



# AusIMM Iron Ore Conference

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Chief Operating Officer

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Together we are Fortescue



**Fortescue**  
The New Force in Iron Ore

# Forward looking statement

## Disclaimer

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### Important Notice

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Any references to reserve and resources estimations should be read in conjunction with Fortescue's Ore Reserves and Mineral Resources statement for its Hematite and Magnetite projects at 30 June 2018 as released to the Australian Securities Exchange on 17 August 2018, together with the Iron Bridge Magnetite Mineral Reserves and Resources Report as released to the Australian Securities Exchange on 2 April 2019. Fortescue confirms in the subsequent public report that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of mineral resources or ore reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

All amounts within this presentation are stated in United States Dollars consistent with the functional currency of Fortescue Metals Group Limited, unless otherwise stated. Tables contained within this presentation may contain immaterial rounding differences.



# Delivering on our strategy

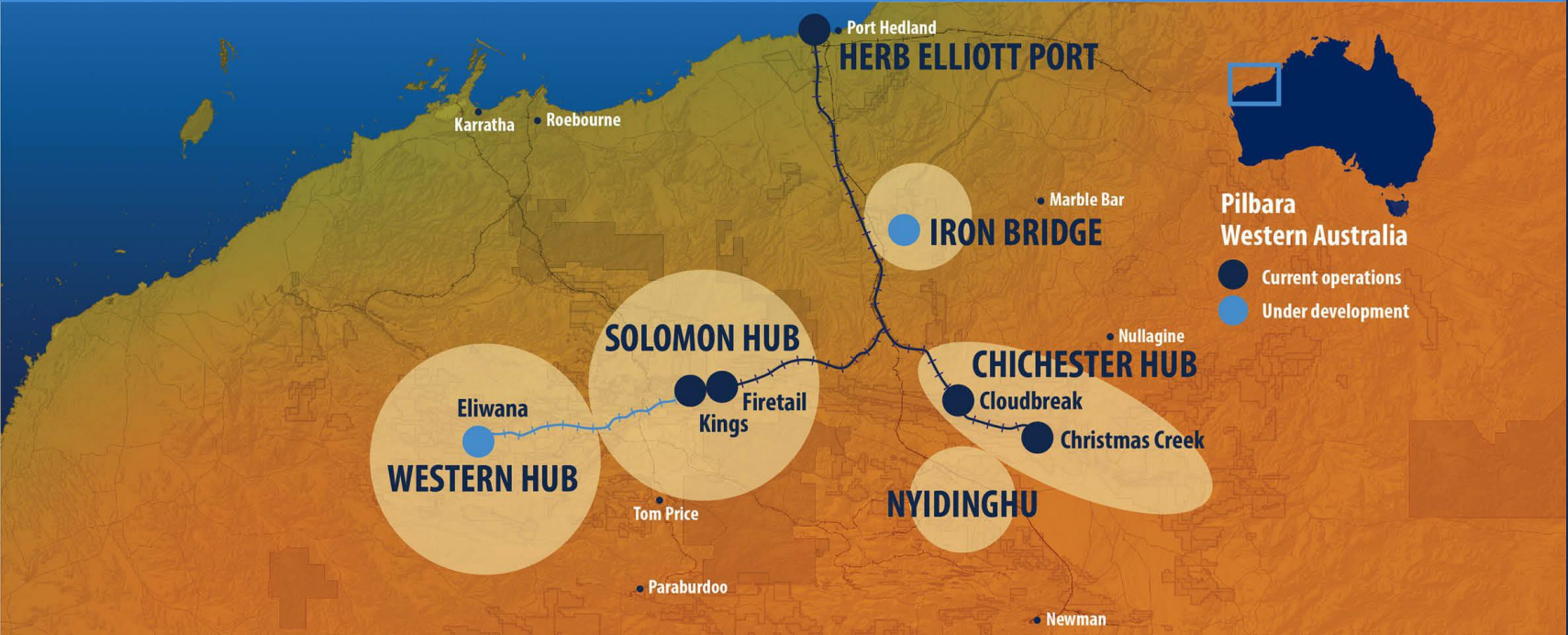
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How Fortescue's operations have changed with the market to optimise value



# Integrated mining and infrastructure operations

Focus on safety, production and cost



# A world class company

**>1.2 billion  
tonnes shipped**

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**~170mtpa  
Production rate**

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**Core supplier  
to China**

