineral Resource Estimate above a 58% cut-off, broken down by stratigraphic unit

	Water table	Class	Tonnes Mt	Fe %	Al_2O_3 %	LOI %	P %	SiO_2 %	TiO_2 %
BIF 1 (Main BIF)	Above	Indicated	2.7	62.7	3.63	2.10	0.06	4.21	0.09
		Inferred	0.3	64.2	2.70	1.29	0.04	3.88	0.13
		Subtotal	**3**	**62.8**	**3.54**	**2.02**	**0.06**	**4.18**	**0.09**
	Below	Indicated	6.2	65.8	1.95	1.19	0.04	2.45	0.09
		Inferred	0.01	65.6	1.91	1.10	0.03	2.93	0.09
		Sub Total	**6.2**	**65.8**	**1.95**	**1.19**	**0.04**	**2.46**	**0.09**
	Subtotal		**9.2**	**64.9**	**2.46**	**1.46**	**0.04**	**3.01**	**0.09**

	Water table	Class	Tonnes Mt	Fe %	Al_2O_3 %	LOI %	P %	SiO_2 %	TiO_2 %
BIF 2 (Little BIF)	Above	Indicated	0.5	60.2	3.48	5.21	0.08	4.72	0.09
	Below	Indicated	0.7	59.9	3.34	5.42	0.08	5.10	0.07
		Inferred	0.2	59.2	3.07	6.64	0.07	5.52	0.09
		Subtotal	**0.8**	**59.8**	**3.29**	**5.67**	**0.07**	**5.19**	**0.08**
	Subtotal		**1.3**	**59.9**	**3.35**	**5.50**	**0.07**	**5.02**	**0.08**
Grand Total			**10.5**	**64.2**	**2.57**	**1.96**	**0.05**	**3.26**	**0.09**

The Mineral Resource was reported above a cut-off grade of 58% Fe. This was selected based on economic factors and the grade - tonnage curve (see Figure 6 below) which indicated that 58% was most appropriate for reporting a premium, high-iron grade product.

