

# APPENDIX 4D

For the half year ended  
31 December 2021



This information should be read in conjunction with Fortescue's Financial Report for the half year ended 31 December 2021.

## Name of entity

Fortescue Metals Group Ltd

## ABN

57 002 594 872

## Results for announcement to the market

		US\$ million
Revenue from ordinary activities	decreased 13% to	8,125
Profit from ordinary activities after tax attributable to members	decreased 32% to	2,777
Net profit for the half year attributable to members	decreased 32% to	2,777

Dividends	Amount per security	Franked amount per security
Interim dividend declared for the half year ended 31 December 2021	A\$0.86	A\$0.86
Interim dividend declared for the previous corresponding period	A\$1.47	A\$1.47
Ex-dividend date of interim dividend	28 February 2022	
Record date of interim dividend	1 March 2022	
Payment date of interim dividend	30 March 2022	

## Dividend Reinvestment Plan

The Company operates a Dividend Reinvestment Plan (the Plan) which allows eligible shareholders to elect to invest dividends in ordinary shares which rank equally with the ordinary shares of the Company. The allocation of price for shares under the Plan will be calculated as the average of the daily volume weighted average market price of all Fortescue shares traded on the Australian Securities Exchange during the period of 10 trading days commencing on 3 March 2022.

The last date for receipt of applications to participate in or to cease or vary participation in the Plan is by 5:00pm (AEST) on 2 March 2022. The Directors have determined that no discount shall apply to the allocation price and the Plan will not be underwritten. Shares to be allocated under the Plan will be acquired on market and transferred to participants on 30 March 2022. A broker will be engaged to assist in this process.

A copy of the Plan Rules is available at  
<http://www.fmgil.com.au/investors>

## Net tangible asset backing

Net tangible asset backing per ordinary shares:  
US\$5.12 (previous corresponding period: US\$4.87).

## Previous corresponding period

The previous corresponding period is the half year ended 31 December 2020.

## Commentary on results for the period

A commentary on the results for the period is contained within the half year presentation and the financial statements that accompany this announcement.

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For the half year ended 31 December 2021

# Financial Report

ABN 57 002 594 872



Thriving communities | Global force



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# Thriving communities Global force

## Our Values

Safety

Family

Empowerment

Frugality

Stretch targets

Integrity

Enthusiasm

Courage and  
determination

Generating ideas

Humility

Fortescue's unique Values drive our performance in a way that sets us apart from others

## Culture

Fortescue is a values-based business with a strong, differentiated culture.

We believe that by leveraging the unique culture of our greatest asset, our people, we will achieve our stretch targets

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# Half year at a glance

TRIFR

**1.8**

C1 costs

US\$

**15.28**/wmt

Cash on hand

US\$

**2.9**bn

Ore shipped

**93.1**mt

Revenue

US\$

**8.1**bn

Net profit  
after tax

US\$

**2.8**bn







# About Fortescue

Established in 2003, Fortescue Metals Group Ltd (Fortescue) is a proud West Australian company, recognised for our culture, innovation and industry-leading development of infrastructure and mining assets, with a clear strategy to transition to a vertically integrated green energy and resources company.

Underpinned by operational excellence and balance sheet strength, we are focused on our strategic goals of building thriving communities, optimising returns from our operations through disciplined capital management and diversifying to commodities that support decarbonisation.

Together with Fortescue Future Industries (FFI), Fortescue is transitioning to a vertically integrated green energy and resources company. FFI is establishing a global portfolio of green hydrogen and green product operations that will position us at the forefront of the global renewable hydrogen industry.

Our iron ore business comprises integrated mining, rail, shipping and marketing teams working together to export over 180 million tonnes of iron ore annually. Our commitment to technology and innovation ensures we remain one of the world's lowest cost iron ore producers and continues to guide our pursuit of green energy opportunities.

Our operations include three mining hubs in the Pilbara, Western Australia, which are connected to the five berth Herb Elliott Port and the Judith Street Harbour towage infrastructure in Port Hedland via 760 kilometres of the fastest heavy haul railway in the world.

Our supply chain extends to our innovative tug fleet and the eight purpose-built 260,000 tonne capacity Fortescue Ore Carriers, which have been designed to complement the efficiency of our port and maximise the safety and productivity of Fortescue's operations.

The Fortescue Hive, our expanded integrated operations centre based in our East Perth headquarters, brings together our entire supply chain to deliver enhanced safety, productivity, efficiency and commercial benefits, and will underpin our future use of technology, including artificial intelligence and robotics.

Our longstanding relationships with customers in China have grown from our first commercial shipment of iron ore in 2008. Today, we are a core supplier of seaborne iron ore to China and have expanded into markets including Japan and South Korea.

Driven by our industry-leading decarbonisation targets to be carbon neutral by 2030 and achieve net zero Scope 3 emissions by 2040, Fortescue is committed to lead the heavy industry battle against global warming. In addition to our ongoing investments in renewable energy to power our Pilbara iron ore operations, we are also undertaking a range of initiatives to decarbonise our mobile fleet through the next phase of hydrogen and battery electric energy solutions to eliminate the need for diesel across our operations.

Fortescue was founded on the belief that the communities in which we operate should benefit from our success. Globally, we are empowering thriving communities and delivering positive social and economic benefits through training, employment and business development opportunities, including for our Indigenous employees and partners.

Fortescue is a values-based business with a strong, unique culture which celebrates diversity and inclusiveness. By empowering our people, we will continue to generate economic growth and create jobs as we take a global leadership position in the green energy transition.

As we enter this new phase of growth in our journey, our team will continue to challenge the status quo to sustain operational excellence, achieve our stretch targets, drive future success and deliver strong returns to our shareholders.



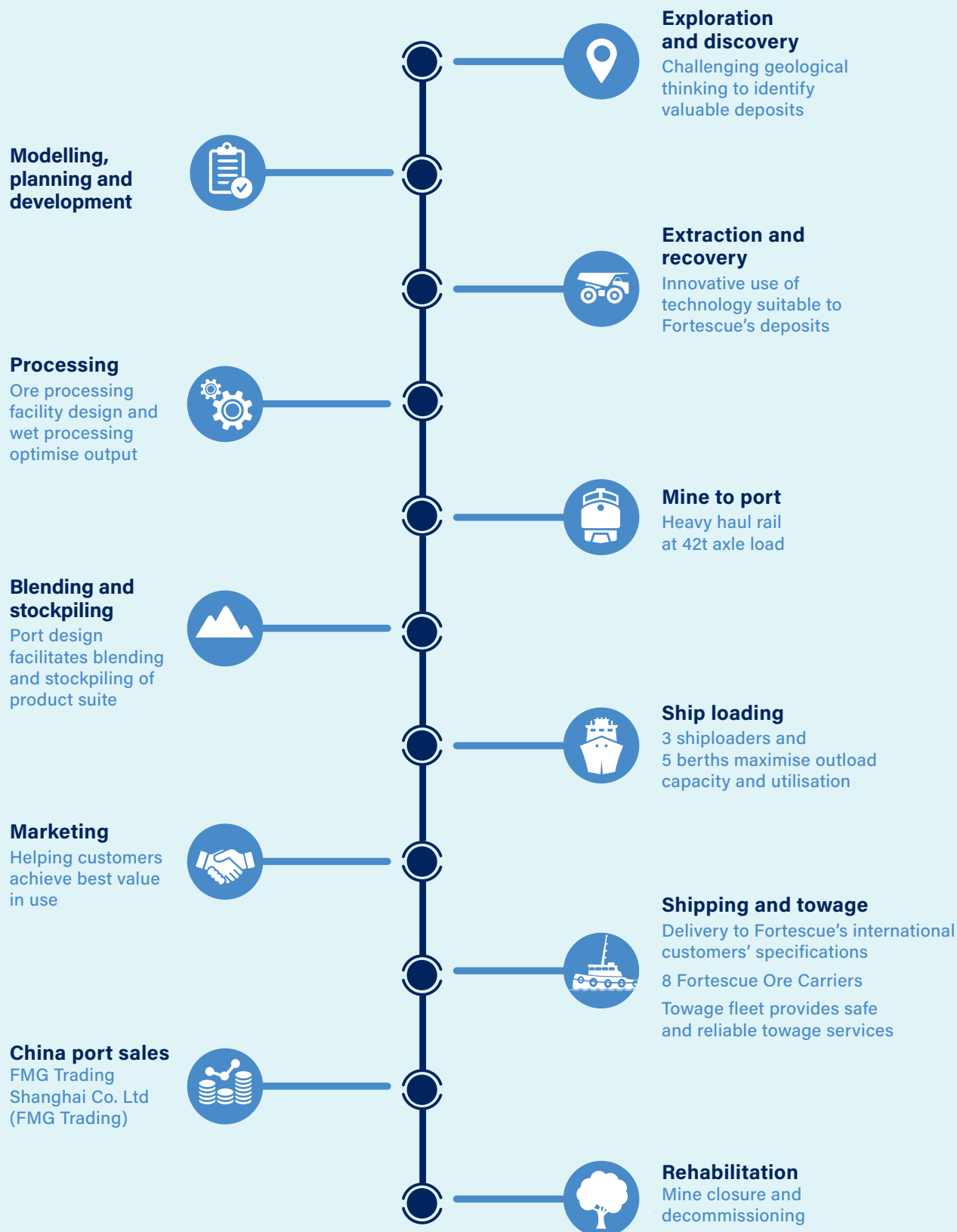
# About this Report

This report has been prepared for Fortescue's stakeholders in line with statutory and regulatory obligations. It provides a summary of the Company's operations, performance and financial position as at and for the half year ended 31 December 2021.