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**Low cost  
producer**

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# Innovation agenda

## World first AHS on commercial scale

>29 million km safely travelled

## Industrial autonomous mobility

LV trials on site

## Energy strategy

Renewable energy, reduced emissions and increased connectivity

## Hydrogen

Technology, operations, domestic industry, global supply chain

# Fully integrated supply chain





# Integrated operations and marketing

**Direct customer engagement**  
driving deep market insights

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**Collaborative operations and marketing**  
to capitalise on market opportunities

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**Co-location of key decision makers**  
enabling rapid response to market trends

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**Margin optimisation**  
through rapid product mix adjustments

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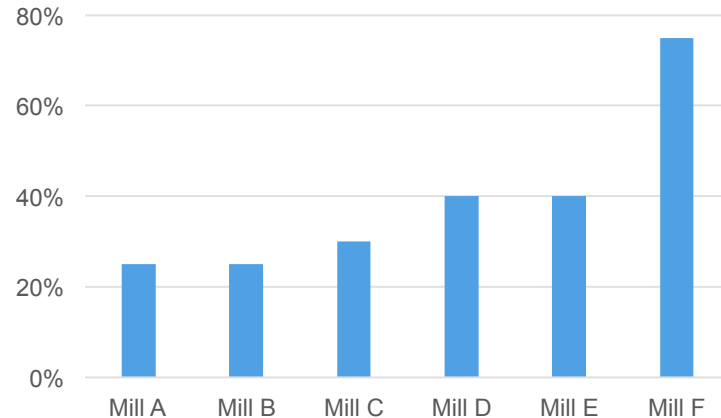
# Close collaboration with customers drives value

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## Direct engagement benefits the supplier and the customer

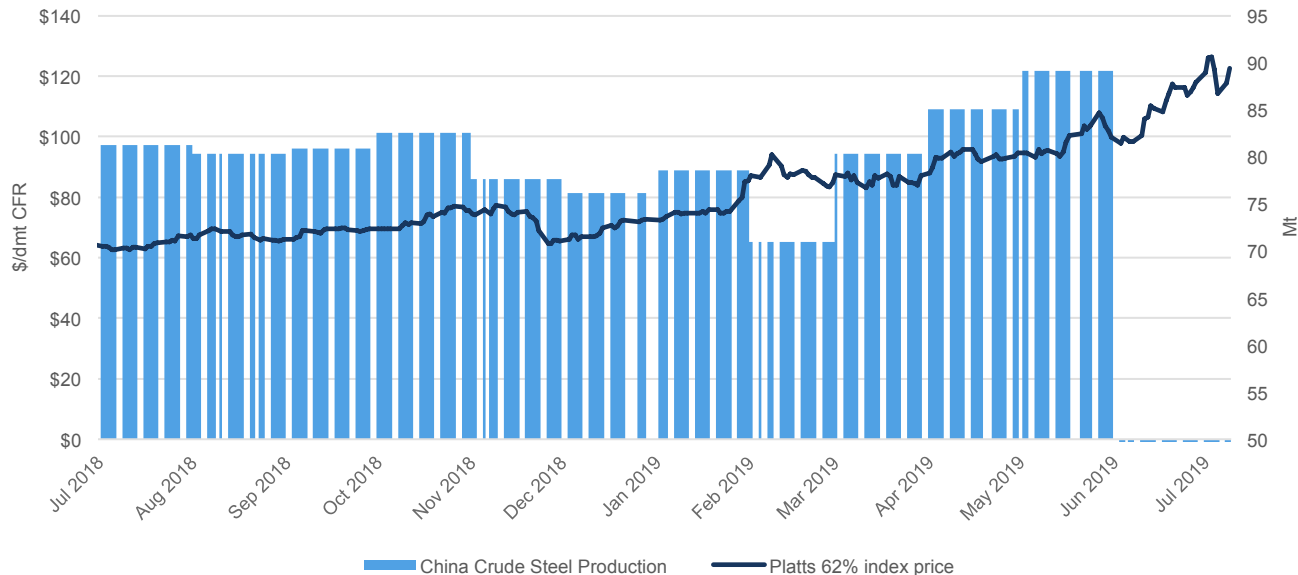
- Delivering the right product at the right time to the right customer
- Sustainable, long term relationships
- Direct communication & mutual understanding
- 200 customers attended Technical Forum held in China

## Fortescue products are successfully used at up to 75% of the sinter blend



# Increase in crude steel production driving demand

Strong steel production underpinned by resilient property and infrastructure demand