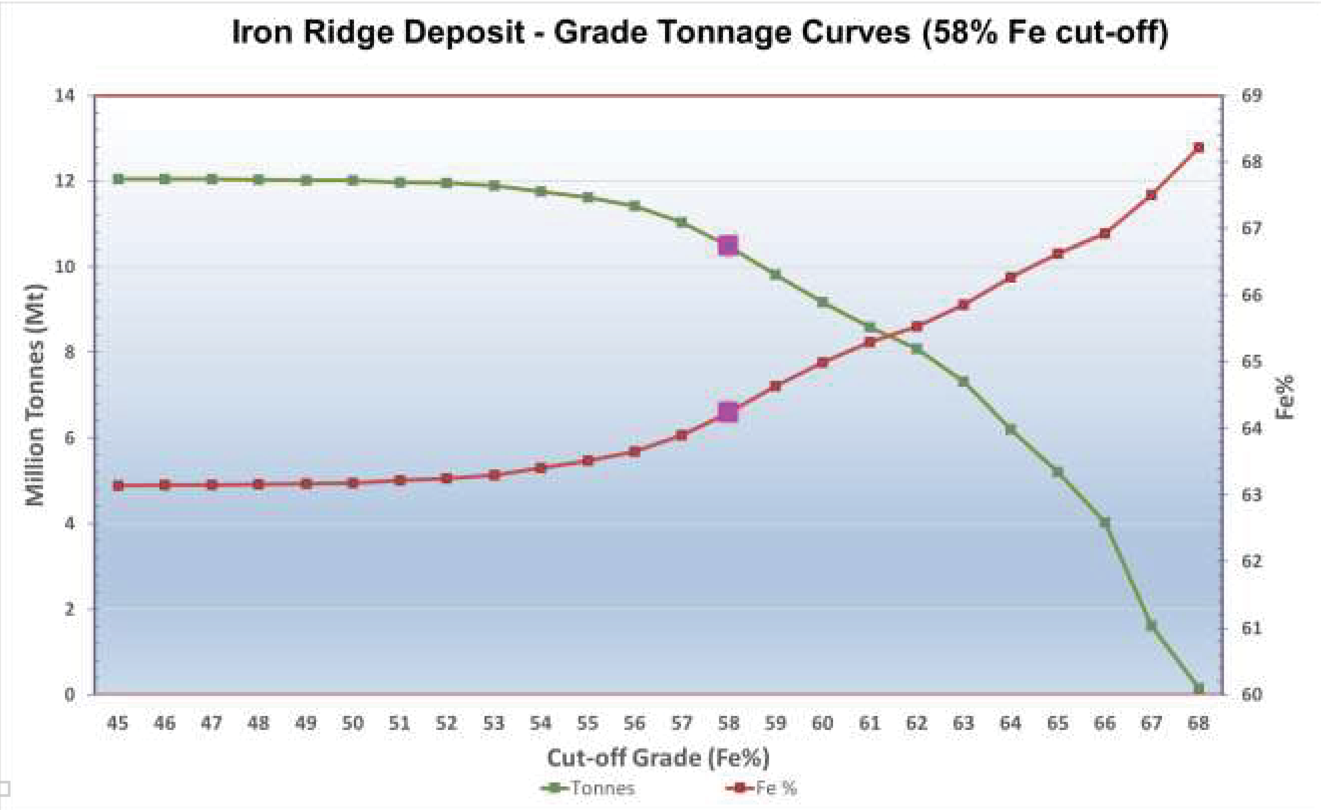

Figure 6: Grade - Tonnage Curves of the Iron Ridge total Mineral Resource at varying cut-off grades, highlighting the Mineral Resource at 58% Fe cut-off

More High-Grade Iron Ore Hits

During the period Fenix advised it had received all assay results from its most recent drilling program at the Project which was completed in July. The diamond drilling program had a dual focus, drilling seven resource definition holes into the shallow part of the Inferred Mineral Resource (estimated in March 2019) and three holes for geotechnical test work.

In addition to the diamond drilling, five reverse circulation (RC) water monitoring bores were drilled, three of which were sampled as they intersected the BIF units. Water bore drilling techniques differ slightly from resource definition RC techniques with a higher potential for contamination; however, the indicative results are consistent with the previously completed mineral resource focused drilling (both diamond and RC). Based on field inspection, the results reported in the opinion of the Competent Person do not pose any material risk. Significant results from the water bore drilling include:

- **166.5m @ 65.4% Fe** from 4m in hole IRMB-D2
- **90m @ 62.7% Fe** from 20m in hole IRMB-E
- **104m @ 61.9% Fe** from 6m in hole IRMB-C

Interpretation of the assay results in the vicinity of the Mineral Resource have confirmed the previous high grade hematite zone results (average 64 to 67% Fe) in the Main BIF unit and the lower grade (57 to 63% Fe) Little BIF unit to the south. The focus of the drill program was the near surface Inferred Mineral Resource area in the Main BIF, targeting its high iron grades and low level of deleterious elements. The drill program was designed to improve the confidence level of the Mineral Resource to the Indicated category in the near surface area at the western end of the deposit.