All references to Fortescue, the Group, the Company, we, us, and our, refer to Fortescue Metals Group Ltd (ABN 57 002 594 872) and its subsidiaries. All dollar figures are in US currency unless otherwise stated.

This report should be read in conjunction with the Annual Report for the financial year ended 30 June 2021, and any public announcements made by the Company during the half year ended 31 December 2021 and up to the date of this report in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the *ASX Listing Rules*.

# Value chain





## Fortescue's Values

01

# Directors' report



# Governance

## Directors

Your Directors present this report on Fortescue Metals Group Ltd for the half year ended 31 December 2021.

The Directors of the Company in office during the half year and until the date of this report are as follows.



**Dr Andrew Forrest AO**  
Chairman



**Mark Barnaba AM**  
Lead Independent Director/  
Deputy Chair



**Elizabeth Gaines**  
Chief Executive Officer/  
Managing Director



**Lord Sebastian Coe CH, KBE**  
Non-Executive Director



**Jennifer Morris OAM**  
Non-Executive Director



**Dr Jean Baderschneider**  
Non-Executive Director



**Penny Bingham-Hall**  
Non-Executive Director



**Dr Cao Zhiqiang**  
Non-Executive Director



**Dr Ya-Qin Zhang**  
Non-Executive Director

*Directors were in office for the entire period unless otherwise stated.*

### Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 45, and forms part of this report.

### Rounding of amounts

All amounts in this report have been rounded to the nearest million dollars, except as indicated, in accordance with the Australian Securities and Investments Commission (ASIC) Corporations Instrument 2016/191.

### Subsequent events

On 24 January 2022, Fortescue announced that it had entered an agreement to acquire Williams Advanced Engineering Limited for consideration of £164 million (US\$223 million equivalent at 0.735 USD:GBP exchange rate). The transaction is expected to conclude by the end

of March 2022, subject to the satisfaction of customary conditions precedent including United Kingdom foreign investment approval.

On 16 February 2022, Fortescue declared a fully franked interim dividend of 86 Australian cents per share, payable in March 2022.

This report is made in accordance with a resolution of the Directors.

**Dr Andrew Forrest AO**  
Chairman

Dated in Perth on this 16th day of February 2022.

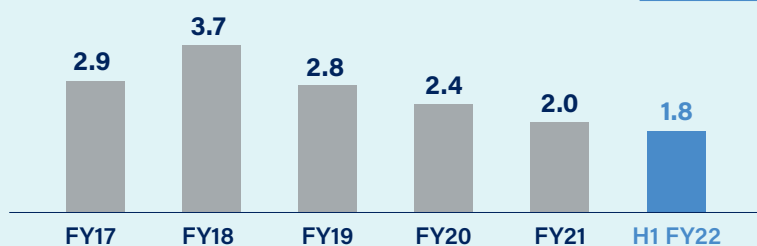


Each day, everyone at Fortescue is empowered to take control and look out for their mates and themselves.

# Safety

Fortescue is committed to providing a safe working environment for all employees and contractors as it strives to become a global leader in safety. Fortescue's rolling 12-month Total Recordable Injury Frequency Rate (TRIFR) decreased by 10 per cent from 2.0 at 30 June 2021 to 1.8 at 31 December 2021.

12-month rolling TRIFR, per million hours worked



Excludes Fortescue Future Industries (FFI).

## Ongoing response to COVID-19

On 30 January 2020, the World Health Organisation (WHO) announced that the coronavirus (COVID-19) outbreak was a global health emergency and later declared it a global pandemic. Since the outbreak began, we carefully monitored its impact and swiftly introduced and expanded measures to protect the health and safety of our team.

Our response, combined with measures required by both the Commonwealth and State governments, has meant that Fortescue has continued to mitigate the COVID-19 exposure risk across our operations. We continue to assess the implications of the uncertain timing of the reopening of Western Australia's border to ensure we have access to the skills and expertise needed to maintain Fortescue's contribution to our stakeholders, as well as the State and national economies.

Significant measures through the half year ended 31 December 2021 included:

- The continued provision of accommodation to our interstate team members whilst travel restrictions from the Western Australian Government have been in place.
- Temperature checks and health screening, including Rapid Antigen Testing at the Perth Domestic Airport, site aerodromes and Perth offices.
- The introduction of initiatives at our village facilities, including changes to food service and additional cleaning services.
- Implementing systems and processes to track and monitor the vaccination status of our team members to comply with the regulations implemented by the Western Australian Government.

Our Incident Management Team (IMT) chaired by the CEO continues to meet regularly to review our operations and the latest advice from the Commonwealth and State governments. As the health guidelines changed, we responded and adapted quickly, and regularly

communicated with our teams. There have been no cases of COVID-19 across Fortescue's Pilbara operational sites.

Fortescue has monitored the impact of COVID-19 within the international jurisdictions operated by both Fortescue Future Industries (FFI) and Fortescue's international exploration activities. Fortescue complies with local directives on COVID-19 management in each jurisdiction where team members are engaged.

Our focus on the health and safety of our workforce extends to their mental health and wellbeing. All team members have access to Fortescue Chaplains and our Employee Assistance Program 24 hours a day, seven days a week.

## Safety culture

During the first half of FY22, Fortescue team member David Armstrong tragically lost his life as a result of an incident at the Solomon Hub on 30 September 2021. Fortescue continues to work cooperatively with the Department of Mines, Industry Regulation and Safety to investigate the incident, as well as making support available to his team members and family.

In pursuing the aim to reach our goal of zero harm, Fortescue is committed to continuing to improve safety performance across the following areas:

- Strengthening safety leadership through specific action plans to address the priorities identified by the annual Company-wide Safety Excellence and Culture Survey.
- Engagement with our contracting partners to ensure compliance with Fortescue's safety standards and a safe workplace.
- The continued reduction of workplace exposures through safety improvement opportunities.
- Continuing to improve the physical and mental health of our people.
- Maintaining and improving our fatality prevention and injury reduction programs.

# Sustainability

From the outset, it has been Fortescue's vision to ensure that the communities in which we operate benefit from our growth and development. As we expand and develop into a vertically integrated green energy and resources group, we remain committed to empowering thriving communities and delivering positive social and economic benefits.

We integrate sustainability into all aspects of our business. At the heart of our approach is our commitment to create value for our investors, protect the health and safety of our employees, build sustainable communities and protect the environments in which we operate. Our Values form the foundation of our approach to sustainability; setting the ethical and moral compass by which the business operates.

We have aligned our approach to sustainability with the United Nations Sustainable Development Goals and will continue to work with our host governments as they strive to meet these goals.

Our Board is responsible for the oversight of all sustainability issues, receiving regular updates through the Audit, Risk Management and Sustainability Committee. At the operational level, sustainability is managed by our CEO with support from the Executive team and the Director Sustainability and Corporate Affairs.

Our Sustainability Strategy incorporates commitments and targets under three core pillars.





## Material issues are captured under three sustainability pillars



### Setting high standards

- Employee health and safety
- Economic contribution
- Workforce diversity
- Protecting Aboriginal heritage
- Ethical business conduct



### Safeguarding the environment

- Climate change action and disclosure
- Protecting biodiversity and water resources
- Tailings management



### Creating positive social change

- Creating employment and business opportunities for Aboriginal people
- Building sustainable communities
- Human rights



We produce an annual Sustainability Report detailing our performance against key material sustainability commitments and targets for the financial year. Our annual reporting suite also includes a Climate Change Report, a Corporate Governance Statement and a Modern Slavery Statement, all of which are available on our website at [www.fmgil.com.au](http://www.fmgil.com.au)

We received recognition for our outstanding sustainability performance through several strong environmental, social and governance (ESG) ratings, global index inclusions and awards. Fortescue is a 2021 member of the Australian, Asia Pacific and World Dow Jones Sustainability Indices and we maintained our industry-leading AA rating in the MSCI ESG Ratings announced in December 2021.

A summary of our key sustainability commitments and performance during the half year follows.

## Setting high standards

### Diversity

Fortescue is committed to providing a safe and inclusive workplace that attracts, develops and retains motivated and high performing people.

As at 31 December 2021, we employed 2,251 females, representing 22 per cent of the total workforce. 36 per cent of employees in our head office are female.

Increasing female and Aboriginal employment rates remains a key priority for Fortescue. Our diversity plan also includes initiatives to support those that identify with the following groups:

- Diversity of age
- LGBTQI+
- Culturally diverse backgrounds
- Differing abilities.

### Preserving Aboriginal heritage

We work in partnership with the Traditional Custodians of the land where our projects are located to ensure sites of cultural significance are identified and protected. Through our seven Land Access Agreements and many dozens of Aboriginal heritage agreements, we have worked closely and transparently to protect and avoid over 6,000 heritage places.

We have dedicated Aboriginal Heritage, Native Title and Community Development teams, empowered to work hand in hand with our Traditional Custodians to ensure Aboriginal heritage is managed sustainably and responsibly.

We are committed to the protection of Aboriginal heritage and we believe that by working together, the mining industry can continue to enhance processes, working within the framework of the relevant legislation. We also support the modernisation of Western Australia's Aboriginal Heritage protection law, including the recent passing of the *Aboriginal Cultural Heritage Act 2021* and Fortescue will actively engage in contributing to the co-design of the important regulations and guidance which will shape the transition from the 1972 Act.

