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FENIX RESOURCES LIMITED

ABN 68 125 323 622

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2020

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CORPORATE DIRECTORY

Directors
Warwick Davies — *Non-Executive Chairman*
Robert Brierley — *Managing Director*
Garry Plowright — Non-*Executive Director*

Company Secretary
Shannon Coates

Auditor
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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 2020 (**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:

Warwick Davies	Non-Executive Chairman (Appointed Non-Executive Director 9 November 2020, transition to Non-Executive Chairman on 19 February 2021)
Robert Brierley	Managing Director
Garry Plowright	Non-Executive Director (Executive Director to 31 December 2020, transition to Non-Executive Director from 1 January 2021)
Garret Dixon	Non-Executive Chairman (Resigned 19 February 2021)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the period were to develop and explore the Iron Ridge Project, Western Australia. Production at Iron Ridge commenced in December 2020.

DIVIDENDS

No dividends have been declared, provided for or paid in respect of the half-year ended 31 December 2020 (31 December 2019: Nil).

FINANCIAL SUMMARY

The Group made a net loss after tax of $1,236,788 for the financial half-year ended 31 December 2020 (31 December 2019: loss $623,524). At 31 December 2020, the Group had net assets of $24,033,373 (30 June 2020: $7,453,575) and cash assets of $10,256,814 (30 June 2020: $1,292,625).

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

During the half year ended 31 December 2020, the Company made significant progress on its planned development of the Iron Ridge iron ore project (Iron Ridge Project or the Project) in Western Australia's Mid-West, which culminated in production commencing in December 2020 and the first shipment dispatched post the end of the period, in February 2021.

IRON RIDGE PROJECT - OPERATIONS

Exploration, Production and Development Activity

On 21 December 2020, the Company announced that production had commenced at the Iron Ridge Project, with Lump and Fines products being stockpiled at the Port of Geraldton in preparation for the first shipment, which subsequently took place in February 2021.

Approvals & Permitting

As previously advised, Fenix holds three miscellaneous licences (L20/83, L20/84, and L20/85) and a general purpose lease, securing all the necessary tenure to commence operations at Iron Ridge.

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During the half year ended 31 December 2020, the Stage 1 Mining Proposal and Mine Closure Plan was approved by the DMIRS (refer to ASX announcement titled "Fenix secures approval for Iron Ridge Mining Proposal" on 13 August 2020), followed by approval of the Stage 1 Project Management Plan and Clearing Permit (refer to ASX announcement titled "Key Mining Approvals Granted for Iron Ridge Project" on 15 September 2020), paving the way for commencement of mine development.

The Company also executed the Mining Co-operation and Benefits Agreement (MCB Agreement) with the Wajarri Yamatji # 1 Native Title Claimant Group. This milestone marked the Company's commitment to providing benefits for the communities in which it operates.

Offtake Agreements and Service Provider Contracts

During the period, the Company announced the execution of a binding offtake terms sheet with Sinosteel International Holding Company Limited (Sinosteel Binding Offtake Terms Sheet). Fenix now has sales arrangements in place for 100% of projected iron production from Iron Ridge, after Atlas Iron subsidiary Weld Range Iron Ore Pty Ltd previously took up a marketing election on 50% of production and sales for the Project (refer ASX release dated 31 August 2020 "Marketing agent for 50% of Iron Ridge production secured").

On 19 October 2020, the Company announced that it had awarded the drill & blast, mining, and crushing & screening contract for the Iron Ridge Project to MACA Limited (MACA). Early stage works commenced in September 2020 using local contractors, with MACA mobilising heavy earthmoving equipment to site in the December Quarter. Open pit mining and crushing and screening operations commenced in the December Quarter.

On 26 October 2020, the Company announced the execution of a contract for the road transport component of its Iron Ridge Project with Fenix Newhaul Pty Ltd (formerly Premium Minehaul Pty Ltd) (Fenix Newhaul). As announced on 7 May 2019, Fenix Newhaul is the incorporated joint venture company established to implement the strategic alliance between the Company and Craig Mitchell, the founder and former owner of Mitchell Corp, a major supplier of transport and logistics services to the Western Australian mining industry. Fenix Newhaul is 50% owned by the Company and 50% owned by Newhaul Pty Ltd (formerly Minehaul Pty Ltd), an entity controlled by Mr Mitchell.

Port Infrastructure Acquisition

On 14 October 2020, the Company announced that it had executed a binding terms sheet with Sinosteel Midwest Corporation Limited (SMC) to acquire SMC's iron ore storage shed, truck unloading and conveyor systems located at the Geraldton Port.