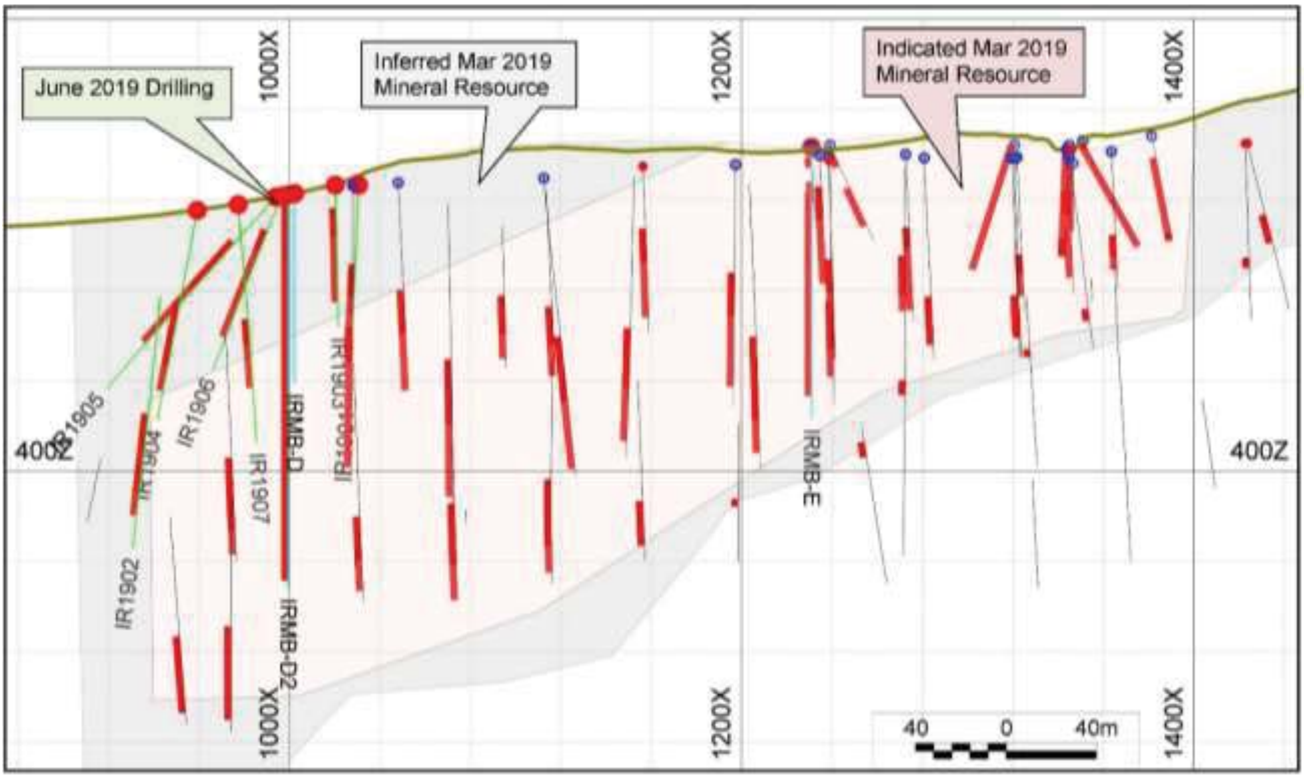

Figure 7: Long Section showing the recent drilling and the previous March 2019 MRE classification.

Table 10: Assay Results received from drilling during the quarter

Drill Hole ID	Tenement	Hole Type	Results Status	Unit
IR1901	M20/118	Diamond	**51m @ 62.7% Fe from 46m**	Main BIF
IR1902	M20/118	Diamond	**28m @ 58.5% Fe from 6m**	Little BIF
IR1902	M20/118	Diamond	**54.5m @ 66.2% Fe from 106m**	Main BIF
IR1903	M20/118	Diamond	**54.4m @ 61.4% Fe from 13m**	Main BIF
IR1904	M20/118	Diamond	**51.7m @ 64.8% Fe from 52.6m**	Main BIF
IR1905	M20/118	Diamond	**63.45m @ 63.2% Fe from 29.3m**	Main BIF
IR1906	M20/118	Diamond	**61.6m @ 64.9% Fe from 20m**	Main BIF
IR1907	M20/118	Diamond	**40.4m @ 65.5% Fe from 67m**	Main BIF
IRMB-E	M20/118	Water Bore	**90m @ 62.7% Fe from 20m**	Main BIF

Drill Hole ID	Tenement	Hole Type	Results Status	Unit
IRMB-C	M20/118	Water Bore	**104m @ 61.9% Fe from 6m**	Little BIF
IRMB-D2	M20/118	Water Bore	**166.5m @ 65.4% Fe from 4m**	Main BIF

Positive Results from CSIRO Metallurgical Testing

During the quarter Fenix announced positive results from metallurgical studies conducted at the Iron Ridge DSO hematite project. The Commonwealth Scientific and Industrial Research Organisation ("**CSIRO**") has developed a laboratory test methodology that allows the relative sintering properties of fine ores and concentrates to be determined.

