

# September 2023 Quarterly Production Report

26 OCTOBER 2023



## FY24 total shipments and cost guidance maintained, decarbonisation progress

### Summary

- Total Recordable Injury Frequency Rate (TRIFR) for Metals of 1.8 at 30 September 2023, consistent with 30 June 2023.
- Iron ore shipments totalled 45.9 million tonnes (Mt) in Q1 FY24, three per cent lower than the prior corresponding period and in line with Q1 FY22.
- Pilbara Hematite C1 cost of US\$17.93/wet metric tonnes (wmt), one per cent higher than Q1 FY23.
- Pilbara Hematite average revenue of US\$100/dry metric tonne (dmt) for the quarter, realising 87 per cent of the average Platts 62% CFR Index.
- Iron Bridge transitioned to operational production in August 2023 and achieved its first shipment of high grade magnetite concentrate.
- Iron Bridge concentrate revenue of US\$131/dmt was 104 per cent of the average Platts 65% CFR Index of July 2023.
- Cash balance of US\$3.1 billion and net debt of US\$2.2 billion at 30 September 2023, after payment of the final dividend of US\$2.0 billion in the quarter.
- Celebrated the significant milestone of exporting two billion tonnes of iron ore from Fortescue's Pilbara Operations since it was established.
- Signed a memorandum of understanding with the Puutu Kunti Kurrama and Pinikura (PKKP) Aboriginal Corporation to guide the development of a co-management model.
- Completed the acquisition of the Phoenix Hydrogen Hub in the United States, where phase one proposes an 80MW electrolyser and liquefaction facility.
- Announced that from FY24 onwards, Fortescue will no longer buy voluntary offsets unless required by law, with the funds reallocated to the Company's decarbonisation plan.
- In October 2023, opened a new zero emission battery factory in Kidlington, United Kingdom.
- In October 2023, submitted Fortescue's Climate Transition Plan to the UN Race to Zero.
- Guidance for FY24 total shipments, C1 cost and capital expenditure remains unchanged.

Fortescue Metals Chief Executive Officer, Dino Otranto, said "It's been a solid quarter for the Metals business with shipments of 45.9 million tonnes contributing to the significant milestone of two billion tonnes shipped since we commenced operations.

"We started our business just 20 years ago, commenced full-scale operations 15 years ago and reached one billion tonnes of iron ore shipped less than six years ago. This sort of growth is the result of the commitment of the entire team and our unwavering focus on our Values.

“During the quarter, Iron Bridge transitioned to operational production and we achieved the first shipment of high grade magnetite product. Commissioning activities are progressing well as we focus on a safe and efficient ramp up. Also supporting our growth strategy is the Belinga Iron Ore Project in Gabon where exploration and studies activities continue to advance.”

Fortescue Energy Chief Executive Officer, Mark Hutchinson, said “We are on track with progressing our green energy projects and executing our decarbonisation roadmap.

“Our battery electric haul truck prototype is being tested at our Chichester Hub and we have also received the first T264 haul truck from Liebherr which signifies the start of the conversion of our fleet to zero emissions.

“The initial delivered units will be diesel powered with the remaining battery electric. The diesel powered trucks will be converted to our in-house battery solution developed by Fortescue WAE.

“Together with our strong balance sheet and focus on investing in growth, we are well placed to advance our transition to becoming the number 1 green technology, energy and metals company while ensuring we continue to deliver benefits to all our stakeholders.”

## Operations

Operations summary (M wmt)	Q1 FY24	Q4 FY23	Var (%)	Q1 FY23	Var (%)
Total ore mined	56.2	53.9	4	54.8	3
Total ore processed	48.0	48.1	(0)	48.0	0
Total ore shipped	45.9	48.9	(6)	47.5	(3)
Total ore shipped (Fortescue share)	45.9	48.9	(6)	47.5	(3)
Pilbara Hematite C1 cost (US\$/wmt)	17.93	17.57	2	17.69	1

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

- A continuous focus on safety contributed to a Total Recordable Injury Frequency Rate (TRIFR) for Metals of 1.8 for the 12 months ending 30 September 2023.
- Total ore mined was 56.2Mt in Q1 FY24, three per cent higher than the prior comparable period as Iron Bridge transitioned to operations during the quarter.
- Total ore processed of 48.0Mt was in line with Q1 FY23. The performance of the raw water pipeline and plant rectification works impacted availability at Iron Bridge during the quarter.
- Iron ore shipments of 45.9Mt were three per cent lower than Q1 FY23 with increased maintenance activity and lower stocks at port following strong shipments in Q4 FY23.
- Pilbara Hematite C1 cost of US\$17.93/wmt was two per cent higher than the previous quarter and one per cent higher than Q1 FY23, with a continued focus on productivity and efficiency.
- Pilbara Hematite FY24 C1 cost guidance is US\$18.00 - US\$19.00/wmt, based on an assumed average exchange rate of AUD:USD 0.68.
- Iron Bridge’s FY24 operating expenditure excluding shipping and royalties is anticipated to be approximately US\$400 million (Fortescue’s share).
- Fortescue hosted a Pilbara Operations site tour in October 2023. A copy of the presentation is available on the Company’s website: [www.fortescue.com](http://www.fortescue.com).