In September 2021, we formalised our co-management framework with the Wintawari Guruma Aboriginal Corporation (Wintawari) for the development of new mines at Fortescue's Solomon Hub operations. Under this framework, Fortescue and members of Wintawari will establish a culturally safe mining joint venture to mine the East and West Queens deposits on Eastern Guruma country.

## Safeguarding the environment

### Climate change

Fortescue is committed to being a leader in addressing the global challenge of climate change and has set industry leading emissions reduction targets to:

- Achieve carbon neutrality in our operations by 2030
- Achieve net zero Scope 3 emissions by 2040.

Green hydrogen and decarbonisation projects currently being undertaken by FFI will be key to achieving these targets.

We believe climate change is the most pressing challenge of our generation and a once in a lifetime opportunity for economic growth and value creation that generates a better, cleaner, more sustainable world.

We accept the scientific consensus as assessed by the Intergovernmental Panel on Climate Change (IPCC) and are taking steps to realise the Paris Agreement goal to limit the rise in global temperature to well below 2°C above pre-industrial levels. We recognise climate change may lead to catastrophic social and economic outcomes, the costs of which far exceed those of transitioning to a low carbon world.

We understand that climate change and the transition to net zero presents both risks and opportunities to our business and that it has the potential to impact our entire value chain, our operations, assets and the communities in which we operate. We are implementing measures to mitigate and manage these risks while maximising opportunities and using these assessments to inform business strategies and provide certainty to stakeholders that we will continue to thrive in a net zero economy.

Climate change is a critical, strategic matter and our Board of Directors has ultimate responsibility for the oversight and approval of all climate-related matters.



## Environmental management

We are committed to safeguarding the environment and take a precautionary approach to environmental management. We acknowledge that our activities have the potential to impact the environment and we will minimise these impacts by integrating mitigation measures into all stages of our operations.

Compliance with all relevant environmental laws and obligations is the absolute minimum standard to which we comply.

We respect legally designated protected areas and conservation listed species.

We continue to contribute to research and conservation initiatives which improve the collective body of environmental knowledge in the areas where we operate.

## CASE STUDY

### Fortescue announces sustainability financing framework

In November 2021, Fortescue launched its Sustainability Financing Framework (the Framework), enabling the future issuance of Green and Social debt instruments that will support investments in eligible green and social projects.

The Framework reflects Fortescue's strong ongoing commitment to environmental, social and governance (ESG) leadership and aims to align the Company's funding policy with its sustainability strategy and climate change objectives. It builds on Fortescue's industry leading announcement to achieve carbon neutrality by 2030 for Scope 1 and 2 emissions, and net zero Scope 3 emissions by 2040, addressing emissions across the Company's global value chain.

Announcing the Framework, Fortescue CEO, Elizabeth Gaines, said, "As societal expectations change, sustainability has never been more important to our investors, stakeholders and employees. As a business, we are focused on meeting and exceeding these expectations. The introduction of our Sustainability Financing Framework is a demonstration of our team's passion and drive to integrate sustainability into all aspects of our business, ensuring communities continue to benefit from our growth and development as we take a global leadership position in the green energy transition."

## Tailings management

The management of our storage of tailings includes rigorous design practices, comprehensive monitoring and management programs, independent auditing and a strict corporate governance regime.

We currently operate four active Tailings Storage Facilities (TSFs) and manage an additional six inactive facilities. All of our facilities are located in the Pilbara region of Western Australia.

None of our TSFs are considered to be large or complex engineering structures, or operated in geotechnically, geologically, topographically or meteorologically complex settings.

We do not employ the upstream raise as a TSF design or construction method. All of our TSFs are located in remote areas and there are no communities situated near any facilities.

We implement a life-cycle TSF management framework. The objective of this framework is to define, understand, prioritise, control, mitigate and effectively eliminate TSF failure. Our TSF register, containing detailed information on each TSF, can be found on the Environment page on our website at [www.fmgil.com.au](http://www.fmgil.com.au)



## Creating positive social change

Fortescue is committed to creating positive social change within Aboriginal communities through local procurement, business development, mentoring and capacity-building opportunities



### Billion Opportunities

Our Billion Opportunities program promotes sustainable business opportunities for Aboriginal people by building the capability and capacity of Aboriginal businesses.

The program forms a critical element of our approach to ensuring economic opportunity and growth for the Traditional Custodians within the regions in which we operate.

Since its commencement in 2011, the program has awarded contracts and subcontracts worth a total value of over A\$3.5 billion to more than 130 Aboriginal businesses. During the half year, Fortescue's Billion Opportunities continued to support Aboriginal businesses with over A\$338 million in new contracts awarded to 16 Aboriginal businesses.

### Aboriginal employment

We are proud to be one of Australia's largest employers of Aboriginal people. As at 31 December 2021, we employed 983 Aboriginal people, representing 10 per cent of the total workforce. 15 per cent of employees at our Pilbara Operations are Aboriginal.

Our Aboriginal training, professional development and support programs are designed to assist Aboriginal people to gain employment and progress their career with Fortescue.

### Tax

The payment of taxes within the countries that we operate is an important element of our contribution to the economic development of these countries. Our primary revenue generating operations are located in Australia, which means the majority of our tax liabilities are paid in Australia.

Taxes applicable to our business include:

- Corporate taxes
- State government royalties
- Comprehensive employment taxes such as fringe benefits taxes, payroll taxes and various employee insurances.

We also collect and pay a number of additional taxes beyond those directly attributable to Fortescue. These include Pay As You Go (PAYG) withholding tax from salary and wages paid to employees. Our total income tax payable for FY21 was A\$5,789 million.

### Human rights

We are committed to respecting and promoting the human rights of all people including our employees, the communities in which we operate, those within our supply chains and those who may be impacted by our activities.

We conduct business in a manner consistent with the International Bill of Human Rights, the United Nations Guiding Principles on Business and Human Rights and the principles concerning fundamental rights set out in the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work. We are also a signatory to the United Nations Global Compact.

We oppose all forms of slavery in our operations and the operations of our suppliers. We are committed to identifying, assessing and mitigating human rights impacts, providing access to remedy through effective grievance mechanisms and continually strengthening our actions. We work in collaboration with our suppliers to eradicate modern slavery from our supply chain.

In December 2021, we released our fourth modern slavery statement, the second required under Australia's *Modern Slavery Act 2018 (Cth)*. Our FY21 Modern Slavery Statement is available on our website at [www.fmgil.com.au](http://www.fmgil.com.au)



# Operations

**Record shipping and production output reflecting the successful transition to a three hub model comprising the Chichester, Solomon and Western hubs.**

Production and shipments on a wet metric tonne basis (wmt) for the half year are outlined below.

6 months to 31 December (million tonnes)	31 December 2021	31 December 2020	Movement %
Overburden removed	179.0	143.6	25
Ore mined	118.0	108.4	9
Ore processed	97.6	90.3	8
Ore shipped	93.1	90.7	3
Ore sold	92.1	90.2	2

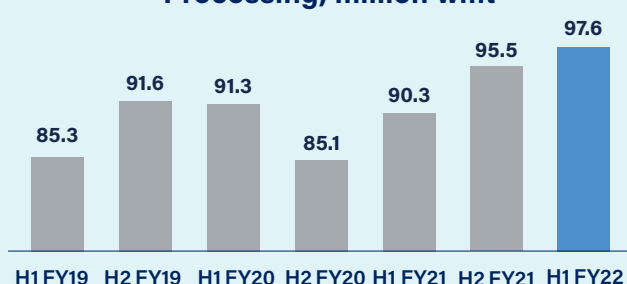
Fortescue continued to successfully operate throughout the COVID-19 pandemic, achieving record first half shipments of 93.1mt through the successful integration of the Eliwana mine and rail project into our value chain, achieving planned production output.

Ore mining was 9.6mt above H1 FY21 at 118.0mt (H1 FY21 108.4mt) reflecting the contribution from Eliwana to ore mining production. Production from Queens Valley at the Solomon Hub continued, supported by the commissioning of the overland conveyor in H1 FY22. At Chichester Hub's Cloudbreak mine, the development at Bigge continues. Bigge expands Cloudbreak further west and contributes low strip ratio material which supports the overall Fortescue product strategy. Strip ratio for H1 FY22 of 1.5x is above H1 FY21 reflecting waste mining increases consistent with the life of mine and operations plan (1.3x in H1 FY21).

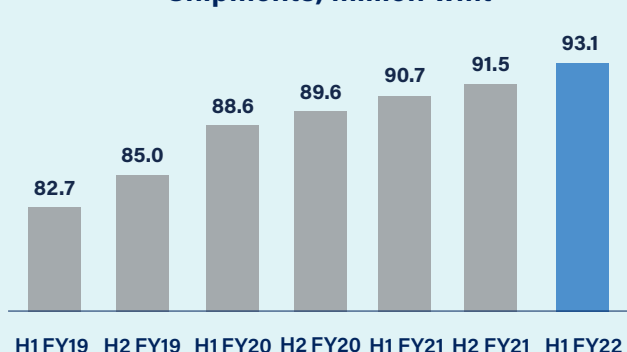
Ore processing was a first half record at 97.6mt, 7.3mt above H1 FY21 of 90.3mt. This achievement reflects Eliwana producing consistently at designed output levels (30mtpa), combined with consistent performance and reliability through existing OPFs, and was notably achieved without the use of any ancillary crushing equipment (4.9mt of ancillary crushing in H1 FY21). Production through the Wet High Intensity Magnetic Separators (WHIMS) continued delivering benefits in yield and grade, achieving target production throughput in H1 FY22.

