

# June 2024 Quarterly Production Report

25 JULY 2024

## Record June quarter performance contributes to shipments of 191.6Mt in FY24

### Summary

- Total Recordable Injury Frequency Rate (TRIFR) for Metals of 1.3 in the 12 months to 30 June 2024 (FY24), a 28 per cent improvement from 30 June 2023.
- Record iron ore shipments of 53.7 million tonnes (Mt) in Q4 FY24, 10 per cent higher than Q4 FY23. This contributed to total shipments of 191.6 million tonnes in FY24.
- Pilbara Hematite average revenue of US\$92/dry metric tonne (dmt) for the quarter, realising 82 per cent of the average Platts 62% CFR Index, and average revenue of US\$103/dmt in FY24.
- Industry leading cost position, with Pilbara Hematite C1 cost of US\$18.53/wet metric tonne (wmt) in Q4 FY24 and US\$18.24/wmt in FY24.
- Iron Bridge Concentrate average revenue of US\$127/dmt for the quarter was 101 per cent of the average Platts 65% CFR Index, and average revenue of US\$137/dmt in FY24.
- Strong cashflow generation contributed to a cash balance of US\$4.9 billion and net debt of US\$0.5 billion at 30 June 2024. This is after capital expenditure of US\$2.9 billion in FY24.
- Decarbonisation progress included initial commissioning of the 100 megawatt solar farm at North Star Junction and first operation of a hydrogen-powered battery electric haul truck prototype.
- Pecem Green Hydrogen Project in Brazil advanced to feasibility phase, including commencement of the Front End Engineering Design process.
- Fortescue-Actis consortium awarded rights to develop green hydrogen projects in Oman.
- Fortescue signs contracts for sale of first electrolyzers from its electrolyser facility in Gladstone, Queensland.
- In July 2024, announced a management and organisational update to simplify the Company's structure, remove duplication and deliver cost efficiencies.
- Appointment of Apple Paget as Group Chief Financial Officer and Shelley Robertson as Chief Operating Officer.
- FY25 guidance for total shipments of 190 - 200Mt, including 5 - 9Mt from Iron Bridge (100 per cent basis) and a C1 cost for Pilbara Hematite of US\$18.50 - US\$19.75/wmt.

Fortescue Metals Chief Executive Officer, Dino Otranto said, "It's been an outstanding quarter by the team who rallied together to deliver record iron ore shipments of 53.7Mt which was 10 per cent higher than the June quarter last year. This record result demonstrated the efficiencies gained through our recovery plan following the ore car derailment in December 2023.

"Importantly, we achieved this while maintaining our laser focus on safety with our Total Recordable Injury Frequency Rate improving to 1.3 for the financial year. This is an incredible achievement and shows a 28 per cent improvement from the previous year.

"On decarbonisation, we remain firmly committed to our target of Real Zero by 2030, without voluntary carbon offsets. During the quarter we commenced commissioning of our 100 megawatt

solar farm at North Star Junction which will eliminate up to 180,000 tonnes of carbon dioxide equivalent from our operations every year once fully commissioned. Our hydrogen-powered haul truck prototype also operated on hydrogen for the first time and will soon be transported to our Christmas Creek site to undergo site-based commissioning and testing.

“Looking ahead to FY25, we’re seeking to achieve record shipments with guidance of 190 - 200Mt. As part of bringing together Metals and Energy into One Fortescue, we are simplifying our structure and removing duplication that will ensure Fortescue is lean, impactful and can move quickly to seize opportunities.”

Fortescue Energy Chief Executive Officer, Mark Hutchinson said, “As we lead the world in industrial decarbonisation, we remain steadfast in our commitment to green hydrogen. Our financial discipline will ensure that we focus hard only on those projects that are economic and deliver best value for shareholders.

“We continue to progress our initial four green hydrogen projects across Australia, the United States, Norway and Brazil, which each draw on the unique strengths of the countries they are in. Projects in Morocco, Oman, Egypt and Jordan will follow next, while we maintain a further pipeline of opportunities that will progress when power prices fall sufficiently to bring them to economic viability and global demand for green hydrogen increases.

“During the quarter, the Energy business achieved several milestones including the Pecem Green Hydrogen Project in Brazil receiving approval by the Fortescue Board to advance to feasibility stage. We also entered into a consortium with Actis where we were awarded the rights to develop and operate a large green hydrogen project in Oman.