CSIRO were sent a composite fines sample from equal mass proportions from drill holes IR003, IR004 and IR005. The headgrade of the composite sample was 64.15% Fe, 3.57% SiO_2, 2.48% Al_2O_3 and 0.053% P. Representative polished sections of the composite fines were prepared from sized fractions for microscopic characterisation of the ore mineralogy and texture.

Additionally, laboratory-scale sintering tests were carried out on the composite fines sample. The composite fines were substituted in a typical Japanese Steel Mill ("**JSM**") blend at the following six levels: 0, 10, 20, 30, 40 and 100%. Blends were fluxed to a basicity of 1.8 and silica level of 5.0% (on a whole blend basis) and fired in a laboratory under controlled conditions of temperature, gas atmosphere and time that simulate the actual sintering process. CSIRO sintering test methodology is universally well regarded.

The tests have returned positive results on both the ore characterisation and sintering characteristics as summarised below.

Ore Characterisation

The Iron Ridge composite fines were classified as high-grade (>64% Fe), with moderate alumina (2.48%), and low silica (3.57%), total LOI (1.68%) and phosphorous (0.05%) contents. In terms of sizing, the majority of the sample fell within the -4+0.5 mm range, with little material in the -0.25+0.038 mm range and relatively few coarse +4 mm particles.

The ore was dominated by friable to moderately microporous, fine- to very fine-grained microplaty hematite textures, with minor goethite and kaolinitic shale content, increasing slightly with decreasing size fraction and with significant concentration of alumina in the -0.038 mm ultrafines.

Sintering Characteristics

Laboratory sintering tests were carried out to evaluate the performance of the -1 mm matrix-forming component of the ore then substituted in a simulated customer blend, as well as the reactivity of the coarse, ore nucleus-forming fraction.

The Iron Ridge composite fines proved to be highly compatible with the simulated JSM customer blend, with all blends achieving high strength, well above the target value, over a relatively wide temperature range. The 20% Iron Ridge blend produced the best result, with improved characteristics relative to the JSM blend.

In terms of overall characteristics, the Iron Ridge composite fines were closest to a high-grade Brockman fine ore product, albeit with atypically fine-grained microplaty hematite textures. The Iron Ridge fines also showed some mineralogical/textural similarly to Vale's Carajas fines, although with lower silica and higher alumina content.

The high reactivity and excellent sinter matrix strength of the fines suggest good blending compatibility with other fine ores contributing stable, coarse ore nuclei, at immediate fuel rates.

Next Steps

Fenix is focussed on obtaining all the necessary approvals to allow the project to proceed to development and rapidly thereafter into commercial production. Fenix remains engaged with several parties regarding iron ore product offtake and project and working capital financing. Additionally, the Company is looking to finalise port access arrangements with the Mid West Ports Authority, as well as enter into formal contracts with mining, road transport and port services contractors. Final agreements will be subject to receiving the necessary permits and approvals to achieve FID.

CORPORATE

Board Changes

During the period the Company advised Mr Garret Dixon had been appointed Non-Executive Chairman of Fenix Resources effective 1 January 2020.

Garret is an experienced and accomplished senior executive with extensive experience in the resources, transport and contracting sectors in Australia and overseas. His work in both private and ASX listed companies spans more than three decades, having worked in senior executive roles for major mine owners, mine operators and contractors in the iron ore, gold, coal, nickel and bauxite commodities markets. He has worked for many years in the iron ore industry and previously developed mines from start up to production.

Garret's career since graduation in 1981 includes time with a Federal Government construction department, Executive General Manager for civil construction and contract mining group Henry Walker Eltin Ltd, Managing Director of logistics company Mitchell Corporation, Managing Director & CEO of ASX listed Gindalbie Metals Ltd and Vice President of Iron Ore Business Development for rail freight operator Aurizon. Until recently, Mr Dixon held the position of Executive Vice President Alcoa & President Bauxite where he was responsible for the global bauxite mining business for the NYSE listed Alcoa Corporation.