Pilbara Hematite (M wmt)	Q1 FY24	Q4 FY23	Var (%)	Q1 FY23	Var (%)
Ore mined	54.0	52.7	2	54.8	(1)
Overburden removed	89.5	81.6	10	80.6	11
Ore processed	48.0	48.2	0	48.0	0

Iron Bridge (M wmt)	Q1 FY24	Q4 FY23	Var (%)	Q1 FY23	Var (%)
Ore mined	2.2	1.1	96	0.0	-
Overburden removed	7.3	5.3	38	0.0	-
Ore processed	0.04	0.0	-	0.0	-

Presented on a 100 per cent basis, Fortescue has 69 per cent equity share of Iron Bridge.

## Marketing

Product summary (M wmt)	Q1 FY24	(%)	Q4 FY23	(%)	Q1 FY23	(%)
Iron Bridge Concentrate	0.04	-	0.0	-	0.0	-
West Pilbara Fines	4.3	9	4.4	9	3.7	8
Kings Fines	3.5	8	4.0	8	3.6	8
Fortescue Blend	20.2	44	20.6	42	20.5	43
Fortescue Lump	2.3	5	2.4	5	1.1	2
Super Special Fines	15.6	34	17.5	36	17.6	37
Other products	0.0	-	0.0	-	1.0	2
Total shipments	45.9	100	48.9	100	47.5	100
Shipments (Fortescue share)	45.9	-	48.9	-	47.5	-

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\$99.75/dmt in Q1 FY24 represents a realisation of 87 per cent of the average Platts 62% CFR Index of US\$114.05/dmt.
- There was one shipment of Iron Bridge concentrate during the quarter. The Iron Bridge Concentrate revenue of US\$130.84/dmt was 104 per cent of the average Platts 65% CFR Index of US\$125.76/dmt in July 2023.
- China portside sales through FMG Trading Shanghai Co. Ltd were 3.6Mt in Q1 FY24.

## Minerals exploration

- Total exploration and studies capital expenditure in Q1 FY24 was US\$59 million.
- Iron ore exploration in the Pilbara included resource definition drilling in the Eastern Hamersley with a focus on Mindy South, along with regional exploration programs.
- Activity at the Belinga Iron Ore Project in Gabon focused on the drilling program during the quarter with both diamond and reverse circulation drilling programs underway.
- Non-iron ore exploration activity focused on the copper project portfolio in Australia, which included drilling on the Canobie Project Joint Venture in northwest Queensland, an ongoing drilling program in Brazil and the commencement of a drilling program in Argentina.

## Energy

- Continued to progress a global portfolio of green energy projects, with a target of taking five to Final Investment Decision by the end of calendar year 2023.
- Entered a power purchase agreement with Genex Power Limited for 337.5MW of new solar energy, intended to meet a portion of the renewable energy requirements for the proposed Gibson Island Project in Queensland.
- Completed the acquisition of the Phoenix Hydrogen Hub in the United States, where phase one proposes an 80MW electrolyser and liquefaction facility.
- Fortescue Hydrogen Systems achieved independent third-party verification of the in-house designed proton exchange membrane (PEM) electrolyser stack.
- In October 2023, Fortescue WAE opened a new state-of-the-art technical innovation centre in Kidlington, United Kingdom. The facility will focus on the technical development, testing and prototype production of batteries and zero emission powertrains for a wide range of applications. The site will be home to 300 highly skilled workers, with up to 50 more jobs to be created across the next year.
- Continued progress on decarbonisation, including ongoing construction of the 100MW solar farm at North Star Junction and testing of the first battery electric haul truck prototype in the Pilbara.

## Financial position

- Fortescue's cash balance was US\$3.1 billion at 30 September 2023, compared to US\$4.3 billion at 30 June 2023.
- Cash outflows during the quarter included payment of the FY23 final dividend of US\$2.0 billion and capital expenditure and investments of US\$764 million.
- Gross debt was unchanged at US\$5.3 billion at 30 September 2023, and net debt was US\$2.2 billion (US\$1.0 billion 30 June 2023).

## FY24 guidance

- Iron ore shipments of 192 - 197Mt, including approximately 5Mt 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\$400 million (exclusive of projects subject to Final Investment Decision).

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

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