“Our Fortescue Zero green technologies also went from strength to strength as we signed our first contracts to sell electrolyzers from our Gladstone facility and finalised a multi-year deal with JLR to use Fortescue’s cutting-edge battery intelligence software, Elysia, in its next-generation electric vehicles.”

## Operations

Operations summary (M wmt)	FY24	FY23	Var (%)	Q4 FY24	Vs Q3 FY24 (%)	Vs Q4 FY23 (%)
Total ore mined	216.9	219.3	(1)	59.0	27	10
Total ore processed	189.9	192.4	(1)	50.8	20	5
Total ore shipped	191.6	192.0	(0)	53.7	24	10
Total ore shipped (Fortescue share)	191.2	192.0	(0)	53.5	24	9
Pilbara Hematite C1 cost (US\$/wmt)	18.24	17.54	4	18.53	(2)	5

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

- A constant focus on safety contributed to a TRIFR for Metals of 1.3 for the 12 months ending 30 June 2024, a 28 per cent improvement on 30 June 2023.
- Implementation of the recovery plan in response to the ore car derailment in December 2023 and weather disruptions contributed to record iron ore shipments of 53.7Mt in Q4 FY24, 10 per cent higher than Q4 FY23. Ore railed of 52.0Mt also achieved a quarterly record.
- This contributed to full year Pilbara Hematite shipments of 190.4Mt and total shipments of 191.6Mt, including 1.2Mt of Iron Bridge Concentrate.
- Pilbara Hematite C1 cost of US\$18.53/wmt in Q4 FY24 was two per cent lower than the previous quarter, and C1 cost was US\$18.24/wmt in FY24.
- The Concentrate Handling Facility produced 1.3Mt of Iron Bridge Concentrate in Q4 FY24 and 2.1Mt in FY24. Iron Bridge shipments in the quarter were impacted by higher than plan concentrate moisture affecting stockpile material handling. Stockpile moisture levels have normalised and Iron Bridge has experienced a strong start to FY25 with shipments in July 2024 to date totalling 0.4Mt.

- Raw water availability has improved at the Iron Bridge Wet Plant, with an innovative water management strategy focusing on banking water. This is a capital efficient option that may mitigate the priority to replace the high pressure section of the Canning Basin Raw Water Pipeline. The ramp up to full production capacity at Iron Bridge is still expected in the September quarter 2025.
- FY25 guidance for total shipments of 190 - 200Mt, including 5 - 9Mt from Iron Bridge (100 per cent basis) and a C1 cost for Pilbara Hematite of US\$18.50 - US\$19.75/wmt.
- Iron Bridge's FY25 cash operating expenditure excluding shipping and royalties is anticipated to be approximately US\$500 million (Fortescue's share).
- After successfully completing early stage mining and the export of product from the Belinga Iron Ore Project in Gabon, the focus moves to exploration and studies to advance potential designs for a large scale development.

Pilbara Hematite (M wmt)	FY24	FY23	Var (%)	Q4 FY24	Vs Q3 FY24 (%)	Vs Q4 FY23 (%)
Ore mined	203.9	217.9	(6)	54.7	24	4
Overburden removed	324.3	322.7	1	80.2	14	(2)
Ore processed	187.8	192.4	(2)	49.5	18	3

Iron Bridge (M wmt)	FY24	FY23	Var (%)	Q4 FY24	Vs Q3 FY24 (%)	Vs Q4 FY23 (%)
Ore mined	13.0	1.4	829	4.3	65	291
Overburden removed	16.7	4.8	248	4.4	38	(17)
Ore processed	2.1	-	-	1.3	225	-

## Marketing

Product summary (M wmt)	FY24	(%)	FY23	(%)	Q4 FY24	(%)
Iron Bridge Concentrate	1.2	1	-	-	0.6	1
West Pilbara Fines	12.9	7	16.4	9	1.2	2
Kings Fines	14.5	8	15.4	8	3.3	6
Fortescue Blend	78.9	41	81.8	43	20.7	38
Fortescue Lump	6.0	3	7.2	4	-	-
Super Special Fines	78.1	41	69.3	36	28.0	52
Other products	-	-	2.0	1	-	-
Total shipments	191.6	100	192.0	100	53.7	100
- Fortescue share	191.2	-	192.0	-	53.5	-

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\$92.12/dmt in Q4 FY24 represents a realisation of 82 per cent of the average Platts 62% CFR Index of US\$111.82/dmt.
- Pilbara Hematite average revenue for FY24 was US\$103.01/dmt representing 86 per cent of the average Platts 62% CFR Index of US\$119.48/dmt.
- Iron Bridge Concentrate average revenue of US\$127.37/dmt in Q4 FY24 was 101 per cent of the average Platts 65% CFR Index of US\$126.11/dmt.