Garret has a Bachelor of Engineering (Hons) and a Master of Business Administration and is a member of the Australian Institute of Company Directors.

The Company also advised that Mr Bevan Tarratt resigned from his role as Non-Executive Director and Chairman. Bevan was a key contributor to the acquisition of the Iron Ridge Project and the subsequent recapitalisation of Fenix.

As at 31 December 2019, the Company had cash and deposits of approximately $2.2 million.

Movements in Securities

During the Period the Company advised that 15,000,000 Class A Performance Shares had not met the requirement for conversion and, pursuant to the terms and conditions of the Performance Shares, all unconverted Class A Performance Shares held by the holders were automatically consolidated into one Share each.

During the Period 1,500,000 employee performance rights were exercised and converted into ordinary shares. The conversion of the performance rights follows satisfaction of the performance milestone on 19 March 2019 being the initial upgrade of the Iron Ridge JORC-code compliant resource to a total of not less than 6Mt @65% Fe at a cut-off grade of not less than 50% Fe with at least 60% of the total resource categorised in at least the Indicated category in accordance with the JORC Code (2012).

Subsequent to the Period on 31 January 2020, 11,750,000 employee and consultant performance rights were exercised and converted into ordinary shares. The conversion of the performance rights follows satisfaction of the following performance milestones:

Competent Persons Statement

The information in this report that relates to Mineral Resources is based on information compiled by Mr Alex Whishaw, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and is employee by CSA Global Pty Ltd. Mr Whishaw 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). Mr Whishaw consents to the disclosure of information in this report in the form and context in which it appears.

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'. Mr Connelly consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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). Mr Battista consents to the disclosure of information in this report in the form and context in which it appears. In relation to the production target referred to in the report, the Company confirms that all material assumptions underpinning the target continue to apply and have not materially changed since the announcement of the feasibility study on 4 November 2019.

The Company's interests in tenements is as follows as at the date of this report

Location	Project	Tenement	Interest
Western Australia	Iron Ridge	M20/118-I	100%
Western Australia	Iron Ridge	E20/936	100%

MATTERS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Subsequent to the end of the period on 31 January 2020, 11,750,000 employee performance rights were exercised and converted into ordinary shares. The conversion of the performance rights follows satisfaction of various performance milestones.

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

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 18.

Signed in accordance with a resolution of the directors

GARRET DIXON
Non-Executive Chairman

Perth
27 February 2020

Grant Thornton

Level 43, Central Park
152-158 St Georges Terrace
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

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 audit of Fenix Resources Limited for the half-year ended 31 December 2019, 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 audit; and

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M D Dewhurst

M D Dewhurst
Partner – Audit & Assurance

Perth, 27 February 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2019

	Notes	31 December 2019 $	31 December 2018 $
Revenue			
Interest income		15,683	8,183
Expenses			
Administrative expenses	1	(380,939)	(866,047)
Finance costs	1	-	(34,463)
Depreciation		(699)	(845)
Plant and Equipment written off		-	(5,785)
Exploration costs impaired		-	(16,487)
Share-based payments expense	10	(257,569)	(643,618)
Loss before income tax expense		(623,524)	(1,559,062)
Income tax expense		-	-
Loss after income tax expense for the period attributable to the owners of the Group		(623,524)	(1,559,062)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for half-year attributable to owners of Fenix Resources Limited		(623,524)	(1,559,062)
Basic and diluted loss per share (cents per share)		(0.23)	(1.93)

