Strong performance contributes to half year shipments of 94.6Mt

Summary

- Total Recordable Injury Frequency Rate (TRIFR) for Metals of 1.8 at 31 December 2023, consistent with 30 September 2023.
- Iron ore shipments of 48.7 million tonnes (Mt) in Q2 FY24 contributed to shipments of 94.6Mt in H1 FY24, the second highest first half shipments in Fortescue's history.
- Pilbara Hematite C1 cost of US\$17.62/wet metric tonne (wmt), two per cent lower than Q1 FY24.
- Pilbara Hematite average revenue of US\$116/dry metric tonne (dmt) for the quarter, realising 91 per cent of the average Platts 62% CFR Index.
- Iron Bridge Concentrate revenue of US\$144/dmt was 104 per cent of the average Platts 65% CFR Index for November 2023.
- Cash balance of US\$4.7 billion and net debt of US\$0.6 billion at 31 December 2023.
- Announced a Final Investment Decision on the Phoenix Hydrogen Hub, USA, the Gladstone PEM50 Project in Queensland, Australia, and a Green Iron Trial Commercial Plant at Fortescue's Christmas Creek mine site, Western Australia.
- Launched Fortescue Capital, a green energy investment accelerator platform, headquartered in New York City.
- Shipped the first product from the Belinga Iron Ore Project in Gabon, the first time the Company has exported iron ore from a port outside of Australia.
- Deployed Australia's first operational electric excavator at Cloudbreak, a significant milestone in the Company's decarbonisation journey.
- Annual Modern Slavery Statement published, reaffirming Fortescue's commitment to upholding human rights and eliminating modern slavery.
- Guidance for FY24 total shipments is unchanged at 192 197Mt. This is inclusive of Iron Bridge shipments of 2 4Mt (100 per cent basis, previously 5Mt).
- Iron Bridge FY24 shipments guidance has been revised due to performance of the Raw Water Pipeline. Work is underway to resolve the performance issues.
- Guidance for FY24 Pilbara Hematite C1 cost and capital expenditure remains unchanged.

Fortescue Metals Chief Executive Officer, Dino Otranto said "We continue to deliver strong operational performance while making tangible progress towards our ambitious decarbonisation and green energy targets.

"It's been another strong quarter with iron ore shipments of 48.7 million tonnes contributing to our second highest first half year shipments of 94.6 million tonnes. We achieved this while continuing to grow our green technology, energy and metals businesses, keeping costs low and maintaining our safety performance.

"Our decarbonisation plan is progressing well with the first of an initial three electric excavators now operational in the Pilbara. Powered by a 6.6kV substation and more than two kilometres of high voltage trailing cable, this electric excavator is the first of its kind in Australia for the mining industry.

"Further supporting our commitment to eliminating emissions was the announcement of construction of a Green Iron Trial Commercial Plant at our Christmas Creek mine site. This facility will produce green iron using the existing green hydrogen already being produced at site, marking a significant milestone in Fortescue's green iron strategy.

"Demand for Fortescue's suite of iron ore products remains strong and our entry into the highergrade segment of the market through Iron Bridge has been well received with our second magnetite shipment during the quarter. This is further supported by the Belinga Project in Gabon where we shipped our first product in December.

"Our energy business marked a significant milestone, with final investment decisions announced for green hydrogen projects in Australia and the USA. This reflected our disciplined approach to capital allocation and clear intention to learn prior to committing to large scale investments."

Operations

Operations summary (M wmt)	Q2 FY24	Q1 FY24	Var (%)	Q2 FY23	Var (%)
Total ore mined	55.0	56.2	(2)	60.0	(8)
Total ore processed	48.7	48.1	1	50.0	(3)
Total ore shipped	48.7	45.9	6	49.4	(1)
Total ore shipped (Fortescue share)	48.6	45.9	6	49.4	(2)
Pilbara Hematite C1 cost (US\$/wmt)	17.62	17.93	(2)	17.17	3

Volumes on a 100 per cent basis, unless stated otherwise. Wet metric tonnes (wmt).