Fortescue achieved record first half shipments of 93.1mt, 2.4mt above H1 FY21. Shipping performance reflects the successful integration of the Eliwana mine and rail project into the Fortescue value chain. Sales via Fortescue's wholly owned Chinese sales entity, FMG Trading Shanghai continued to increase, with a total of 26.5mt sold since commencement in June 2019 through to 31 December 2021, 8.8mt of which was attributable to H1 FY22. This entity allows Fortescue to improve iron ore sales channels through the direct supply of products to Chinese customers in smaller volumes, in Renminbi directly from regional ports. The difference between ore shipped and ore sold for the half represents unsold stocks held by this entity at regional ports in China.

**Processing, million wmt**



**Shipments, million wmt**



## Marketing and product strategy

Fortescue's world class, integrated operations and customer-focused marketing strategy underpins the Company's strong market penetration in China and in other countries.

Our strategy delivers a flexible product range to meet customer requirements and maximise value. Sales of Fortescue's 60.1% iron grade product, West Pilbara Fines, which commenced in December 2018, totalled 8.0mt for the six months ended 31 December 2021 (H1 FY21: 8.4mt). With finalisation of the Eliwana mine project and commissioning of operations, we are well positioned to meet demand from our customers.

Global steel production, excluding China, increased by 12.5 per cent to 918mt in the 12 months to December 2021, returning to pre-COVID-19 levels supported by the recovery in global demand.

While China remains Fortescue's core focus and represents more than 50 per cent of global steel production, we continue to grow non-China sales to growth economies in South East Asia.

In the near term, iron ore inventories not scheduled within the integrated operations and marketing strategic plan are classified as non-current.

## Innovation and technology

Fortescue has led the way globally in embracing automation at its operations and is well on its way to becoming the only iron ore operation in the world to have a fully autonomous owned haulage fleet. Fortescue maintains its position as a leader in autonomous haulage, with 193 trucks operating across the Solomon and Chichester hubs.

The introduction of automation has not only contributed to a safer working environment for our team members, it has also underpinned significant productivity and efficiency improvements.

We continue to look for other opportunities for automation and artificial intelligence to drive greater efficiency across the business, including the use of data to predict outcomes and optimise performance, the expansion of autonomy to fixed plant and non-mining equipment and the application of relocatable conveyor technology.

## Decarbonisation

Fortescue has set out a number of initiatives to both decarbonise and achieve the 2040 target, enabled through our 100 per cent renewable green energy and green technology company, FFI.

Key initiatives being accelerated to achieve net zero scope 3 emissions by 2040 include:

- Conversion of existing maritime vessels, including Fortescue's fleet of ore carriers, to be fuelled by green ammonia.
- Supporting the adoption of green ammonia in new vessel construction.
- Pursuing opportunities for emissions reduction and elimination in iron and steel making, facilitated by the use of renewable energy and green hydrogen.
- Research and development work to produce green iron and cement from Fortescue ores at low temperatures without coal.

Decarbonisation initiatives already underway included the commencement of power generation and transmission through the Chichester Solar Gas Hybrid project, displacing 100 million litres of diesel at our Chichester Hub. Together with the Pilbara Energy Connect (PEC) project, these initiatives are estimated to provide 25 per cent of stationary day time energy across our mining operations through solar power. Progress continues on our green fleet development, including both a hydrogen powered truck and drill rig and combustion of ammonia as a locomotive fuel.

Subsequent to 31 December 2021, Fortescue announced that it has entered into an agreement to acquire UK-based Williams Advanced Engineering (WAE). WAE is a world-leading technology and engineering business. WAE will bring critical battery technology to Fortescue to deliver electric solutions to Fortescue's rail, mobile haul fleet and other heavy mining equipment. The transaction is expected to conclude by the end of March 2022, subject to the satisfaction of customary conditions precedent including United Kingdom foreign investment approval.

Key considerations for the pathway to decarbonisation include technology and development, future equipment acquisition and potential regulatory changes. Development and investment analysis will include project economics and asset carrying value assessments.





## Fortescue Future Industries

Our vision is to make renewable green hydrogen the most globally traded seaborne energy commodity in the world

### Fortescue Future Industries

FFI is a global green energy and green technology company committed to producing zero-emission green hydrogen from 100 per cent renewable sources. FFI is a developer, financier and operator investing in zero-emission resources to produce renewable energy at a scale equal to the oil and gas super majors. Our vision is to make renewable green hydrogen the most globally traded seaborne energy commodity in the world.

FFI furthered its portfolio of projects in H1 FY22 associated with renewable hydrogen production, including:

- In October 2021, FFI announced a landmark agreement with the Queensland Government to establish FFI's Global Green Energy Manufacturing centre (GEM). GEM will deliver specialist production lines, including the manufacture of wind turbines, solar photovoltaic cells, electrolyzers, long range electric cabling, electrification systems and associated infrastructure.
- In October 2021, FFI signed a letter of intent for a 50:50 joint venture to manufacture large scale proton exchange membrane (PEM) electrolyzers with Plug Power Inc, a US-based company which provides turnkey hydrogen solutions for the global green hydrogen economy. The manufacturing facility will be based at FFI's GEM.
- In October 2021, FFI acquired the commercial assets of Xergy Inc and Xergy One Ltd to form FFI Ionix Inc, a wholly owned subsidiary based in the United States of America. FFI Ionix is a technology company focused on global technology leadership and commercialisation of hydrogen technologies.

- In October 2021, FFI acquired a 60 per cent stake in Dutch based High yield Energy Technologies (HyET) Group and provided the majority share of the financing for the expansion of HyET Solar's Dutch Solar PV factory.
- In November 2021, FFI announced a Memorandum of Understanding with Universal Hydrogen, a United States based company focusing on an end to end solution for hydrogen powered flight. Under the MOU, FFI and Universal Hydrogen have agreed to:
  - Negotiate an offtake agreement for the supply of green hydrogen.
  - Conduct a scoping study to develop green hydrogen production and logistics hubs in Iceland, New Zealand and Southeast Queensland.
  - Evaluate future green hydrogen demand in the aviation industry.

As part of the capital allocation framework, 10 per cent of Fortescue's consolidated NPAT is allocated to FFI.

FFI incurred operating expenses in H1 FY22 of US\$174m (H1 FY21 US\$22m) and US\$62m of capital expenditure including investments (H1 FY21 US\$18m).

# Major projects



## Iron Bridge

The Iron Bridge Magnetite Project will deliver 22mt per annum of high grade, low impurity 67% Fe magnetite concentrate, with first production scheduled for December 2022. The Iron Bridge Magnetite Project is an Unincorporated Joint Venture between FMG Magnetite Pty Ltd (69 per cent) and Formosa Steel IB Pty Ltd (31 per cent).

The capital estimate for the project is US\$3.3 billion to US\$3.5 billion. FMG Iron Bridge Ltd, Fortescue's subsidiary participating in the Iron Bridge Joint Venture, has a joint venture share of US\$2.5 billion to US\$2.7 billion with Fortescue's investment at 31 December 2021 being US\$1.8 billion.

During the period, the project achieved key milestones, including:

- Completion of the module offload facility at Lumsden Point, enabling successful delivery and installation of the first modules to site.
- Installation of the first high pressure grinding roll in the tertiary crushing facility.
- Completion of earthworks for the tailings storage facility and commencement of pre-strip mining.

- Commenced laying the concentrate pipeline, return water pipeline and the Canning Basin raw water pipeline.
- Commenced earthworks at the concentrate handling facility at Fortescue's port facility in Port Hedland.
- Mobilised the Structural Mechanical Piping and Electrical and Instrumentation contractors at the Ore Processing Facility.
- Commissioning and operation of the airport.

Fortescue remains focused on maintaining the schedule in an uncertain global environment that includes managing industry cost pressures, supply chain constraints and other challenges associated with the impact of COVID-19. As the project ramps up to peak construction workforce numbers, the availability of labour and access to specialist skills remains a key focus for the project.





## Energy

Fortescue continued development and construction of energy infrastructure through the US\$700 million investment in the Pilbara Energy Connect (PEC) program of works. This program will be constructed, owned and operated by Fortescue and comprises:

- The US\$250 million Pilbara Transmission Project which consists of 275 kilometres of high voltage transmission lines connecting Fortescue's mine sites.
- The US\$450 million Pilbara Generation Project which includes 150MW of gas fired generation, together with 150MW of solar photovoltaic (PV) generation, supplemented by large scale battery storage.

PEC will integrate Fortescue's stationary energy facilities in the Pilbara into an efficient network and enable the integration of additional renewable energy in the future. The project continues with construction of the additional gas fired power generation capacity at the Solomon power station and completion of stage one of the Solomon to Iron Bridge transmission line.

The Chichester Solar Gas Hybrid Project is owned and operated by Alinta Energy and consists of a 60MW solar PV generation facility at the Chichester Hub and a 60 kilometre transmission line linking the Christmas Creek and Cloudbreak mining operations with Alinta Energy's Newman gas-fired power station. Commissioning occurred in November 2021 with power transmission replacing existing diesel burning power generation for the remainder of H1 FY22.