SMC owns the Weld Range Iron Ore project, which is adjacent to Fenix's Iron Ridge Project, and is a wholly owned subsidiary of Sinosteel Group Corporation Limited, a Chinese State Owned Enterprise. Additional to the sale and purchase of the Port infrastructure, SMC and the Company also reached agreement to cooperate on commercial terms to ensure that the Iron Ridge project has the necessary lease area to fit all of its infrastructure during the economic life of the Iron Ridge Project.

Port Access and Lease Agreements

During the half year ended 31 December 2020, the Company also announced that it had executed a Port Lease Agreement and a Port Access and Services Agreement with Mid West Ports Authority for the export of iron ore products through the Port of Geraldton. The Agreement allows Fenix to export 1.25 million tonnes per annum of iron ore. The initial term of the agreement is four years, with two additional two-year extensions able to be triggered at Fenix's election.

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CORPORATE

Financial

On 20 August 2020, the Company announced a two-tranche equity capital raising to raise $15 million (before costs). The Placement was completed on 8 October 2020, with a total of 103,448,276 shares issued at an issue price of $0.145 per share. The funds raised have been, and will be, used towards development of the Iron Ridge Project.

During the half year ended 31 December 2020, the Company also issued a total of 39,700,000 fully paid ordinary shares in the capital of the Company upon exercise of 39,700,000 unlisted options exercisable at $0.08 per option on or before 21 November 2021, receiving $3.2 million.

Board Changes

On 10 November 2020, the Company announced the appointment of Mr Warwick Davies as Non-Executive Director. Mr Davies has worked in the iron ore and minerals industries for over 50 years. Initially employed by BHP Steel in their Newcastle and Whyalla steel works, he moved to the Pilbara with Hamersley Iron in 1969 beginning a 4-decade involvement in iron ore in technical, operational, and commercial roles. Mr Davies is an Industrial Chemist with a strong economics background where his iron ore experience was developed with the Robe River organisation until 2001 when a take-over by Rio Tinto Limited resulted in a career change. Mr Davies became a consultant working and providing advice to Mt Gibson Iron and Atlas Iron during their respective start-ups. Mr Davies has extensive experience in all commercial aspects of the iron ore market including freight supported by his strong technical marketing background.

During the period, the Company also announced that Mr Garry Plowright would step down from his executive role with the Company and will move into a Non-executive Director role, effective 1 January 2021.

Appointment of General Manager – Operations

On 10 September 2020, the Company announced the appointment of Mr Chris Tuckwell as General Manager of Operations. Mr Tuckwell will be responsible for the development of the Iron Ridge DSO iron ore project and will act as Registered Mine Manager on site when in operation. Mr Tuckwell is a qualified engineer and experienced executive of mining and mine contracting companies with notable experience as Managing Director of MACA Limited and Chief Operating Officer of African Mining Services, a wholly owned subsidiary of Ausdrill Limited (now known as Perenti Global Limited).

Appointment of Company Secretary

On 1 July 2020, the Company announced the appointment of Ms Shannon Coates as Company Secretary.

Ms Coates is a qualified lawyer, Chartered Secretary, and graduate of the AICD's Company Directors course. She has more than 25 years' experience in corporate law and compliance, is Managing Director of Perth-based corporate advisory firm Evolution Corporate Services and is currently company secretary to a number of ASX listed companies, with a strong focus on resources.

At the same time, Mr Matthew Foy resigned as Company Secretary.

Tenements

As at the date of this report, the Company's interests in tenements are set out below:

Location	Project	Tenement	Interest
Western Australia	Iron Ridge	M20/118-I	100%
Western Australia	Iron Ridge	E20/936	100%
Western Australia	Iron Ridge	L20/83	100%
Western Australia	Iron Ridge	L20/84	100%

Location	Project	Tenement	Interest
Western Australia	Iron Ridge	L20/85	100%
Western Australia	Iron Ridge	G20/28	100%

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.

MATTERS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Subsequent to the end of the period:

- on 18 January 2021, 10,800,000 fully paid ordinary shares were issued upon the exercise of 10,800,000 unlisted options exercisable at $0.08 per option.
- on 21 January 2021, 10,000,000 fully paid ordinary shares were issued upon the exercise of 5,000,000 unlisted options exercisable at $0.06 per option and 5,000,000 unlisted options exercisable at $0.07 per option.
- on 8 February 2021, Fenix announced it had executed a farm-in and joint venture agreement with Scorpion Minerals Limited to earn a majority interest in 33,954 hectares of tenements adjoining the Company's flagship Iron Ridge Project. Fenix may earn 70% of the iron ore rights on the tenements by sole-funding exploration and resource definition drilling to identify up to 10 million tonnes of iron ore.
- on 12 February 2021, 1,000,000 fully paid ordinary shares were issued upon the exercise of 1,000,000 unlisted options exercisable at $0.08 per option.
- on 19 February 2021, Mr Garret Dixon resigned as Non-Executive Chairman, Mr Warwick Davies was appointed interim Non-Executive Chairman.