- An ongoing focus on safety contributed to a Total Recordable Injury Frequency Rate (TRIFR) for Metals of 1.8 for the 12 months ending 31 December 2023.
- Iron ore shipments of 48.7Mt in Q2 FY24 were six per cent higher than Q1 FY24 and two per cent lower than Q2 FY23. This contributed to total shipments of 94.6Mt in H1 FY24, down two per cent year on year, and the second highest first half shipments in the Company's history.
- Pilbara Hematite C1 cost of US\$17.62/wmt in Q2 FY24 was two per cent lower than the previous quarter, supported by the strong operational performance.
- Pilbara Hematite FY24 C1 cost guidance is unchanged at US\$18.00 US\$19.00/wmt, based on an assumed average exchange rate of AUD:USD 0.68.
- An ore car derailment occurred on Fortescue's Mainline in the Pilbara on 30 December 2023 due to a heat buckle. There were no injuries, and rail operations resumed on 3 January 2024.
- An operational recovery plan has been implemented to optimise rail inload and shipments in H2 FY24, with a focus on supply chain improvements, reduced rail cycle times and product mix optimisation.
- Iron Bridge commissioning activities continue to progress well. A second shipment of Iron Bridge Concentrate was achieved during Q2 FY24 and three shipments in January 2024.
- While performance of the Canning Basin Raw Water Pipeline improved relative to the prior quarter, further leaks were detected during Q2 FY24, which impacted the flow rate and uptime.
- Work is underway to evaluate options to de-risk and improve the performance of the high pressure section (65 kilometres) of the Raw Water Pipeline, where the leaks have occurred. It is anticipated that replacing this section of the Pipeline would not materially impact Iron Bridge's ramp up schedule and would require investment of approximately US\$100 million (Fortescue's share).

- As a result of the Raw Water Pipeline performance, guidance for FY24 Iron Bridge shipments is revised to 2 - 4Mt (100 per cent basis, previously 5Mt).
- Fortescue's share of Iron Bridge's FY24 operating expenditure excluding shipping and royalties is anticipated to be US\$200 US\$400 million (previously US\$400 million).
- Guidance for FY24 total shipments is unchanged at 192 197Mt. This is inclusive of Iron Bridge shipments of 2 4Mt (100 per cent basis).
- The first product was shipped from the Belinga Iron Ore Project in Gabon, with a cargo of 11,000t. This is the first time that Fortescue has exported iron ore from a port outside of Australia.

Pilbara Hematite (M wmt)	Q2 FY24	Q1 FY24	Var (%)	Q2 FY23	Var (%)
Ore mined	51.3	54.0	(5)	60.0	(15)
Overburden removed	85.3	88.9	(4)	80.4	6
Ore processed	48.3	48.0	1	50.0	(3)

Iron Bridge (M wmt)	Q2 FY24	Q1 FY24	Var (%)	Q2 FY23	Var (%)
Ore mined	3.8	2.2	72	0.0	-
Overburden removed	4.9	4.41	10	0.0	-
Ore processed	0.37	0.04	825	0.0	-

^{12.9}Mt reclassified as development waste. Presented on a 100 per cent basis, Fortescue has 69 per cent equity share of Iron Bridge.

Marketing

Product summary (M wmt)	Q2 FY24	(%)	Q1 FY24	(%)	Q2 FY23	(%)
Iron Bridge Concentrate	0.05	0	0.04	0	0.0	-
West Pilbara Fines	4.3	9	4.3	9	3.9	8
Kings Fines	3.8	8	3.5	8	4.1	8
Fortescue Blend	21.2	44	20.2	44	21.0	43
Fortescue Lump	2.2	4	2.3	5	1.5	3
Super Special Fines	17.0	35	15.6	34	17.8	36
Other products	0.0	0	0.0	0	1.0	2
Total shipments	48.7	100	45.9	100	49.4	100
Shipments (Fortescue share)	48.6	0	45.9	0	49.4	0

Timing differences may occur between shipments and sales as FMG Trading Shanghai Co. Ltd holds inventory at Chinese ports.