## Exploration

Fortescue holds the largest tenement portfolio in the Pilbara region of Western Australia. Our iron ore tenements are key to maintaining mine life and sustaining product quality in Fortescue's core iron ore business. The Western Hub Resources include significant amounts of high iron content bedded iron ore, adding dry, low cost tonnes to Fortescue's product suite.

Australian exploration activity during the interim period has focused on iron ore in the Western Hub and Eastern Hamersley regions in the Pilbara, with a focus on the program at Mindy South and study work progressing at Nyidinghu.

Exploration activity on the Australian copper-gold portfolio included the completion of airborne magnetic and electromagnetic surveys, a ground gravity survey and on-ground mapping and soil sampling over the Paterson and Rudall projects in Western Australia, with target generation to be completed in the second half. Drilling programs in South Australia at the Arcoona project and Vulcan South on the Tasman Resources Joint Venture are underway.

In December 2021, Fortescue entered into an exclusivity agreement with the Government of the Republic of Gabon to study the opportunity to develop the Belinga Iron Ore project in Gabon, West Africa.

Other international exploration activities included the completion of drill programs at the Santa Ana project in Ecuador and over two project areas in Kazakhstan with mapping and ridge sampling conducted on several other project areas. The drilling season in Argentina commenced in October 2021 with a program commenced at the Rincones project. Drilling programs are expected to commence on several other projects in both Argentina and Ecuador in H2 FY22.

# Financial results

## Financial performance

Fortescue's financial results for the half year demonstrate the continued ability of the Company's operations to generate strong cash flows through iron ore market cycles via the successful execution of its product strategy and leveraging the capacity in the value chain to maximise sales volumes. The momentum of Fortescue's transition to a vertically integrated green energy and resources company continued to accelerate as reflected in the increase in FFI expenditure compared to H1 FY21, including the introduction of expanded segment disclosures in the notes to the financial statements.

Key metrics	31 December 2021	31 December 2020
Revenue, US\$ millions	8,125	9,335
Underlying EBITDA <sup>1</sup> , US\$ millions	4,762	6,639
Net profit after tax, US\$ millions	2,777	4,084
<b>Earnings per share, US cents</b>	<b>90.3</b>	<b>132.7</b>
<b>C1 costs, US\$/wmt</b>	<b>15.28</b>	<b>12.78</b>
<b>Key ratios</b>		
Underlying EBITDA margin, %	59	71
Return on equity, %	58	47

<sup>1</sup> Refer to page 36 for the reconciliation of Underlying EBITDA to the financial metrics reported in the financial statements under Australian Accounting Standards.

During the half year ended 31 December 2021, Fortescue delivered a net profit after tax of US\$2,777 million and earnings per share of 90.3 US cents. The financial performance reflects the continued strong operational performance and the integration of operations and marketing, with price realisation reflecting the market cycle. The strength of the operating performance including an increase in shipments compared to H1 FY21 and a continued focus on productivity and efficiency has enabled strong EBITDA margins.

### Fortescue Metals Group and Fortescue Future Industries

As a reflection of the increasing contribution of FFI to Fortescue's overall financial performance, further transparency has been provided in the notes to the financial statements on FFI's financial result as a segment of the group. The operating segments are described below:

- Iron ore: Exploration, development, production, processing, sale and transportation of iron ore, and the exploration for other minerals.
- FFI: Undertaking activities in the global development of green electricity, green hydrogen and green ammonia projects.

Corporate includes cash, debt and tax balances which are managed at a group level, together with other corporate activities. Corporate is not considered an operating segment and includes activities that are not allocated to other operating segments.

The consolidated, Iron Ore and FFI results for the interim period are provided below and further reported on page 36 in the financial report.

	Iron ore	FFI	Corporate	Consolidated
Revenue	8,125	-	-	8,125
Underlying EBITDA	5,018	(174)	(82)	4,762



## Consolidated performance

## Revenue

	Note <sup>1</sup>	31 December 2021	31 December 2020
Total iron ore revenue, US\$ millions	3	7,036	8,703
Total shipping revenue, US\$ millions	3	1,063	606
Other revenue, US\$ millions	3	26	26
<b>Operating sales revenue, US\$ millions</b>		<b>8,125</b>	<b>9,335</b>
Shipments, wmt		93.1	90.7
Ore sold, wmt <sup>2</sup>		92.1	90.2
62% Fe CFR Platts index, US\$/dmt		136	126
<b>Realised price, US\$/dmt</b>		<b>96</b>	<b>114</b>

<sup>1</sup> Notes to the accompanying financial statements.

<sup>2</sup> Fortescue's wholly owned trading entity maintains some inventory at Chinese ports and ore sold versus shipments reflects the timing differences that may occur between shipments and sales to external customers.

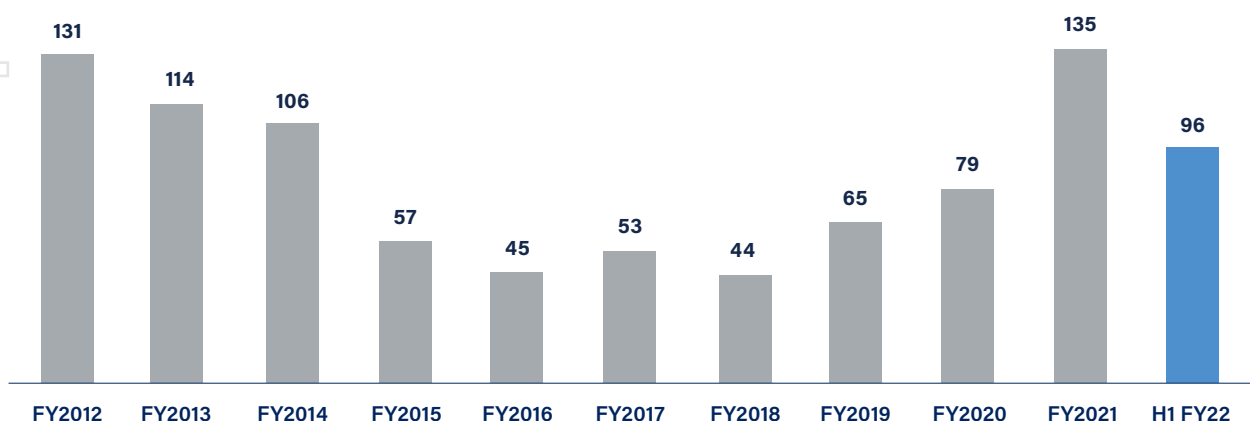
Fortescue's record shipments for the six month period ending 31 December 2021 were 2.4mt above H1 FY21 at 93.1mt, and partially offset a 16 per cent reduction in price realisation to US\$96/dmt (H1 FY21 US\$114/dmt). The Platts 62% CFR index averaged US\$136/dmt in H1 FY22 which is an increase of eight per cent over the prior year (H1 FY21: US\$126/dmt).

The factors influencing realised price outcomes in H1 FY22 include:

- Reduction in crude steel production, linked to 25 per cent lower steel demand and steel production curtailments.
- Reduction in iron ore demand due to the decrease in crude steel production as well as an increase in low grade iron ore supply, amidst constrained high grade supply.
- Destocking across the iron ore supply chain, given uncertain future steel and iron ore demand.

Reduction in demand and declining prices combined with increased supply has impacted price realisations for Fortescue products relative to the Platts index. Fortescue's average realised price over the past 10 years is provided below, and represents an average of 82 per cent of the Platts Index over that period:

## Average revenue realisation, US\$/dmt



## Financial performance

## Production costs

The reconciliation of C1 costs and total delivered costs to customers to the financial metrics reported in the financial statements under Australian Accounting Standards is set out below.

	Note <sup>1</sup>	31 December 2021	31 December 2020
Mining and processing costs, US\$ millions	3	1,182	959
Rail costs, US\$ millions	3	116	99
Port costs, US\$ millions	3	109	94
<b>C1 costs, US\$ millions</b>		<b>1,407</b>	<b>1,152</b>
Ore sold, mt		92.1	90.2
<b>C1, US\$/wmt</b>		<b>15.28</b>	<b>12.78</b>
Shipping costs, US\$ millions	3	1,086	608
Government royalty <sup>2</sup> , US\$ millions	3	541	642
Administration expenses (excl FFI), US\$ millions	3	125	87
<b>Shipping, royalty and administration, US\$ millions</b>		<b>1,752</b>	<b>1,337</b>
Ore sold, mt		92.1	90.2
<b>Shipping, royalty and administration, US\$/wmt</b>		<b>19</b>	<b>15</b>
<b>Total delivered cost, US\$/wmt</b>		<b>34</b>	<b>28</b>
<b>Total delivered cost, US\$/dmt</b>		<b>37</b>	<b>31</b>

<sup>1</sup> Notes to the accompanying financial statements.

<sup>2</sup> Fortescue pays 7.5 per cent government royalty for the majority of its iron ore products, with a concession rate of five per cent applicable to beneficiated fines.

C1 costs averaged US\$15.28/wmt for the half year, 20 per cent higher compared to the prior period. The increase in C1 costs reflects the transition from the existing two hubs at Chichester and Solomon to three hubs with the commencement of operations at Eliwana in the Western Hub. The additional capacity is reflected in record first half shipments and aligned with Fortescue's integrated operating and marketing strategy focusing on maximising margins and EBITDA throughout the market cycle. Other factors influencing C1 cost performance were movements in exchange rates, with the AUD to USD average rate increasing to 0.73 in H1 FY22 compared to 0.72 in H1 FY21, Pilbara inflationary pressures including a significant increase in fuel prices as well as an increase in the strip ratio from 1.3 in H1 FY21 to 1.5 in H1 FY22. Total delivered costs were further impacted by a 79 per cent increase in shipping costs.