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 8.

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Signed in accordance with a resolution of the directors

Warwick Davies
Non-Executive Chairman

Perth
15 March 2021

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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 2020, 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

M Dewhurst

M D Dewhurst
Partner – Audit & Assurance

Perth, 15 March 2021

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2020

	Notes	31 December 2020 $	31 December 2019 $
Other income	2	51,495	-
Other expenses	1	(1,319,326)	(639,207)
Operating (loss)		(1,267,831)	(639,207)
Finance income		33,965	15,683
Finance costs		(2,922)	-
Loss before income tax expense		(1,236,788)	(623,524)
Income tax expense		-	-
Loss after income tax expense for the period attributable to the owners of the Group		(1,236,788)	(623,524)
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		(1,236,788)	(623,524)
Basic and diluted loss per share (cents per share)		(0.35)	(0.23)

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	31 December 2020 $	30 June 2020 $
Current Assets			
Cash and cash equivalents		10,256,814	1,292,625
Inventories	4	1,250,391	-
Other current assets – term deposit	5	-	50,000
Trade and other receivables	5	1,116,685	49,324
Loan receivable	6	1,716,667	-
		14,340,557	1,391,949
Non-Current Assets			
Mine properties, property, plant and equipment	7	16,278,071	1,371
Capitalised exploration and evaluation expenditure	8	-	6,203,553
Loan receivable	6	933,333	-
Interest in Joint Venture	9	-	5
		17,211,404	6,204,929
Total Assets		**31,551,961**	**7,596,878**
Current Liabilities			
Trade and other payables	10	5,615,405	132,002
Provisions	11	43,338	11,301
Lease liabilities	12	65,651	-
		5,724,394	143,303
Non-Current Liabilities			
Provisions	11	1,389,329	-
Lease liabilities	12	404,865	-
		1,794,194	-
Total Liabilities		**7,518,588**	**143,303**
Net Assets		**24,033,373**	**7,453,575**
Equity			
Issued capital	13	45,557,088	27,755,148
Reserves		2,621,203	2,606,557
Accumulated losses		(24,144,918)	(22,908,130)
Total Equity		**24,033,373**	**7,453,575**

The accompanying notes form part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2020

	Issued Capital $	Reserves $	Accumulated Losses $	Total $
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**
Balance at 1 July 2020	**27,755,148**	**2,606,557**	**(22,908,130)**	**7,453,575**
Loss for the half-year	-	-	(1,236,788)	(1,236,788)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year	-	-	(1,236,788)	(1,236,788)
Transactions with owners in their capacity as owners				
Shares issued during the period	18,638,500	-	-	18,638,500
Share issue costs	(836,560)	-	-	(836,560)
Performance rights expense recognised during the half-year	-	14,646	-	14,646
Balance at 31 December 2020	**45,557,088**	**2,621,203**	**(24,144,918)**	**24,033,373**

The accompanying notes form part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF CASHFLOWS

For the half-year ended 31 December 2020

	31 December 2020 $	31 December 2019 $
Cash flows from operating activities		
Receipts from customers	1,495	
Payments to suppliers, consultants, and employees	(1,289,248)	(389,560)
Interest received	8,558	20,759
Cash flow boost incentive	50,000	-
Net cash used in operating activities	(1,229,195)	(368,801)
Cash flows from investing activities		
Payments for plant and equipment	(4,403,048)	-
Payments for exploration and evaluation	(143,008)	(1,729,423)
Movement in term deposits	50,000	-
Loans to other entities	(2,650,000)	-
Net cash used in investing activities	(7,146,056)	(1,729,423)
Cash flows from financing activities		
Proceeds from new issues of shares	15,000,000	-
Proceeds from exercise of options	3,176,000	-
Share issue costs	(836,560)	-
Net cash provided by financing activities	17,339,440	-
Net increase / (decrease) in cash held	8,964,189	(2,098,223)
Cash and cash equivalents at the beginning of the period	1,292,625	4,213,915
Cash and cash equivalents at the end of the period	10,256,814	2,115,692

The accompanying notes form part of these consolidated financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2020

1 OTHER EXPENDITURE

	Notes	31 December 2020 $	31 December 2019 $
Administrative expense			
Advertising and marketing costs		55,718	45,343
Advisory costs		33,586	41,653
Compliance costs		131,523	47,624
Consultants		61,658	31,095
Employee benefits expense		364,731	115,386
Other administrative expenses		64,862	99,838
Other operating expenses		559,164	-
Depreciation		33,433	699
Share of net loss of joint venture accounted using the equity method	9	5	-
Share-based payments expense			
Director and employee performance rights	14	14,646	257,569
		1,319,326	639,207

2 OTHER INCOME

	31 December 2020 $	31 December 2019 $
Other Income		
Other income	1,495	-
Cash flow boost incentive payments [(1)]	50,000	-
Total other income	51,495	-

1 *Cash flow boosts payments are delivered as credits in the activity statements and equivalent to the amount withheld from wages paid to employees from June to September 2020.*

3 OPERATING SEGMENTS

Management has determined that the Group has one reportable segment, being exploration activities at the Iron Ridge Project. 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.

