

# Fenix Resources Ltd

## Building Blocks Made of WA Iron

Fenix Resources (ASX:FEX) is a junior iron ore producer based in the Midwest region of Western Australia (WA). FEX has been producing iron ore from the Iron Ridge project since 2020 with a total of 5.7Mt produced to date. Going forward, FEX is planning to expand its production rate from ~1.3Mtpa to 4.0Mtpa by the end of CY25 through the ramp-up of production at the recently restarted Shine Mine and the currently under construction mine at Beebyn-W11. FEX is currently involved in the bidding process of acquiring CZR Resources (ASX:CZR), which is under a competing offer from the Rober River JV. FEX has elected not to match and let its offer lapse, however, it highlights the company's appetite to expand production through the acquisition of undeveloped assets.

### Portfolio Description

**Iron Ridge** is FEX's core mining project which produces high-grade direct shipping ore (DSO) and is dispatched out of Geraldton. Since the commencement of mining in 2020, the mine has produced a total of 5.7Mt of iron ore and currently produces at a rate of ~1.3Mtpa. In December 2024, FEX released an [updated JORC Resource](#) detailing 13.4Mt at 64.9%Fe which is an increase from 4.8Mt at 65.4%. The figure prior to the update is reflective of the 2019 mineral resource adjusted for the depletion of ~5.7Mt from five years of mining the deposit. The entirety of the increase in the project's resource is classified as inferred as is a function of [exploration drilling](#) conducted by FEX over 2024. Within this resource sits a reserve of 2.9Mt at 64.8%Fe iron ore.

**Shine** is FEX's second production asset which was brought back into production towards the end of CY24 and is targeting a production rate of ~100,000wmt per month from January 2025 or ~1.2mtpa. This mine is also located in the Midwest between the Iron Ridge project and the Port of Geraldton, thus it can readily take advantage of FEX's own in-house trucking logistics capability. Production is backed by a resource of 15.1Mt at 58%Fe with FEX exploring the potential to expand mining rates in the future.

**Beebyn-W11** will be the [third producing mine](#) under the FEX banner in CY25 after the company acquired the rights to mine up to 10Mt from the deposit. The mining operation proposed by FEX aims to produce ~1.5Mtpa with production expected to commence and ramp-up to run-rate over H2 CY25. The project has a JORC-compliant reserve of 10Mt at 62.2%Fe and like Shine, this mine will take advantage of FEX's own logistics capability.

**CZR Acquisition.** FEX was involved in [the bidding process for CZR Resources](#) which if successful would open up a second mining region through the development of the Robe Mesa project. Whilst FEX's offer has been recommended by the board of CZR, there is competition from the Rober River JV which is backed by Rio Tinto (ASX:RIO) and Gold Valley Iron Ore Pty Ltd. [FEX elected not to match](#) and will let its offer lapse. Despite the bid being unsuccessful, we still highlight the attempt as it demonstrates the company's appetite to expand production through the acquisition of undeveloped assets

### Financials

For the [half year](#) reporting period ending 31 December 2024, FEX recorded revenue of ~\$131m and a NPAT of ~\$1.9m from ~940kt of iron ore sales. Unit costs for production were A\$82.7/t whilst sales achieved a unit price of A\$132.5/t on a FOB basis before QP adjustments and hedging. FEX has been an active [hedger of iron ore](#) which has helped mitigate the volatility in iron ore prices over time, supported cash flows, the prior payment of dividends and investments into acquiring and developing new mines.

### ASX-listed peers


The ASX is home to some of the world's largest iron ore producers and exporters which includes the likes of RIO, BHP Group Ltd (ASX:BHP) and Fortescue Ltd (ASX:FMG). Whilst FEX is not on that scale, independent peers include producer Mount Gibson Iron Limited (ASX:MGX) which produces ~2.7-3Mtpa of iron ore in Western Australia. Other peers include Grange Resources Limited (ASX:GRR) and Champion Iron Limited (ASX:CIA).

#### Share Details

|                         |          |
|-------------------------|----------|
| ASX code                | FEX      |
| Share price (23-Apr)    | \$0.285  |
| Market capitalisation   | \$211.2M |
| Number of shares        | 741M     |
| Options @ \$0.30-0.50   | 25.5M    |
| Performance rights      | 27M      |
| Net cash at 31-Mar-2025 | ~\$55M   |

#### Share Price Performance (12 months)

#### Upside Case

- Strong resource upgrade and reserve conversion for Iron Ridge
- Complete CZR acquisition and demonstrate production plan
- Further complimentary project acquisitions beyond CZR Resources

#### Downside Case

- A material decline in the iron ore price
- Failure to consistently achieve production rates or specifications at Shine or Beebyn-W11
- Failure to complete the acquisition of CZR Resources

#### Catalysts

- Successfully achieve production target at Shine
- Successfully achieve production target at Beebyn-W11
- Complete the acquisition of CZR Resources

#### Comparative Companies (Australia & NZ)

MGX, GRR, CIA

#### Company Contacts

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# FINANCIAL SERVICES GUIDE

## RaaS Research Group Pty Ltd

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