

18 February 2021

The Companies Officer
Australian Securities Exchange Ltd
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

Dear Madam or Sir

IRON BRIDGE MAGNETITE PROJECT UPDATE

Fortescue Metals Group Ltd (**Fortescue, Company**) (ASX: **FMG**) advises that a detailed review (Review) of the Iron Bridge Magnetite Project (Iron Bridge) has been completed. The Review has considered the forecast capital estimate and schedule for the project, taking into account the strength of the Australian dollar, access to resources and specialist skills, as well as other market factors.

The Review indicated a revised preliminary capital estimate of up to US\$3.0 billion with first production expected in the second half of calendar year 2022, subject to validation through further technical and commercial assessment and Iron Bridge Joint Venture approval.

The technical and commercial assessment is underway and is scheduled to be completed in 12 weeks.

Key areas of focus include:

- Assessment of the magnetite concentrate transportation solution and return water pipelines to Port Hedland
- Enhanced utilisation of Fortescue's port and rail infrastructure
- Contractor strategy and selection
- Logistics infrastructure to maintain the schedule for the delivery of large modular components through Port Hedland.

Limited project works on critical path items will continue during the next 12 weeks, including engineering, off site fabrication, procurement activities and site based civil works.

As at 31 January 2021, the Joint Venture has incurred capital expenditure of approximately US\$1.1 billion since the Stage 2 investment decision in April 2019. Fortescue's share of Stage 2 investment is approximately US\$750 million. Fortescue has also contributed US\$274 million of deferred Joint Venture contributions relating to Stage 1 of the project.

Project leadership team

Derek Brown has been appointed as Acting Director Projects, bringing more than 35 years mining sector experience across senior operational roles as well as large project development, both in Australia and overseas. Derek joined Fortescue in 2017 and most recently held the position of General Manager Solomon.

In this role, Derek will lead a talented project team of longstanding Fortescue leaders with first hand experience in successful delivery of large scale operations and infrastructure projects, including Fortescue's expansion to 155mtpa (T155) in 2013, and most recently the Eliwana Mine and Rail Project and Wet High Intensity Magnetic Separation (WHIMS) plant at Christmas Creek.

The project team comprises:

- Andrew Hamilton, Project Director Iron Bridge
- Corey Dennis, Project Director Port, Rail, Pipelines and Power, and
- Warren Harris, Project Director Iron Bridge OPF and Operational Projects

Andrew Hamilton was formerly Fortescue's Technical Director Projects and has been associated with Iron Bridge since inception in 2010, including leading the operation of the large scale pilot plant and full scale demonstration plant built in 2015. The pilot plant verified the wet magnetite processing flowsheet, and the demonstration plant proved the metallurgical and cost benefits of dry processing to reduce the demand for power and water.

Corey Dennis has recently completed construction of the Eliwana rail project and Warren Harris led the construction of the Eliwana mine.

Fortescue's Chief Executive Officer, Elizabeth Gaines said, "The newly appointed Iron Bridge project team will draw on all of Fortescue's DNA, world class expertise and our Values as we challenge ourselves through innovative thinking and capital discipline.

"The team will assess the pathway to underpin our revised forecast capital estimate, as well as the identification and mitigation of execution and scheduling risks through a comprehensive review of the project.

"Iron Bridge represents a strategic investment which enables Fortescue to deliver a full portfolio of products to the market, generating growth in earnings and cashflow, and resulting in enhanced returns for our shareholders and Joint Venture partners through all market cycles. The outcome of the technical and commercial assessment will be subject to the approval of the Joint Venture Partners."

Background

The Iron Bridge Project is an unincorporated joint venture between FMG Iron Bridge Ltd, via subsidiary FMG Magnetite Pty Ltd (69 per cent), and Formosa Steel IB Pty Ltd (31 per cent). FMG Iron Bridge is jointly owned by Fortescue (88 per cent) and Baosteel Resources International Company Limited (12 per cent).

The joint venture partners are each responsible for their equity share of the total capital expenditure. The Iron Bridge project is designed to deliver production capacity of 22mtpa of a 67% Fe content, low impurity concentrate suitable for pellet feed or blending with sinter fines.

Yours sincerely
Fortescue Metals Group Ltd

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Company Secretary

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