- Fortescue's Pilbara Hematite average revenue of US\$116.18/dmt in Q2 FY24 represents a realisation of 91 per cent of the average Platts 62% CFR Index of US\$128.31/dmt.
- There was one shipment of Iron Bridge Concentrate during the quarter. The Iron Bridge Concentrate revenue of US\$144.35/dmt was 104 per cent of the average Platts 65% CFR Index of US\$138.67/dmt in November 2023.
- China portside sales through FMG Trading Shanghai Co. Ltd were 3.2Mt in Q2 FY24.

Minerals exploration

- Total exploration and studies capital expenditure in Q2 FY24 was US\$62 million.
- Iron ore exploration in the Pilbara included resource definition drilling programs at Mindy South and Wyloo North along with regional exploration programs including the White Knight project.
- Exploration and study activity at the Belinga Iron Ore Project in Gabon continued to ramp up during the quarter. To date, over 9,000 metres of Reverse Circulation (RC) and 2,800 metres of diamond core have been drilled. These programs will be further accelerated by the arrival of three additional rigs, taking the total to four RC rigs and three diamond rigs.
- Non-iron ore exploration activity in Australia focused on the copper project portfolio, with results being assessed from the drilling completed on the Canobie Project Joint Venture in northwest Queensland. Preparations continue for drill programs to commence in South Australia and Western Australia in H2 FY24.
- Exploration in South America focused on ongoing drilling in Argentina on multiple projects with the commencement of two additional drilling programs in Peru and Chile to commence in Q3 FY24. A drilling program targeting Rare Earth Elements continued in Brazil with regional exploration activities ongoing.

Energy

- Achieved a Final Investment Decision (FID) on the Phoenix Hydrogen Hub, USA and the Gladstone PEM50 Project in Queensland, Australia.
- Launched Fortescue Capital, a new green energy investment accelerator platform. Fortescue Capital is headquartered in New York City, with Robert Tichio the Chief Executive Officer and Managing Partner.
- Priority green energy projects selected to be fast-tracked by Fortescue's Board include Pecem in Brazil, Project Chui in Kenya and Holmaneset in Norway.
- The European Union awarded Fortescue's Holmaneset Project a grant of €204 million as part of its Innovation Fund. The planned green ammonia project aims to capitalise on the surplus renewable energy from the Norwegian transmission grid.
- Announced a US\$35 million investment to start building a US Advanced Manufacturing Centre
 in Michigan. The Centre is expected to become a major hub for Fortescue's production of
 automotive and heavy industry batteries, hydrogen generators, fast chargers and electrolysers.
- The Fortescue Green Pioneer, a green ammonia capable dual-fuel ship, sailed from its base in Singapore to Dubai for COP28 as a symbol to the world of the technology solutions and regulatory changes needed to decarbonise shipping.
- Achieved a FID for an investment of up to US\$50 million to construct a Green Iron Trial Commercial Plant at the Christmas Creek mine site, that will utilise existing green hydrogen, green electricity from solar generation and existing infrastructure and technical capacity.

Financial position

- Fortescue's cash balance was US\$4.7 billion at 31 December 2023, compared to US\$3.1 billion at 30 September 2023.
- Total capital expenditure and investments for the quarter were US\$759 million and total capital expenditure and investments for H1 FY24 were US\$1.5 billion.
- Gross debt was unchanged at US\$5.3 billion at 31 December 2023, and net debt was US\$0.6 billion (US\$2.2 billion 30 September 2023).

FY24 guidance

- Iron ore shipments of 192 197Mt, including 2 4Mt for Iron Bridge (100 per cent basis).
- C1 cost for Pilbara Hematite of US\$18.00 US\$19.00/wmt.
- Metals capital expenditure of US\$2.8 US\$3.2 billion.
- Energy net operating expenditure of approximately US\$800 million and capital expenditure and investments of approximately US\$500 million.

Guidance is based on an assumed FY24 average exchange rate of AUD:USD 0.68.

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