## Financial performance

### Underlying EBITDA

Underlying EBITDA, defined as earnings before interest, tax, depreciation and amortisation, exploration, development and other expenses, is used as a key measure of the Company's financial performance. During the half year, Fortescue's operations generated Underlying EBITDA of US\$4,762 million (H1 FY21 US\$6,639 million), including US\$174 million of operating expenses attributable to FFI (H1 FY21 US\$22 million). The reconciliation of Underlying EBITDA to the financial metrics reported in the financial statements under Australian Accounting Standards is presented below.

	Note <sup>1</sup>	31 December 2021 US\$m	31 December 2020 US\$m
Operating sales revenue	3	8,125	9,335
Cost of sales excluding depreciation and amortisation	3	(3,052)	(2,415)
Net foreign exchange gain/(loss)	3	(13)	(119)
Fair value change in derivatives <sup>2</sup>	3	-	(54)
Administration expenses	3	(125)	(87)
Fortescue Future Industries (FFI) expenses	3	(174)	(22)
Other income	3	1	1
<b>Underlying EBITDA</b>		<b>4,762</b>	<b>6,639</b>
Finance income	3	6	11
Finance expenses	3	(82)	(86)
Depreciation and amortisation	3	(722)	(672)
Exploration, development and other	3	(16)	(28)
<b>Net profit before tax</b>		<b>3,948</b>	<b>5,864</b>
Income tax expense <sup>3</sup>		(1,171)	(1,780)
<b>Net profit after tax</b>		<b>2,777</b>	<b>4,084</b>
Loss on early debt repayment after tax		2	-
<b>Underlying net profit after tax</b>		<b>2,779</b>	<b>4,084</b>

<sup>1</sup> Notes to the accompanying financial statements.

<sup>2</sup> Represents derivatives not designated as eligible cash flow hedges.

<sup>3</sup> Refer to the consolidated income statement.

The key factor contributing to the 28 per cent decrease in Underlying EBITDA from the prior period was the lower price realisation, partially offset by additional volume with H1 FY22 sales volumes of 92.1mt increasing by two per cent (H1 FY21 90.2mt).

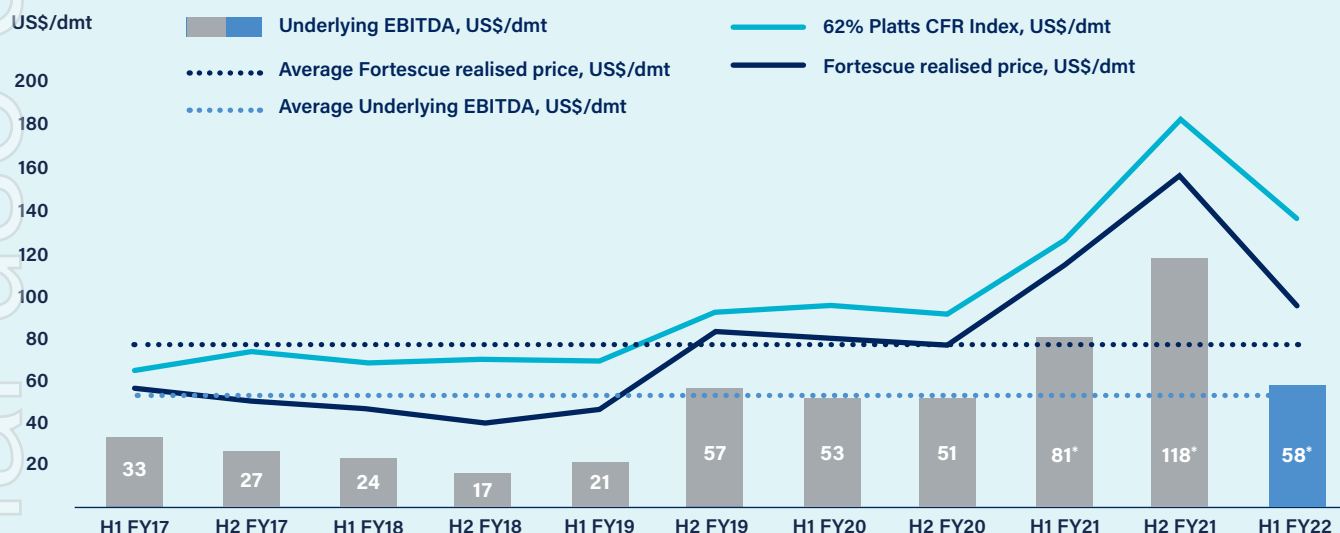
### Fortescue Future Industries

FFI expenses have increased by US\$152 million to US\$174 million in H1 FY22 (H1 FY21 US\$22 million) due to the ramp up in personnel supporting an increase in project assessments and feasibility studies for FFI initiatives. FFI expenses are associated with studies for key projects and expenditure on emerging technologies to develop green electricity, green hydrogen and green ammonia projects in both Australia and globally.

## Financial performance

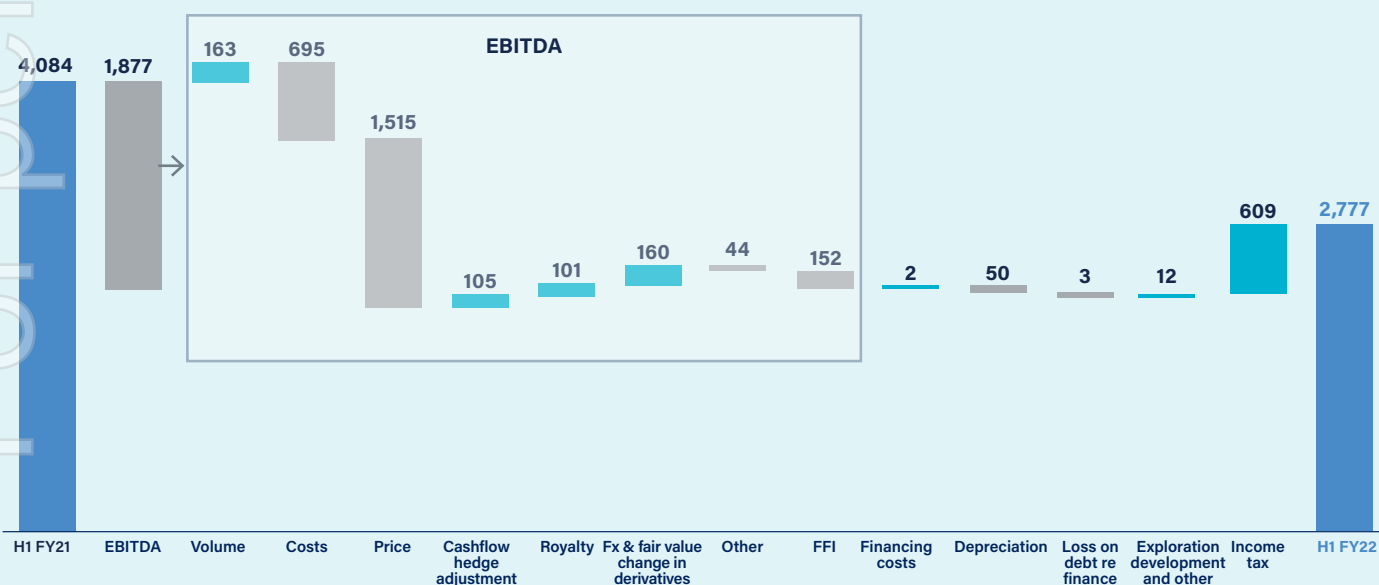
## Underlying EBITDA continued

The Underlying EBITDA of US\$4.8 billion for H1 FY22 represents a margin of 59 per cent (61 per cent or US\$58.26/dmt excluding FFI). As illustrated in the chart below, Fortescue has been maintaining strong Underlying EBITDA margins through the market cycles, demonstrating the commitment to, and focus on, productivity, efficiency and innovation.



\*Excludes FFI costs recognised as an administration expense.

## H1 FY21 NPAT v H1 FY22 NPAT





## Financial performance

### Underlying EBITDA continued

#### Other expenses

Other expenses of US\$368 million have increased compared to the prior period (H1 FY21 US\$319 million) as a result of:

- An increase in expenses associated with FFI to US\$174 million for H1 FY22 (H1 FY21 US\$22 million) reflecting growth in FFI's operations and resourcing.
- An increase in administration expenses to US\$125 million for H1 FY22 (H1 FY21 US\$87 million) reflecting the costs of an additional employee incentive related to Fortescue's record FY21 performance that was approved by the Board in the current period.
- Reduction in foreign exchange losses to US\$13 million for H1 FY22 (H1 FY21 US\$119 million).
- Absence of any fair value derivative losses (or gains) in the current period (H1 FY21 loss of US\$54 million).