3 OPERATING SEGMENTS (continued)

	Iron Ridge Project $	Other corporate activities $	Total $
For the half-year ended 31 December 2020			
Income from external sources	1,495	83,965	85,460
Reportable segment loss	(594,818)	(641,970)	(1,236,788)
Reportable segment assets [(1)]	20,339,474	11,212,488	31,551,961
Reportable segment liabilities	(7,398,626)	(119,962)	(7,518,588)
For the half-year ended 31 December 2019			
Income from external sources	-	15,683	15,683
Reportable segment loss	-	(623,524)	(623,524)
For the year ended 30 June 2020			
Reportable segment assets [(2)]	5,928,454	1,668,419	7,596,873
Reportable segment liabilities	(66,511)	(76,787)	(143,298)

1 *Other corporate activities includes cash held of $10,256,814*
2 *Other corporate activities includes cash held of $1,342,625*

4 INVENTORIES

	31 December 2020 $	30 June 2020 $
Ore Stockpiles	1,250,391	-

The Group achieved operating status for the Iron Ridge Project on 21 December 2020, reaching production for accounting purposes. Ore stockpiles represent Iron Ore lump and Fines extracted, that are expected to be sold at a profit.

Inventories are valued at the lower of cost and net realisable value. At the reporting date, all inventory on hand is valued at cost (30 June 2020: nil inventory).

No provision was required to write down inventories to their recoverable value at 31 December 2020 (30 June 2020: nil inventory).

Recognition and measurement

Ore stockpiles are physically measured or estimated and valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis and comprises mining costs, direct materials, direct labour, haulage, depreciation and an appropriate proportion of project overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

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4 INVENTORIES (continued)

Accounting estimates and judgements

Inventory valuation

Accounting for inventory involves the use of judgements and estimates, particularly related to the measurement and valuation of inventory on hand within the production process. Certain estimates, including expected metal recoveries and work in progress volumes, are calculated by engineers using available industry, engineering and scientific data. Estimates used are periodically reassessed by the Group after considering technical analysis and historical performance. Changes in estimates are adjusted for on a prospective basis.

Net realisable value and classification of inventory

The assessment of the net realisable value and classification of inventory involves significant judgements and estimates in relation to timing and cost of processing, commodity prices, recoveries and the likely timing of sale of the ore produced. A change in any of these assumptions will alter the estimated net realisable value and may therefore impact the carrying amount of inventory.

5 TRADE AND OTHER RECEIVABLES AND OTHER ASSETS

	31 December 2020 $	30 June 2020 $
Trade and other receivables		
Trade receivables	71,747	777
GST	773,654	33,463
Prepayments	245,348	15,084
Other receivables	25,936	-
	1,116,685	49,324
Other current assets		
Term deposit	-	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.

6 LOAN RECEIVABLE

	31 December 2020 $	30 June 2020 $
Current loan receivable	1,716,667	-
Non-current loan receivable	933,333	-

During the period, the Group has lent money to Fenix Newhaul Pty Ltd, a joint venture company of the Group. Loans are shown as current if amounts are due for repayment within 12 months from the reporting date.

Loans are repayable within a period of 1 to 3 years and incur an interest rate ranging from 1% to 10% per annum.

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6 LOAN RECEIVABLE (continued)

Accounting estimates and judgements

Impairment of financial assets

IFRS 9 requires that credit losses on financial assets are measured and recognised using the 'expected credit loss (ECL) approach. IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category (ie Stage 1) while 'lifetime expected credit losses' are recognised for the second category (ie Stage 2).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. The Directors have reviewed the forecasts of the Joint Venture and consider the cash flows to be sufficient to settle the obligations to the company and no expected credit loss has been recorded.

