

March 2024 Quarterly Production Report

24 APRIL 2024

Operational recovery plan delivers turnaround

Summary

- Total Recordable Injury Frequency Rate (TRIFR) for Metals of 1.5 at 31 March 2024, a 17 per cent improvement from 31 December 2023.
- Iron ore shipments of 43.3 million tonnes (Mt) in Q3 FY24 were six per cent lower than Q3 FY23 reflecting the impact of the ore car derailment on 30 December 2023 and weather disruptions.
- Shipments recovered during the quarter, with a record month for shipments of 18.7Mt achieved in March 2024.
- Pilbara Hematite C1 cost of US\$18.93/wet metric tonne (wmt) was seven per cent higher than Q2 FY24, impacted by lower sales volumes.
- Pilbara Hematite average revenue of US\$104/dry metric tonne (dmt) for the quarter, realising 85 per cent of the average Platts 62% CFR Index. Revenue realisation was affected by the timing of sales during the quarter, with contractual realisation of 90 per cent.
- Iron Bridge Concentrate revenue of US\$145/dmt for the quarter was 107 per cent of the average Platts 65% CFR Index.
- Cash balance of US\$4.1 billion and net debt of US\$1.2 billion at 31 March 2024, after payment of the interim dividend of US\$2.2 billion and capital expenditure of US\$589 million in the quarter.
- Successfully conducted the world's first use of ammonia as a marine fuel onboard the Singapore-flagged ammonia-powered vessel, the Fortescue Green Pioneer.
- In April 2024, announced a joint venture with OCP Group, the world leader in plant nutrition solutions and phosphate-based fertilisers, which aims to supply green hydrogen, ammonia and fertilisers to Morocco and international markets.
- In April 2024, officially opened the Gladstone Electrolyser Facility in Queensland Australia, with manufacturing capacity of over 2GW per annum.
- Guidance for FY24 total shipments is unchanged at 192 - 197Mt, with shipments now expected in the lower end of the range due to the derailment and weather impacts during Q3 FY24. This is inclusive of approximately 2Mt from Iron Bridge (100 per cent basis, previously 2 - 4Mt).
- Guidance for FY24 Pilbara Hematite C1 cost is unchanged, and guidance for Metals capital expenditure is amended to US\$2.5 - US\$2.7 billion (previously US\$2.8 - US\$3.2 billion).
- Guidance for FY24 Fortescue Energy net operating expenditure reduced by US\$100 million to US\$700 million, reflecting cost saving initiatives.

Fortescue Metals Chief Executive Officer, Dino Otranto said "The Fortescue team pulled together to successfully implement our recovery plan, and we had a record month for shipments in March of 18.7Mt contributing to 43.3Mt for the quarter. We also set a new record for railed tonnes, all while continuing to improve our safety performance.

“Our decarbonisation plan is progressing well, with our first operational electric excavator moving over one million tonnes of material since being commissioned. Our battery electric haul truck prototype has completed its first phase of testing, exceeding the performance expectations of the battery power system.”

Fortescue Energy Chief Executive Officer, Mark Hutchinson said “The Energy business achieved several milestones, including the official opening of our Gladstone Electrolyser Facility in Queensland, which positions Fortescue as a large scale producer of electrolyser stacks.

“The pipeline of green energy projects continues to develop, and Fortescue entered a landmark joint venture with OCP Group in Morocco which aims to supply green hydrogen and ammonia for use as sources of green energy and in the manufacture of carbon-neutral and customised fertilisers.

“In true Fortescue style, we are rapidly advancing these opportunities while retaining an unwavering focus on costs and capital discipline.”

Operations

| Operations summary (M wmt) | Q3 FY24 | Q2 FY24 | Var (%) | Q3 FY23 | Var (%) |
|-------------------------------------|---------|---------|---------|---------|---------|
| Total ore mined | 46.6 | 55.0 | (15) | 50.6 | (8) |
| Total ore processed | 42.4 | 48.7 | (13) | 46.1 | (8) |
| Total ore shipped | 43.3 | 48.7 | (11) | 46.3 | (6) |
| Total ore shipped (Fortescue share) | 43.1 | 48.6 | (11) | 46.3 | (7) |
| Pilbara Hematite C1 cost (US\$/wmt) | 18.93 | 17.62 | 7 | 17.73 | 7 |

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

- A continuous focus on safety contributed to a TRIFR for Metals of 1.5 for the 12 months ending 31 March 2024, compared to a TRIFR of 1.8 at 31 December 2023.
- Iron ore shipments of 43.3Mt in Q3 FY24 were six per cent lower than Q3 FY23 reflecting the impact of the ore car derailment on 30 December 2023 and weather disruptions.
- Implementation of the recovery plan led to a sequential increase in monthly shipments during the quarter, with record monthly shipments of 18.7Mt achieved in March 2024.
- Pilbara Hematite C1 cost of US\$18.93/wmt in Q3 FY24 was seven per cent higher than the previous quarter, impacted by lower sales volumes. The C1 cost for the nine months to 31 March 2024 was US\$18.13/wmt.
- 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.
- Iron Bridge commissioning activities continue to make progress, including the completion of load commissioning of Dry Circuit B, and shipments were 0.5Mt in Q3 FY24.
- Performance of the Canning Basin Raw Water Pipeline was similar to the prior quarter, with contingency water options progressing to support increased plant uptime. Work is advancing to replace the high pressure section of the Raw Water Pipeline to de-risk and improve performance.
- Guidance for FY24 total shipments is unchanged at 192 - 197Mt, with shipments now expected in the lower end of the range. This is inclusive of Iron Bridge shipments of approximately 2Mt (100 per cent basis), reflecting the status of the raw water pipeline.
- Guidance for Metals capital expenditure is amended to US\$2.5 - US\$2.7 billion (previously US\$2.8 - US\$3.2 billion), reflecting the lower AUD:USD exchange rate and timing.