#### Non-operating events

Key non-operating matters forming part of the financial result include:

- Depreciation and amortisation of US\$722 million is up seven per cent on the prior period (H1 FY21 US\$672 million) in line with the increase in production compared to H1 FY21 and the transition of Eliwana to operations.
- Finance expenses of \$82 million for the half year ended 31 December 2021 are consistent with the prior period (H1 FY21 US\$86 million).
- Income tax expense for the half year of US\$1,171 million represents an effective tax rate of 30 per cent (H1 FY21 US\$1,780 million, effective tax rate of 30 per cent) and has decreased in line with underlying financial performance.

# Financial position and capital management

Key metrics	Note <sup>1</sup>	31 December 2021 US\$m	30 June 2021 US\$m
Borrowings	4	3,838	3,442
Lease liabilities	4	785	810
<b>Total debt</b>		<b>4,623</b>	4,252
Cash and cash equivalents		2,899	6,930
<b>Net debt/(cash)</b>		<b>1,724</b>	(2,678)
<b>Equity</b>		<b>15,780</b>	17,735
<b>Key ratios</b>			
Gearing, %		23	19
Net gearing, %		10	(18)

<sup>1</sup>Notes to the accompanying financial statements.

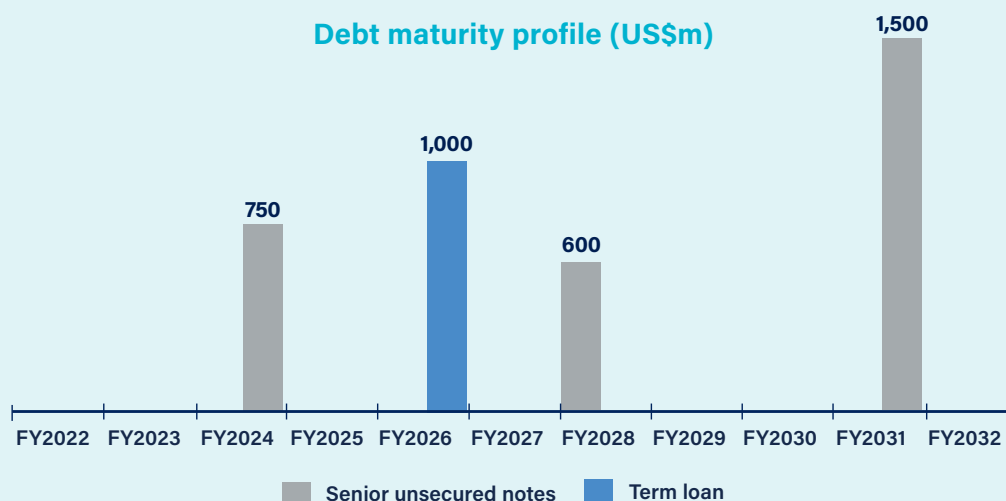
## Debt and liquidity

Fortescue's balance sheet is structured on low cost, investment grade terms with optimal gearing and liquidity levels to support ongoing operations. The debt capital structure allows optionality and flexibility to fund future growth.

In September 2021, the Syndicated term loan was amended and extended with key changes, including an increase in principal to US\$1 billion and extending maturity to 30 June 2026 (previously June 2025) providing an additional US\$400 million of undrawn liquidity. The available funds were subsequently drawn on 29 December 2021. The coupon rate is linked to LIBOR plus a fixed margin, with repayments being one per cent of the outstanding amount paid annually with the remainder due at maturity.

In November 2021, Fortescue established its Sustainability Financing Framework, which will enable the future issuance of Green and Social debt instruments to support investments in eligible green and social projects. This reflects Fortescue's ongoing commitment to ESG leadership and recognises the growth in sustainable, green and social sources of capital, further optimising Fortescue's capital structure.

The Company's debt maturity profile at 31 December 2021 is set out in the table below. Fortescue has no financial maintenance covenants across all instruments.





## Financial position

### Cash flows

At 31 December 2021, Fortescue had US\$3,924 million of liquidity available including US\$2,899 million of cash on hand and US\$1,025 million available under the revolving credit facility. Total debt of US\$4,623 million, inclusive of US\$785 million of lease liabilities, represents gross gearing of 23 per cent.

	31 December 2021 US\$m	31 December 2020 US\$m
<b>Cash flows</b>		
<b>Cash generated from operations</b>	<b>4,428</b>	6,591
Cash flows from operating activities	2,136	4,410
Capital expenditure (including joint operations and FFI investments)	(1,488)	(1,891)
<b>Free cash flow</b>	<b>648</b>	2,519

Cash generated from operations of US\$4,428 million was 33 per cent lower than the prior period, largely as a result of lower Underlying EBITDA.

Net cash flows from operations include net interest payments of US\$105 million (H1 FY21 US\$114 million) and income tax paid of US\$2,192 million (H1 FY21 US\$2,077 million). The H1 FY22 tax payments include US\$915 million for the FY21 tax payment paid in December 2021.

Capital expenditure including joint operations and FFI investments was US\$1,488 million for the half year (H1 FY21 US\$1,891 million) reflecting ongoing expenditure on growth projects at Iron Bridge and Pilbara Energy Connect, with Eliwana largely completed in FY21.

### Dividends and shareholder returns

In September 2021, Fortescue paid a fully franked final dividend of 211 Australian cents per share for the financial year ended 30 June 2021.

On 16 February 2022, Fortescue declared a fully franked interim dividend of 86 Australian cents per share, payable in March 2022.

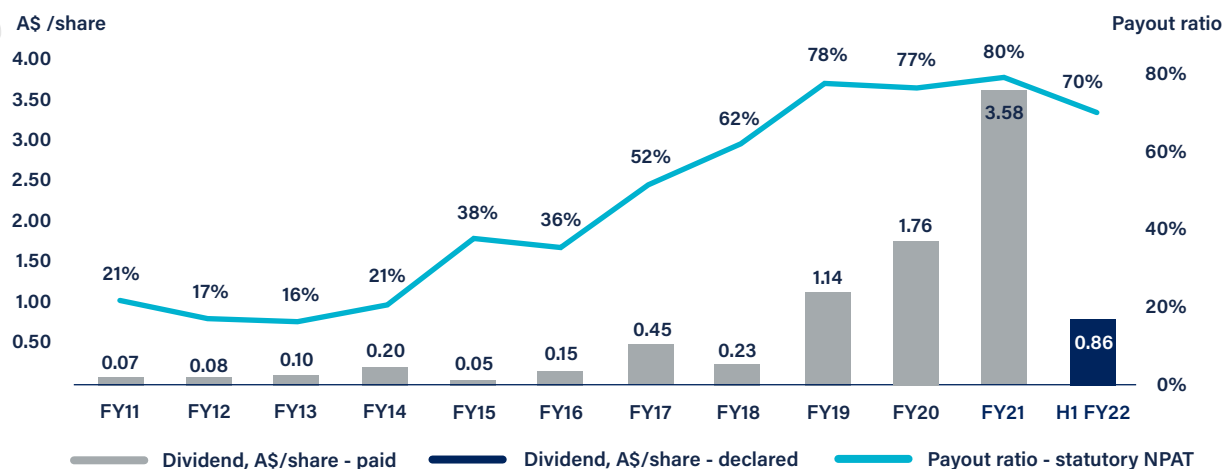
For the half year ended 31 December 2021, Fortescue generated earnings of 90.3 US cents per share (H1 FY21 132.7 US cents per share) and, subsequent to period end, declared an interim dividend of 86 AUD cents per share (H1 FY21 interim dividend of 147 AUD cents per share). The interim dividend for the current period represents a payout ratio of 70 per cent of net profit after tax, in line with the Company's policy of maintaining a payout ratio of between 50 and 80 per cent of full year net profit after tax.

	31 December 2021	31 December 2020
Net profit after tax, US\$ millions	2,777	4,084
Basic earnings per share, US cents per share	90.3	132.7
Basic earnings per share, AUD cents per share <sup>1</sup>	123.7	183.7
<b>Interim dividend, AUD cents per share</b>	<b>86</b>	<b>147</b>
<b>Dividend payout ratio, %</b>	<b>70</b>	80

<sup>1</sup> Australian dollar earnings per share is calculated by translating the US dollar earnings per share at the average exchange rate for the period of AUD:USD 0.732 (31 December 2020: AUD:USD 0.723).

## Financial position

### Dividends declared and payout ratios



## Share buy-back scheme

In 2018, Fortescue announced the establishment of an on-market share buy-back program of up to A\$500 million which was extended in October 2020 for an unlimited duration. The maximum number of shares which can be bought back is determined periodically by the Company's 10/12 limit, being that a company cannot buy back more than 10 per cent of its voting shares within the span of any twelve month period.

Fortescue retains the option to undertake an on market share buyback. During H1 FY22, Fortescue acquired none of its own shares on market under the share buy-back program.

## FY22 guidance

- Iron ore shipments in the range of 180-185mt
- C1 costs expected to be in the range of US\$15.00-15.50/wmt
- Capital expenditure (excluding FFI) of US\$3.0–US\$3.4 billion

Guidance for C1 cost and capital expenditure is based on an assumed FY22 average exchange rate of AUD:USD 0.72.