7 MINE PROPERTIES, PROPERTY PLANT AND EQUIPMENT

	Right of use asset				
	Property $	Plant and equipment $	Plant and equipment $	Mine properties under development $	Mine properties $
Cost					
At 1 July 2020	-	-	3,812	-	-
Transfer from exploration and evaluation assets (1)	-	-	-	7,438,298	-
Additions	419,996	55,773	1,942,931	4,536,189	1,916,946
Transfer between classes (2)	-	-	4,926,404	(11,974,487)	7,048,083
At 31 December 2020	419,996	55,773	6,873,147	-	8,965,029

1 *Items reclassified upon the Iron Ridge project entering development.*
2 *Items reclassified upon the Group achieved operating status for the Iron Ridge Project on 21 December 2020, reaching production for accounting purposes.*

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7 MINE PROPERTIES, PROPERTY PLANT AND EQUIPMENT (continued)

	Right of use asset				
	Property $	Plant and equipment $	Plant and equipment $	Mine properties under development $	Mine properties $
Accumulated depreciation, amortisation and impairment					
At 1 July 2020	-	-	(2,441)	-	-
Depreciation and amortisation	(5,833)	(775)	(12,405)	-	(14,420)
At 31 December 2020	(5,833)	(775)	(14,846)	-	(14,420)
Net book value	**414,163**	**54,998**	**6,858,301**	**-**	**8,950,609**
Total carrying value					**16,278,071**

Following the transition to production for accounting purposes at Iron Ridge on 21 December2020, mine properties under development were transferred to mine properties and plant and equipment, as appropriate.

Mine properties include $1.39 million relating to the rehabilitation asset.

Recognition and measurement

Mine properties, property, plant and equipment is stated at cost less accumulated depreciation and amortisation and accumulated impairment losses.

Items of mine properties, property, plant and equipment are initially recognised at cost at the date of acquisition when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be reliably measured. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably.

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in profit or loss.

Mine properties under development

Mine properties under development represents the costs incurred in preparing mines for production and includes plant and equipment under construction and operating costs incurred before production commences.

Pre-production revenues are offset against capitalised pre-production costs.

Once production commences, these costs are transferred to property, plant and equipment and mine properties as appropriate, and are depreciated and amortised using the units of production method based on the estimated economically recoverable resource contained in the mine plan to be extracted to which they relate or are written off if the mine property is abandoned.

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7 MINE PROPERTIES, PROPERTY PLANT AND EQUIPMENT (continued)

Mine properties

Mine properties represent the accumulation of all pre-production expenditure incurred in relation to areas of interest for which the technical feasibility and commercial viability of the extraction of mineral resources are demonstrable.

Production is deemed to commence when the mine assets are installed and ready for use in the location and condition necessary for them to be capable of operating in the manner intended by management. These costs are capitalised to the extent they are expected to be recouped through the successful exploitation of the related mining leases.

Mine properties include:

- Capitalised expenditure in relation to exploration, evaluation, feasibility, and acquisition costs incurred on projects for which the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.
- The cost of rehabilitation and mine closure relating to assets reflected in mine properties.
- Capitalised development and production stripping costs.
- Pre-production operating costs, net of pre-production revenue, previously accumulated and carried forward in mine properties under development, transferred to mine properties in relation to areas of interest in which mining has now commenced.
- Associated mine infrastructure including access roads, evaporation ponds, tailings facility and the airstrip.
- Mining contractor mobilisation costs.

Mine properties are amortised on a units of production basis over the economically recoverable ore reserve contained in the relevant mine plan.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when it is probable that the additional future economic benefits associated with the expenditure will flow to the Group. Otherwise, such expenditure is classified as part of the cost of production.

Right-of-use assets

Right-of-use (ROU) assets, representing the Group's right to use an underlying leased asset for the lease term, are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Depreciation and amortisation

Depreciation commences when an asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of assets is calculated using either the straight-line method or units of production method to allocate the assets' cost, net of residual values, over the estimated useful lives of the assets.

Mine-related plant and equipment is depreciated on a units of production basis, except for assets with a useful life less than the life of mine, for which the straight-line method is applied. Non-mine-related plant and equipment is depreciated on a straight-line basis. The depreciation rates used when applying the straight-line method vary between 5% to 50% per annum.

Mine properties are amortised on a units of production basis over the life of the estimated ore reserve of the mine.

Units of production method

Where the useful life of an asset is directly linked to the extraction of ore from a mine, the asset is depreciated using the units of production method. The units of production method results in depreciation and amortisation charges proportional to the depletion of the estimated ore reserve of the mine. The unit of account used in the calculation is tonnes of ore.

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8 EXPLORATION AND EVALUATION ASSETS

	31 December 2020 $	30 June 2020 $
Iron Ridge Project		
Opening balance	6,203,553	4,380,204
Exploration expenditure incurred	1,234,745	1,823,349
Expenditure reclassified to mine properties under development	(7,438,298)	-
Closing balance	-	6,203,553

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 when reclassified from to mine properties under development or 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 2020.

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.

Reclassification to mine properties under development

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable and a management decision to invest further has been made, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine properties under development.

9 INTEREST IN JOINT VENTURE

Fenix Resources Limited has formed a strategic alliance with trucking and logistics company, Newhaul Pty Ltd (**Newhaul**). Fenix and Newhaul have formed a joint venture company (**JVC**) known as Fenix Newhaul Pty Ltd (**FN**). It is intended that FN will provide all trucking services for the Iron Ridge Project.