- Iron Bridge Concentrate average revenue for FY24 was US\$136.58/dmt representing a realisation of 104 per cent of the average Platts 65% CFR Index of US\$131.45/dmt.
- China portside sales through FMG Trading Shanghai Co. Ltd were 3.3Mt in Q4 FY24, contributing to full year sales of 11.3Mt.

## Minerals exploration

- Total exploration and studies capital expenditure in Q4 FY24 was US\$83 million and in FY24 was US\$266 million.
- Iron ore exploration continues in the Pilbara with a focus on drilling programs at Mindy South, White Knight and Wyloo North. In addition, near mine exploration continues to be a focus at both Solomon and the Chichester Hub.
- Drilling programs are underway in Western Australia and South Australia on copper targets and will continue through Q1 FY25.
- Exploration activities and drilling continued to advance the Belinga Iron Ore Project in the June Quarter, with seven rigs on site. To date, over 45,000 meters of Reverse Circulation and 7,000 meters of diamond core have been completed at the Project.
- Finalising preparation for the FY25 drilling season is underway, with drilling on several projects planned in Argentina and a program in Peru.

## Energy

- Fortescue has a portfolio of projects which show significant potential. Demonstrating the Company's track record of financial discipline, Fortescue will continue to focus only on projects that are economically viable.
- In the immediate future, the Company will focus initially on four green hydrogen projects across Australia, the United States, Norway and Brazil. Additional projects in Morocco, Oman, Egypt and Jordan are anticipated to follow next.
- Following Final Investment Decision in November 2023, the PEM50 Project and Arizona Hydrogen Project are progressing, with Arizona Hydrogen being developed in a disciplined manner ahead of clarity around the application of 45V.
- Feasibility studies continue to progress at the Holmaneset Project in Norway; and the Pecem Green Hydrogen Project in Brazil advanced to feasibility phase, including commencement of the Front End Engineering Design process.
- Fortescue Zero technologies made significant progress this quarter, with the first contracts signed to sell its electrolyzers from the Gladstone Electrolyser Facility.
- Fortescue also signed a multi-year deal with JLR to use Fortescue's cutting-edge battery intelligence software, Elysia®, in its next-generation electric vehicles.
- FY25 guidance for Energy capital expenditure and net operating expenditure is approximately US\$500 million and approximately US\$700 million, respectively.

## Financial position

- Fortescue's cash balance was US\$4.9 billion at 30 June 2024, compared to US\$4.1 billion at 31 March 2024.
- Gross debt increased to US\$5.4 billion at 30 June 2024 from US\$5.3 billion at 31 March 2024, and net debt was US\$0.5 billion (US\$1.2 billion at 31 March 2024).
- Total capital expenditure and investments for the quarter was US\$783 million and for FY24 was US\$2.9 billion.

## FY25 guidance

- Iron ore shipments of 190 - 200Mt, including 5 - 9Mt from Iron Bridge (100 per cent basis).
- C1 cost for Pilbara Hematite of US\$18.50 - US\$19.75/wmt.
- Metals capital expenditure of US\$3.2 - US\$3.8 billion, inclusive of:
  - Sustaining and hub development: US\$2.0 - US\$2.3 billion
  - Decarbonisation: US\$700 - US\$900 million
  - Iron ore and iron projects: US\$150 million
  - Exploration and studies: US\$300 - US\$400 million.
- Guidance for Energy capital expenditure and net operating expenditure is approximately US\$500 million and approximately US\$700 million, respectively.

Guidance for C1 cost is based on an assumed FY25 average exchange rate of AUD:USD 0.68.

This announcement was authorised for lodgement by Mona Gill, Company Secretary.

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