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	31 December 2019 $	30 June 2019 $
Current Assets			
Cash and cash equivalents	3	2,115,692	4,213,915
Other current assets – term deposit	4	50,000	50,000
Trade and other receivables	4	92,418	163,373
Total Current Assets		2,258,110	4,427,288
Non-Current Assets			
Plant and equipment		2,063	2,763
Capitalised exploration and evaluation expenditure	5	5,601,809	4,380,204
Total Non-Current Assets		5,603,872	4,382,967
Total Assets		**7,861,982**	**8,810,255**
Current Liabilities			
Trade and other payables	6	41,608	631,106
Provisions		11,301	4,121
Total Current Liabilities		52,909	635,227
Total Liabilities		**52,909**	**635,227**
Net Assets		**7,809,073**	**8,175,028**
Equity			
Issued capital	8	27,755,148	27,755,148
Reserves		2,310,941	2,053,372
Accumulated losses		(22,257,016)	(21,633,492)
Total Equity		**7,809,073**	**8,175,028**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2019

	Issued Capital $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2018	**19,375,907**	**-**	**(19,020,327)**	**355,580**
Loss for the half-year	-	-	(1,559,062)	(1,559,062)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year	-	-	(1,559,062)	(1,559,062)
Transactions with owners in their capacity as owners				
Shares issued during the period	6,100,000	-	-	6,100,000
Share issue costs	(784,410)	384,994	-	(399,416)
Contribution from options issued during the period	5,900	-	-	5,900
Options expense recognised during the half-year	-	643,617	-	643,617
Balance at 31 December 2018	**24,697,397**	**1,028,611**	**(20,579,389)**	**5,146,619**
Balance at 1 July 2019	**27,755,148**	**2,053,372**	**(21,633,492)**	**8,175,028**
Loss for the half-year	-	-	(623,524)	(623,524)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year	-	-	(623,524)	(623,524)
Transactions with owners in their capacity as owners				
Options expense recognised during the half-year	-	257,569	-	257,569
Balance at 31 December 2019	**27,755,148**	**2,310,941**	**(22,257,016)**	**7,809,073**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2019

	Notes	31 December 2019 $	31 December 2018 $
Cash flows from operating activities			
Payments to suppliers, consultants and employees		(389,560)	(1,131,479)
Movement in term deposits		-	(50,000)
Interest received		20,759	8,183
Net cash used in operating activities		(368,801)	(1,173,296)
Cash flows from investing activities			
Payments for plant and equipment		-	(3,993)
Payments for exploration and evaluation		(1,729,423)	(759,964)
Cash acquired as part of asset acquisition		-	(10,226)
Net cash used in investing activities		(1,729,423)	(774,183)
Cash flows from financing activities			
Proceeds from new issues of shares		-	4,500,000
Proceeds from issue of options		-	5,900
Share issue costs		-	(399,416)
Proceeds from borrowings		-	117,044
Repayment of borrowings		-	(117,044)
Cost of borrowings		-	(34,463)
Net cash provided by financing activities		-	4,072,021
Net (decrease) / increase in cash held		(2,098,223)	2,124,542
Cash and cash equivalents at the beginning of the period		4,213,915	423,339
Cash and cash equivalents at the end of the period	3	2,115,692	2,547,881

The accompanying notes form part of these consolidated financial statements.

1 EXPENDITURE

	Notes	31 December 2019 $	31 December 2018 $
Administrative expense			
Advertising and marketing costs		45,343	78,500
Advisory costs		41,653	282,766
Compliance costs		47,624	94,502
Consultants		31,095	75,860
Director benefits expense		115,386	310,328
Other administrative expenses		99,838	24,091
Total administrative expense		380,939	866,047
Finance costs			
Loan fees		-	31,172
Interest expense		-	3,291
Total finance costs		-	34,463
Share-based payments expense			
Director and employee options		-	170,369
Advisor options		-	473,248
Director and employee performance rights	10	257,569	-
Total share-based payments expense		257,569	643,617

2 OPERATING SEGMENTS

Management has determined that the Group has one reportable segment, being exploration activities at the Iron Ridge Project. Prior to withdrawal from the Beyondie Project in February 2019, the Group had two reportable segments. 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. As the Group is focused on exploration, the Board monitors the Group based on actual versus budgeted exploration expenditure incurred by area of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