	31 December 2020 $	30 June 2020 $
Opening balance	5	5
Share of net loss of joint venture using the equity method	(5)	-
Closing balance	-	5

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9 INTEREST IN JOINT VENTURE (continued)

Interests in joint ventures

Set out below is the joint venture of the Group as at 31 December 2020. The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/ country of incorporation	Measurement method	% of ownership interest %	Quoted fair value $
Fenix Newhaul Pty Ltd	Western Australia	Equity method		
		31 December 2020	50	N/A (1)
		30 June 2020	50	N/A (1)

1 *As the entity is a private entity no quoted prices are available.*

Summarised financial information

The tables below provide summarised financial information of the JV. As at 30 June 2020, in the opinion of the directors, the JV was immaterial to the Group and no information comparative information has been disclosed. The information disclosed below reflects the amounts presented in the financial statements of the relevant JV and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method including fair value adjustments and modifications for differences in accounting policy.

Summarised statement of financial position	31 December 2020 $
Total current assets	1,478,962
Total non-current assets	13,570,957
Total current liabilities	(8,302,174)
Total non-current liabilities	(7,606,809)
Net liabilities	(859,064)
Reconciliation to carrying amounts	
Closing net assets 30 June	-
Loss for the period	(859,064)
Closing net liabilities	(859,064)
Groups share in equity	50%
Groups share	(429,532)
Investment	5
Loss not recognised	429,527
Carrying amount	-

Summarised statement of profit or loss and other comprehensive income	31 December 2020 $
Revenue	410,676
Cost of sale	(335,574)
Fuel tax credits	8,506
Operating expense	(804,114)
Depreciation and amortisation	(85,729)
Finance costs	(52,829)
Income tax expense	-
Loss from continuing operations	(859,064)
Loss for the period	(859,064)
Other comprehensive (loss)/gain	-
Total comprehensive loss	(859,064)
Dividends received	-

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9 INTEREST IN JOINT VENTURE (continued)

Significant accounting estimates, assumptions, and judgements

Control Assessment

The Directors determined that they jointly control the JVC. The Group has a 50% interest in the issued capital of this entity, with the other 50% being owned by Newhaul Pty Ltd. Each of the shareholder groups have one Board member representing their interests, with decisions around the JVC being made jointly.

Carrying value of interest in joint venture

The JVC has a nil carrying value at period end, as a result no impairment assessment has been performed.

10 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 2020 $	30 June 2020 $
Trade payables	5,028,964	79,288
Sundry payable and accruals	586,441	52,714
	5,615,405	132,002

11 PROVISIONS

	31 December 2020 $	30 June 2020 $
Current		
Employee benefits	43,338	11,301
Non-current		
Rehabilitation and mine closure	1,389,329	-
	1,432,667	11,301

Recognition and measurement

Provisions are recognised when the Group has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost in profit or loss.

Rehabilitation and mine closure

The Group has obligations to dismantle and remove certain items of mine properties, property, plant and equipment and to restore and rehabilitate the land on which they sit.

11 PROVISIONS (continued)

A provision is recognised for the estimated cost of settling the rehabilitation and restoration obligations existing at the reporting date, discounted to present value using high quality corporate bond market yields at the reporting date, that match the timing of the estimated future cash outflows as closely as possible.

Where the obligation is related to an item of mine properties, property, plant and equipment, its cost includes the present value of the estimated costs of dismantling and removing the asset and restoring the site on which it is located. The related rehabilitation asset for the Iron Ridge project is included in mine properties.

The discounted value reflects a combination of management's assessment of the nature and extent of the work required, the future cost of performing the work required, the timing of cash flows and the discount rate. Over time, the discounted value is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. This increase in the provision, being the periodic unwinding of the discount due to the passage of time, is recognised as a finance cost in profit or loss.

The provision is reassessed at least annually. A change in any of the assumptions used to determine the provisions could have a material impact on the carrying amount of the provision. Any change in the provision is reflected as an addition to, or deduction from, the related rehabilitation asset in mine properties and amortised as appropriate.

Accounting estimates and judgements

Rehabilitation and mine closure

The provision recognised for rehabilitation and mine closure costs relating to Iron Ridge represents the discounted value of the present obligation to restore, dismantle and rehabilitate certain items of mine properties, property, plant and equipment and to rehabilitate the site.

As the discounted value reflects a combination of management's assessment of the nature and extent of the work required, the future cost of performing the work required, the timing of cash flows and the discount rate, then changes to one or more of these assumptions is likely to result in changes to the carrying amount of the provision and the related rehabilitation asset and costs and may result in future actual expenditure differing from the amounts currently provided.