Source: National Bureau of Statistics



# Chinese steel mill profits driving iron ore price spreads

China steel margins moderated

Focus moved to input costs

Increasing demand for lower Fe products



Source: Mysteel and Platts

# Iron ore price

Price spreads have narrowed due to lower steel margins





# West Pilbara Fines



Typical grade	WPF	Platts IODEX 62
Iron content (Fe)	60.1	62.0
Alumina (Al <sub>2</sub> O <sub>3</sub> )	2.3	2.25
Silica (SiO <sub>2</sub> )	4.7	4.0
Phosphorous (P)	0.075	0.09

**First shipments** in Dec 2018

**8-10mt** in FY19

**Growing to ~40mtpa** for 20+ years  
on completion of Eliwana

**Offtake commitments** with  
customers

# Eliwana Mine and Rail Project

**US\$1.275bn  
capital investment**

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**143km rail  
30mtpa dry OPF**

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**First ore on  
train Dec 2020**

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**Underpins the  
future of West  
Pilbara Fines**

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**Detailed  
design led by  
in-house team**

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**On target for  
delivery on time  
and budget**

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# Iron Bridge Magnetite Project

US\$2.6bn investment in Stage 2 underpinned by Fortescue's track record in development and operations

**22 wmtpa\***  
**First ore**  
**1H CY22**

**67% Fe, low**  
**impurity**  
**premium product**

**Low capital**  
**intensity and**  
**operating cost**

**Delivering**  
**enhanced returns**  
**to shareholders**

**Stage 1 pilot and**  
**demonstration**  
**plants**

**Industry-leading**  
**energy efficient**  
**operation**

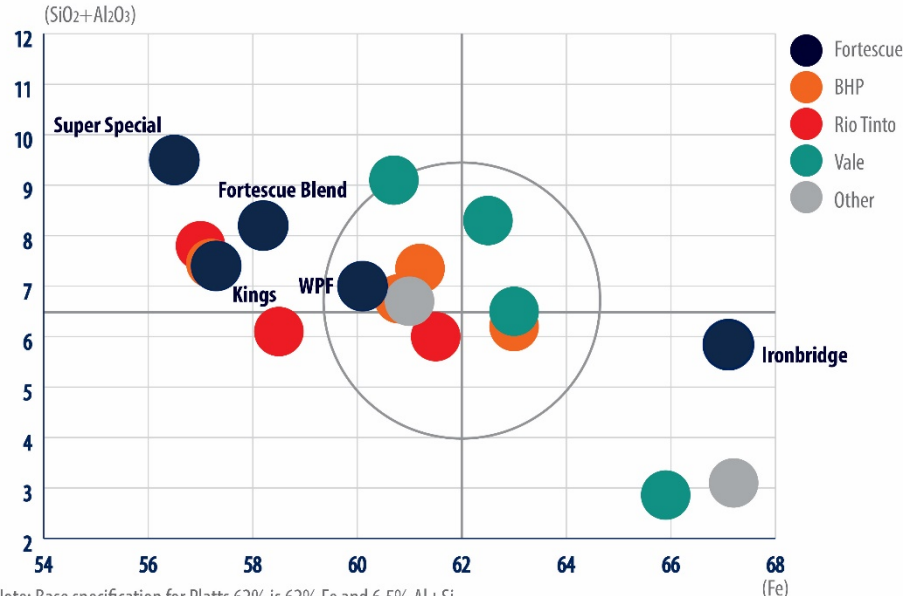
*\*wet million tonnes per annum*

# Achieving our strategy to deliver majority of product over 60% Fe

## Increases Fortescue's average grade

- **Competitively** positioned across all product segments
- **Flexibility to optimise** margins through iron ore market cycles
- **Highest grade Australian product** with global scale in magnetite

Product positioning: Natural Fe v Gangue ( $\text{SiO}_2 + \text{Al}_2\text{O}_3$ )



Note: Base specification for Platts 62% is 62% Fe and 6.5% Al+Si  
Source: Fortescue, company reports



# Strategic mine plan to 2050

Integrated operations and marketing to optimise value

**West Pilbara  
Fines at  
~40mtpa**

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**Flexible product  
mix**

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**Exploration**

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**Western Hub  
Stage 2  
prospects**

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**Nydinghu  
potential**

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**Long mine lives**

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# Fortescue's Values

Our Vision:  
The safest, lowest  
cost, most profitable  
mining company.

				
Safety	Empowerment	Family	Frugality	Stretch targets
				
Integrity	Enthusiasm	Courage and determination	Generating ideas	Humility



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