2 OPERATING SEGMENTS (continued)

	Iron Ridge Project $	Beyondie Project $	Other corporate activities $	Total $
For the half-year ended 31 December 2019				
Income from external sources	-	-	15,683	15,683
Reportable segment loss	-	-	(623,524)	(623,524)
Reportable segment assets (1)	5,602,790	-	2,259,192	7,861,982
Reportable segment liabilities	(2,631)	-	(50,278)	(52,909)
For the half-year ended 31 December 2018				
Income from external sources	-	-	8,183	8,183
Reportable segment loss	-	(16,487)	(1,542,575)	(1,559,062)
For the year ended 30 June 2019				
Reportable segment assets (2)	3,781,549	-	4,428,706	8,210,255
Reportable segment liabilities	(519,099)	-	(116,128)	(635,227)

1 *Other corporate activities includes cash held of $2,165,692*
2 *Other corporate activities includes cash held of $4,263,886*

3 CASH AND CASH EQUIVALENTS

	31 December 2019 $	30 June 2019 $
Cash at bank	115,692	1,263,915
Deposits at call	2,000,000	2,950,000
	2,115,692	4,213,915

4 TRADE AND OTHER RECEIVABLES

	31 December 2019 $	30 June 2019 $
Trade and other receivables		
Trade receivables	44,546	156,210
Prepayments	47,872	7,163
	92,418	163,373
Other current assets		
Term deposit	50,000	50,000
	50,000	50,000

The Group has no impairments to other receivables or have receivables that are past due but not impaired.

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

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

5 EXPLORATION AND EVALUATION ASSETS

	31 December 2019 $	30 June 2019 $
Iron Ridge Project		
Opening balance	4,380,204	-
Acquisition of exploration assets	-	2,224,562
Exploration expenditure incurred	1,221,605	2,155,642
Closing balance	5,601,809	4,380,204
Beyondie Project		
Opening balance	-	-
Exploration expenditure incurred	-	20,889
Exploration expenditure written off	-	(20,889)
Closing balance	-	-

Significant accounting estimates and assumptions

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

The carrying values of items of exploration and evaluation expenditure are reviewed for impairment indicators at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable. There is no impairment for the half year ended 31 December 2019.

Significant accounting judgement

Capitalisation of exploration and evaluation expenditure

The Group has capitalised significant exploration and evaluation expenditure on the basis that this is expected to be recouped through future successful development (or alternatively sale) of the areas of interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

6 TRADE AND OTHER PAYABLES

Trade and other payables are normally settled within 30 days from receipt of notice. All amounts recognised a trade and other payables, but not yet invoiced, are expected to settle within 12 months.

The carrying value of trade and other payables are assumed to be the same as their fair value, due to their short-term nature.

	31 December 2019 $	30 June 2019 $
Trade payables	17,077	512,541
Sundry payable and accruals	24,531	118,565
	41,608	631,106

7 FAIR VALUES OF FINANCIAL INSTRUMENTS

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. At 31 December 2019 and 30 June 2019, no such assets or liabilities were recorded at fair value.

There were no transfers between levels during the period. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The fair value of financial assets and liabilities held by the Group must be estimated for recognition, measurement and/or disclosure purposes. The Group measures fair values by level, per the following fair value measurement hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group’s policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques used to determine fair values

The Group did not have any financial instruments that are recognised in the financial statements where their carrying value differed from the fair value. The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The carrying amounts of cash and short-term trade and other receivables, trade payables and other current liabilities approximate their fair values largely due to the short-term maturities of these payments.

8 ISSUED CAPITAL

	31 December 2019 Shares	30 June 2019 Shares	31 December 2019 $	30 June 2019 $
Fully paid	274,015,633	272,515,633	27,755,148	27,755,148

8 ISSUED CAPITAL (continued)

Movements in ordinary share capital during the current half-year financial period are as follows:

Details	Note	Date	Number of shares	Issue price $	$
Balance at 30 June 2019			**272,515,633**		**27,155,148**
Issue of shares on conversion of performance rights	10(a)	9-Jul-19	1,500,000	-	-
Balance at 31 December 2019			**274,015,633**		**27,155,148**

9 DIVIDENDS

No dividends have been declared or paid for the half-year ended 31 December 2019 (31 December 2018: nil).