12 LEASE LIABILITIES

	31 December 2020 $	30 June 2020 $
Current		
Lease liabilities	65,651	-
Non-current		
Lease liabilities	404,865	-
	470,516	-

Leases

The following lease accounting policy is applicable to contracts entered into.

Lease assessment

Applying the definition of a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease, by determining whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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12 LEASE LIABILITIES (continued)

Control is considered to exist if the Group has the right to obtain substantially all of the economic benefits from the use of an explicitly or implicitly identified asset over which the supplier does not have a substantive substitution right, and the right to direct the use of that asset throughout the period of use.

Lease term

The lease term is the non-cancellable term of the lease and any periods covered by:

- an extension option, if that option is reasonably certain to be exercised, and;
- a termination option, if that option is reasonably certain not to be exercised.

Non-lease components

At inception or on reassessment of a contract that contains a lease component, the consideration in the contract is allocated to each lease component on the basis of their relative stand-alone prices, unless an election is made to account for the lease and non-lease components as a single lease component.

Non-lease components are excluded from future lease payments and recognised separately as incurred as operating expenses on a straight-line basis in profit or loss.

Initial recognition

Leases are recognised as an ROU asset and a corresponding lease liability at the commencement date, which is the date the leased asset is available for use by the Group.

Short-term leases and leases of low-value assets

All leases are accounted for by recognising an ROU asset and a lease liability except for:

- short-term leases (defined as leases with a lease term of 12 months or less and which do not contain a purchase option) and;
- leases of low-value assets.

Lease payments on short-term leases and leases of low-value assets are recognised as incurred as operating expenses on a straight-line basis over the lease term in profit or loss.

Lease liabilities

Initial measurement

Lease liabilities are initially measured at the present value of lease payments to be paid after the commencement date over the lease term, discounted using the lessee's incremental borrowing rate, if the interest rate implicit in the lease cannot be readily determined.

The lessee's incremental borrowing rate (IBR) is the rate the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine the IBR, the Group obtains external interest rate advice and adjusts the interest rates to reflect the lease conditions and the underlying asset.

Lease payments included in the measurement of the lease liabilities comprise:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- amounts payable under residual value guarantees; and
- payments arising from purchase, extension, or termination options reasonably certain to be exercised by the Group.

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12 LEASE LIABILITIES (continued)

Variable lease payments not dependent on an index or a rate, for example, variable lease payments linked to the use of an underlying asset, are not included in the measurement of lease liabilities, and are recognised as operating expenses in profit or loss as incurred.

Subsequent measurement

The lease liability is subsequently measured on an amortised cost basis using the effective interest method, where the lease liability is increased to reflect the accretion of interest and reduced by the lease payments made, over the lease term.

Interest expense is recognised as interest expense on lease liabilities in profit or loss over the lease term, on the remaining lease liability balance for each period.

Remeasurement

Lease liabilities are remeasured if:

- there is a lease modification that is not accounted for as a separate lease; or
- there are changes in: the lease term; the assessment to exercise a purchase option; amounts payable under a residual guarantee; in-substance fixed payments; or future lease payments arising from a change in an index or rate.

A revised discount rate is applied when there is a change in the assessment to exercise a purchase option, the lease term or floating interest rates. A corresponding adjustment is recognised in the ROU asset, or in profit or loss if the carrying amount of the ROU asset has been reduced to nil.

ROU assets

ROU assets, representing the Group's right to use the underlying leased asset for the lease term, are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Initial measurement

The initial cost of ROU assets includes:

- the initial measurement of the related lease liabilities recognised;
- any lease payments made on or before the commencement date, less any lease incentives received;
- initial direct costs incurred; and
- restoration cost estimates, recognised and measured applying AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Subsequent measurement

ROU assets are subsequently depreciated, in accordance with the Group's existing depreciation accounting policy, over the shorter of the estimated useful life of the underlying asset and the lease term. If it is reasonably certain that the Group will either obtain ownership of the underlying asset by the end of the lease term or exercise a purchase option, the ROU asset is depreciated over its estimated useful life.

ROU assets are assessed for any impairment in accordance with the Group's existing impairment accounting policy.

12 LEASE LIABILITIES (continued)

Accounting estimates and judgements

Leases

The application of AASB 16 requires judgements that affect the valuation of lease liabilities and ROU assets. In addition to the critical judgements and areas of estimation uncertainty discussed below, the following judgements and estimations need to be considered when assessing leases:

- determination of stand-alone prices of lease and non-lease components, whether remeasurement or a separate lease is required following a change in lease terms and conditions, and whether variable payments are in-substance fixed or not to be included in the calculation of the lease liability; and
- assessments of whether a purchase option will be exercised, or an ROU asset is impaired.