| Pilbara Hematite (M wmt) | Q3 FY24 | Q2 FY24 | Var (%) | Q3 FY23 | Var (%) |
|--------------------------|---------|---------|---------|---------|---------|
| Ore mined | 44.0 | 51.3 | (14) | 50.3 | (13) |
| Overburden removed | 70.6 | 85.3 | (17) | 80.1 | (12) |
| Ore processed | 42.0 | 48.3 | (13) | 46.1 | (9) |

| Iron Bridge (M wmt) | Q3 FY24 | Q2 FY24 | Var (%) | Q3 FY23 | Var (%) |
|---------------------|---------|---------|---------|---------|---------|
| Ore mined | 2.6 | 3.8 | (32) | 0.3 | - |
| Overburden removed | 3.2 | 4.9 | (35) | 0.0 | - |
| Ore processed | 0.40 | 0.37 | 8 | 0.0 | - |

Marketing

| Product summary (M wmt) | Q3 FY24 | (%) | Q2 FY24 | (%) | Q3 FY23 | (%) |
|-----------------------------|---------|-----|---------|-----|---------|-----|
| Iron Bridge Concentrate | 0.5 | 1 | 0.05 | 0 | 0.0 | - |
| West Pilbara Fines | 3.0 | 7 | 4.3 | 9 | 4.4 | 9 |
| Kings Fines | 3.9 | 9 | 3.8 | 8 | 3.6 | 8 |
| Fortescue Blend | 16.8 | 39 | 21.2 | 44 | 19.7 | 42 |
| Fortescue Lump | 1.6 | 4 | 2.2 | 4 | 2.2 | 5 |
| Super Special Fines | 17.5 | 40 | 17.0 | 35 | 16.4 | 36 |
| Other products | 0.0 | - | 0.0 | - | 0.0 | - |
| Total shipments | 43.3 | 100 | 48.7 | 100 | 46.3 | 100 |
| Shipments (Fortescue share) | 43.1 | - | 48.6 | - | 46.3 | - |

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\$104.48/dmt in Q3 FY24 represents a realisation of 85 per cent of the average Platts 62% CFR Index of US\$123.56/dmt.
- The revenue realisation was impacted by timing as sales increased over the quarter. The Pilbara Hematite contractual realisation was 90 per cent in Q3 FY24.
- Iron Bridge Concentrate revenue of US\$145.04/dmt in Q3 FY24 was 107 per cent of the average Platts 65% CFR Index of US\$135.91/dmt.
- China portside sales through FMG Trading Shanghai Co. Ltd were 1.1Mt in Q3 FY24.

Minerals exploration

- Total exploration and studies capital expenditure in Q3 FY24 was US\$66 million.
- Iron ore exploration in the Pilbara has restarted after the wet season with a focus on drilling programs at Mindy South and White Knight. In addition, near mine exploration continues to be a focus at both Solomon and the Chichester Hub.
- Exploration and study activity at the Belinga Iron Ore Project in Gabon continued to increase. To date, over 22,000 metres of Reverse Circulation and 4,500 metres of diamond core have been drilled.
- Preparations continue for drilling programs to commence in Western Australia and South Australia on copper targets in Q4 FY24. Additionally, a Farm-in and Joint Venture agreement was announced with Magmatic Resources Ltd on the Myall porphyry copper project in New South Wales, which resulted in Fortescue acquiring a 19.9 per cent stake in the company.

- Exploration in South America focused on drilling at several projects in Argentina and Chile with an additional program due to commence in Peru in June 2024. A drilling program targeting Rare Earth Elements concluded in Brazil with exploration activities commencing on a second project.

Energy

- Successfully conducted the world's first use of ammonia as a marine fuel onboard the Singapore-flagged ammonia-powered vessel, the Fortescue Green Pioneer, in the Port of Singapore. This was in combination with diesel in the combustion process.
- In April 2024, announced a joint venture with OCP Group, a global leader in plant nutrition and phosphate-based fertilisers, with an equal partnership that aims to supply green hydrogen and ammonia for use as sources of green energy and in the manufacture of carbon-neutral and customised fertilisers that are accessible and affordable for farmers around the world.
- In April 2024, officially opened the world-leading electrolyser manufacturing facility in Gladstone, Queensland Australia. The facility has capacity to produce over 2GW of Proton Exchange Membrane (PEM) electrolyser stacks annually.
- Guidance for FY24 Fortescue Energy net operating expenditure is reduced by US\$100 million to US\$700 million, reflecting cost saving initiatives.

Financial position

- Fortescue's cash balance was US\$4.1 billion at 31 March 2024, compared to US\$4.7 billion at 31 December 2023.
- Cash outflows in Q3 FY24 included payment of the interim dividend of US\$2.2 billion and total capital expenditure of US\$589 million.
- Gross debt was unchanged at US\$5.3 billion at 31 March 2024, and net debt was US\$1.2 billion (US\$0.6 billion at 31 December 2023).

FY24 guidance

- Iron ore shipments of 192 - 197Mt, including approximately 2Mt for Iron Bridge (100 per cent basis). Total shipments are expected to be in the lower end of the range.
- C1 cost for Pilbara Hematite of US\$18.00 - US\$19.00/wmt.
- Metals capital expenditure of US\$2.5 - US\$2.7 billion.
- Energy net operating expenditure of approximately US\$700 million and capital expenditure and investments of approximately US\$500 million.

Guidance for C1 cost is based on an assumed FY24 average exchange rate of AUD:USD 0.68.

This announcement was authorised for lodgement by Phil McKeiver, Company Secretary.

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