10 SHARE-BASED PAYMENTS

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

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

	Note	31 December 2019 $	31 December 2018 $
As part of share-based payment reserve:			
Options issued to directors		-	170,369
Options issued to advisors		-	473,248
Options issued to underwriters		-	384,994
Performance rights issued to employees and directors	10(a)	257,569	-
		257,569	1,028,611

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

(a) Performance rights (prior period)

The Company's Performance Rights Plan was approved and adopted by shareholders on 10 September 2018. Each performance right will vest as an entitlement to one fully paid ordinary share upon achievement of certain performance milestones. If the performance milestones are not met, the performance rights will lapse and the eligible participant will have no entitlement to any shares.

Performance rights are not listed and carry no dividend or voting rights. Upon exercise each performance right is convertible into one fully paid ordinary share to rank pari passu in all respects with existing fully paid ordinary shares.

10 SHARE-BASED PAYMENTS (continued)

Movement in the performance rights for the current period is shown below:

Grant date	Expiry date	Exercise price	Balance at start of the period	Granted during the period	Converted during the period	Forfeited during the period	Balance at period end	Vested at period end
19-Feb-19	18-Feb-22	-	5,812,500	-	-	-	5,812,500	(3,875,000)
11-Apr-19	13-May-22	-	6,000,000	-	(1,500,000)	-	4,500,000	(3,000,000)
Total			11,812,500	-	(1,500,000)	-	10,312,500	(6,875,000)

The total expense arising from the above performance rights was $257,569.

11 CONTINGENCIES

There have been no changes to contingent assets or liabilities since the last annual reporting date, 30 June 2019.

12 COMMITMENTS

During the period the Group acquired exploration licence E20/936 in connection with the Iron Ridge project. The below table shows the tenement expenditure and lease commitments associated with E20/936:

	31 December 2019 $
Within one year	15,276
Later than one year but no later than five years	60,828
Later than five years	-
	76,104

Other than the above there have been no changes to commitments since the last annual reporting date, 30 June 2019.

13 RELATED PARTY TRANSACTIONS

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. There have been no changes to related party transactions since the last annual reporting date, 30 June 2019.

14 EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the end of the period:

- On 1 January 2020, Mr Garret Dixon commenced as Non-Executive Chairman. The Company also advised that Mr Bevan Tarratt resigned from his role as Non-Executive Director and Chairman.
- On 31 January 2020, 11,750,000 employee performance rights were exercised and converted into ordinary shares. The conversion of the performance rights follows satisfaction of various performance milestones.

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.

15 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This consolidated interim financial report for the half-year reporting period ended 31 December 2019 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 2019 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.

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group has changed its accounting policies as a result of the adoption of the following standards:

- AASB 16 Leases

The impact of the adoption of these standards and the new accounting policies are disclosed below. The impact of these standards, and the other new and amended standards adopted by the Group, has not had a material impact on the amounts presented in the Group's financial statements.

AASB 16 Leases

AASB 16 eliminates the operating and finance lease classifications for lessees previously accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases were treated under AASB 117. An entity is required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases.

Lessor accounting remains largely unchanged from AASB 117.

The company had no lease obligations at the date of adoption of AASB 16 and has not entered into any leases during the reporting period. Consequently, the adoption of this standard has had no impact on the current or previous reporting period and as such there have been no adjustments to the opening balance of retained earnings.

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 2019 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

Garret Dixon
Non-Executive Chairman

Perth
27 February 2020

Central Park, Level 43
152-158 St Georges Terrace
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000
F +61 8 9480 2050
E info.wa@au.gt.com
W www.grantthornton.com.au

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 2019, 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, nothing has come to our attention that causes us to believe that the half year financial report of Fenix Resources Limited does not give a true and fair view of the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

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 2019 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*. As the auditor of Fenix Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M D Dewhurst
Partner – Audit & Assurance

Perth, 27 February 2020