Identifying a lease

Identifying whether a contract is, or contains, a lease involves the exercise of judgement about whether:

- the contract depends on a specified asset;
- the Group obtains substantially all of the economic benefits from the use of the asset and has the right to direct the use of the asset; and
- the contract is perpetual or for a period of time over which the underlying assets are to be used.

Determining the lease term

The following assessments impact the lease term which may significantly affect the amount of lease liabilities and ROU assets recognised.

Extension and termination options

The Group applies judgement in determining whether it is reasonably certain to exercise extension or termination options, by considering all relevant factors that could provide an economic incentive to exercise these options.

Non-cancellable period

In determining the lease term, the assessment of a contract following the contractual non-cancellable period needs to consider the substance of the contract and whether any economic penalties exist which may affect the term of the non-cancellable period.

Determining the incremental borrowing rate

Where the Group (or Group entity) cannot readily determine the interest rate implicit in the lease, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. Therefore, as the IBR reflects what the Group would have to pay, estimation is required when no observable rates are available or when observable rates need to be adjusted to reflect the terms and conditions of the lease.

13 ISSUED CAPITAL

	31 December 2020 Shares	30 June 2020 Shares	31 December 2020 $	30 June 2020 $
Fully paid	432,913,920	285,765,644	45,557,088	27,755,148

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13 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 2020			**285,765,644**		**27,755,148**
Share based payment	14(b)	25-Aug-20	2,500,000	0.185	462,500
Issue of shares		27-Aug-20	68,941,410	0.145	9,996,504
Issue of shares		08-Oct-20	34,506,866	0.145	5,003,496
Issue of shares on conversion performance rights		14-Oct-20	1,500,000	-	-
Issue of shares on exercise of options		04-Dec-20	23,125,000	0.08	1,850,000
Issue of shares on exercise of options		11-Dec-20	14,625,000	0.08	1,170,000
Issue of shares on exercise of options		17-Dec-20	1,950,000	0.08	156,000
Less: Share issue costs			-		(836,560)
Balance at 31 December 2020			**432,913,920**		**45,557,088**

14 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:

	31 December 2020 $	31 December 2019 $
As part of share-based payment reserve:		
Performance rights issued to employees and directors	14,646	257,569
As part of mine properties		
Shares issued to vendors	462,500	-
	477,146	257,569

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.

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14 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	-	125,000	-	-	(125,000)	-	-
11-Apr-19	13-May-22	-	1,500,000	-	(1,500,000)	-	-	-
Total			1,625,000	-	(1,500,000)	(125,000)	-	-

The total expense arising from the above performance rights was $14,646.

(b) Share capital to vendors

During the financial period:

- On 25 August 2020, 2,500,000 shares issued in part consideration for Mining Co-operation and Benefits Agreement with the Wajarri Yamatji Native Title group. The fair value of the shares recognised was by direct reference to the closing price on 24 August 2020 which amounted to $462,500. This amount has been recognised in the Statement of Financial Position under Mine properties under development.

15 CONTINGENCIES

There have been no changes to contingent assets or liabilities since the last annual reporting date, 30 June 2020.

16 COMMITMENTS

There have been no changes to commitments since the last annual reporting date, 30 June 2020.

17 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 2020.

18 EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the end of the period:

- on 18 January 2021, 10,800,000 fully paid ordinary shares were issued upon the exercise of 10,800,000 unlisted options exercisable at $0.08 per option.
- on 21 January 2021, 10,000,000 fully paid ordinary shares were issued upon the exercise of 5,000,000 unlisted options exercisable at $0.06 per option and 5,000,000 unlisted options exercisable at $0.07 per option.
- on 8 February 2021, Fenix announced it had executed a farm-in and joint venture agreement with Scorpion Minerals Limited to earn a majority interest in 33,954 hectares of tenements adjoining the Company's flagship Iron Ridge Project. Fenix may earn 70% of the iron ore rights on the tenements by sole-funding exploration and resource definition drilling to identify up to 10 million tonnes of iron ore.
- on 12 February 2021, 1,000,000 fully paid ordinary shares were issued upon the exercise of 1,000,000 unlisted options exercisable at $0.08 per option.
- on 19 February 2021, Mr Garret Dixon resigned as Non-Executive Chairman, Mr Warwick Davies was appointed interim Non-Executive Chairman.

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18 EVENTS SUBSEQUENT TO REPORTING DATE (continued)

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.

19 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This consolidated interim financial report for the half-year reporting period ended 31 December 2020 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 2020 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.

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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 2020 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

Warwick Davies
Non-Executive Chairman

Perth
15 March 2021

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Independent Auditor's Review Report

To the Members of Fenix Resources Limited

Report on the review of 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 2020, 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 Fenix Resources Limited financial position as at 31 December 2020 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.

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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 2020 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

M Dewhurst

M D Dewhurst
Partner – Audit & Assurance

Perth, 15 March 2021