02

# Financial Statements



## Consolidated income statement

For the half year ended 31 December 2021

	Note	31 December 2021 US\$m	31 December 2020 US\$m
Operating sales revenue	3	8,125	9,335
Cost of sales	3	(3,734)	(3,078)
<b>Gross profit</b>		<b>4,391</b>	<b>6,257</b>
Other income	3	1	1
Other expenses	3	(368)	(319)
<b>Profit before income tax and net finance expenses</b>		<b>4,024</b>	<b>5,939</b>
Finance income	3	6	11
Finance expenses	3	(82)	(86)
<b>Profit before tax</b>		<b>3,948</b>	<b>5,864</b>
Income tax expense		(1,171)	(1,780)
<b>Profit after tax</b>		<b>2,777</b>	<b>4,084</b>
<b>Profit is attributable to:</b>			
Equity holders of the Company		2,777	4,084
<b>Net profit after tax</b>		<b>2,777</b>	<b>4,084</b>

## Consolidated statement of comprehensive income

For the half year ended 31 December 2021

	31 December 2021 US\$m	31 December 2020 US\$m
<b>Profit after tax</b>	<b>2,777</b>	<b>4,084</b>
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified to profit or loss in subsequent periods, net of tax</i>		
Loss on cashflow hedges	-	(55)
Exchange differences on translation of foreign operations	(6)	(13)
<i>Items that will not be reclassified to profit or loss in subsequent periods, net of tax:</i>		
Gain on investments taken to equity	2	3
<b>Other comprehensive income / (loss), net of tax</b>	<b>(4)</b>	<b>(65)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>2,773</b>	<b>4,019</b>
<b>Total comprehensive income for the period attributable to:</b>		
Equity holders of the Company	2,773	4,019
<b>Total comprehensive income for the period, net of tax</b>	<b>2,773</b>	<b>4,019</b>
	<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit attributable to the equity holders of the Company:</b>		
Basic earnings per share	90.3	132.7
Diluted earnings per share	90.1	132.3

The above consolidated income statement and consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated statement of financial position

At 31 December 2021

	Note	31 December 2021 US\$m	30 June 2021 US\$m
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,899	6,930
Trade and other receivables		491	713
Inventories		1,080	1,212
Other current assets		128	104
<b>Total current assets</b>		<b>4,598</b>	<b>8,959</b>
<b>Non-current assets</b>			
Trade and other receivables		24	24
Inventories		391	-
Property, plant and equipment		20,094	19,387
Intangible assets		32	10
Other non-current assets		45	3
<b>Total non-current assets</b>		<b>20,586</b>	<b>19,424</b>
<b>Total assets</b>		<b>25,184</b>	<b>28,383</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		1,380	1,918
Borrowings and lease liabilities	4	158	167
Provisions		290	327
Current tax payable		320	1,468
<b>Total current liabilities</b>		<b>2,148</b>	<b>3,880</b>
<b>Non-current liabilities</b>			
Trade and other payables		16	13
Borrowings and lease liabilities	4	4,465	4,085
Provisions		1,019	955
Deferred tax liabilities		1,756	1,715
<b>Total non-current liabilities</b>		<b>7,256</b>	<b>6,768</b>
<b>Total liabilities</b>		<b>9,404</b>	<b>10,648</b>
<b>Net assets</b>		<b>15,780</b>	<b>17,735</b>
<b>EQUITY</b>			
Contributed equity	5	1,053	1,105
Reserves		78	46
Retained earnings		14,641	16,576
<b>Equity attributable to equity holders of the Company</b>		<b>15,772</b>	<b>17,727</b>
Non-controlling interest		8	8
<b>Total equity</b>		<b>15,780</b>	<b>17,735</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.



## Consolidated statement of cash flows

For the half year ended 31 December 2021

	Note	31 December 2021 US\$m	31 December 2020 US\$m
<b>Cash flows from operating activities</b>			
Cash receipts from customers		8,307	8,973
Payments to suppliers and employees		(3,879)	(2,382)
Cash generated from operations		4,428	6,591
Interest received		5	10
Interest paid		(105)	(114)
Income tax paid		(2,192)	(2,077)
<b>Net cash inflow from operating activities</b>		<b>2,136</b>	<b>4,410</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment - Fortescue		(1,061)	(1,382)
Payments for property, plant and equipment - joint operations		(380)	(339)
Payments of deferred joint venture contributions		-	(170)
Proceeds from disposal of plant and equipment		4	2
Purchase of financial assets		(47)	-
<b>Net cash outflow from investing activities</b>		<b>(1,484)</b>	<b>(1,889)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		400	-
Repayment of borrowings		-	(1,025)
Repayment of lease liabilities		(66)	(94)
Finance costs paid		(11)	(5)
Dividends paid		(4,712)	(2,204)
Purchase of shares by employee share trust		(137)	(122)
<b>Net cash outflow from financing activities</b>		<b>(4,526)</b>	<b>(3,450)</b>
Net (decrease) / increase in cash and cash equivalents		(3,874)	(929)
Cash and cash equivalents at the beginning of the period		6,930	4,855
Effects of exchange rate changes on cash and cash equivalents		(157)	48
<b>Cash and cash equivalents at the end of the period</b>		<b>2,899</b>	<b>3,974</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## Consolidated statement of changes in equity

For the half year ended 31 December 2021

	Attributable to equity holders of the Company				Non-controlling interest US\$m	Total equity US\$m
	Contributed equity US\$m	Reserves US\$m	Retained earnings US\$m	Total US\$m		
<b>Balance at 1 July 2020</b>	<b>1,167</b>	<b>62</b>	<b>12,002</b>	<b>13,231</b>	<b>13</b>	<b>13,244</b>
Net profit after tax	-	-	4,084	4,084	-	4,084
Other comprehensive income	-	(65)	-	(65)	-	(65)
<b>Total comprehensive income for the period, net of tax</b>	<b>-</b>	<b>(65)</b>	<b>4,084</b>	<b>4,019</b>	<b>-</b>	<b>4,019</b>
<b>Transactions with owners:</b>						
Purchase of shares under employee share plans	(122)	-	-	(122)	-	(122)
Employee share awards vested	59	(59)	-	-	-	-
Equity settled share-based payment transactions	-	82	-	82	-	82
Shares in subsidiary issued to non-controlling interests	-	(8)	-	(8)	8	-
Dividends declared	-	-	(2,215)	(2,215)	-	(2,215)
Other	-	-	(1)	(1)	-	(1)
<b>Balance at 31 December 2020</b>	<b>1,104</b>	<b>12</b>	<b>13,870</b>	<b>14,986</b>	<b>21</b>	<b>15,007</b>
<b>Balance at 1 July 2021</b>	<b>1,105</b>	<b>46</b>	<b>16,576</b>	<b>17,727</b>	<b>8</b>	<b>17,735</b>
Net profit after tax	-	-	2,777	2,777	-	2,777
Other comprehensive income	-	(4)	-	(4)	-	(4)
<b>Total comprehensive income for the period, net of tax</b>	<b>-</b>	<b>(4)</b>	<b>2,777</b>	<b>2,773</b>	<b>-</b>	<b>2,773</b>
<b>Transactions with owners:</b>						
Purchase of shares under employee share plans	(137)	-	-	(137)	-	(137)
Employee share awards vested	85	(85)	-	-	-	-
Equity settled share-based payment transactions	-	121	-	121	-	121
Dividends declared	-	-	(4,712)	(4,712)	-	(4,712)
<b>Balance at 31 December 2021</b>	<b>1,053</b>	<b>78</b>	<b>14,641</b>	<b>15,772</b>	<b>8</b>	<b>15,780</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Notes to the consolidated financial statements

For the half year ended 31 December 2021

## Basis of preparation

### 01 Basis of preparation

The financial statements cover the consolidated group comprising of Fortescue Metals Group Ltd (the Company) and its subsidiaries, together referred to as Fortescue or the Group.

#### (a) Statement of compliance

These general purpose consolidated interim financial statements have been prepared in accordance with AASB 134, *Interim Financial Reporting* and the *Corporations Act 2001*.

The financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial report for the year ended 30 June 2021, and any public announcements made by the Company during the half year ended 31 December 2021 in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the *ASX Listing Rules*.

The financial statements were approved by the Board of Directors on 16 February 2022.

All amounts in the financial statements have been rounded to the nearest million dollars, except as indicated, in accordance with the ASIC Corporations Instrument 2016/191.

#### (b) Significant accounting policies

The accounting policies applied in these financial statements are consistent with those applied by the Group in the 30 June 2021 consolidated financial statements.

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for the 31 December 2021 interim reporting period and have not been applied in these financial statements. The Group is currently assessing the impact of these new standards and amendments on future financial statements.



## Notes to the consolidated financial statements

### For the half year ended 31 December 2021

## Financial performance

### 02 Segment information

Fortescue's chief operating decision maker is identified as the Chief Executive Officer (CEO) and its segments are identified based on the internal reports that are reviewed and used by the CEO in assessing performance and determining the allocation of resources. During the current reporting period, the Group changed the internal reporting basis of its operating segments to match changes in the operational structure of the business. As a result, the following operating segments have been identified:

- **Iron ore:** Exploration, development, production, processing, sale and transportation of iron ore, and the exploration for other minerals.
- **Fortescue Future Industries (FFI):** Undertaking activities in the global development of green electricity, green hydrogen and green ammonia projects.

Corporate includes cash, debt and tax balances which are managed at a group level, together with other corporate activities. Corporate is not considered to be an operating segment and includes activities that are not allocated to other operating segments.

Transfer prices between segments are set on an arm's length basis in a manner similar to transactions with third parties. Where segment revenue, expenses and results include transfers between segments, those transfers are eliminated on consolidation and are not considered material.

#### (a) Underlying EBITDA

Fortescue uses Underlying EBITDA defined as earnings before interest, tax, depreciation and amortisation, exploration, development and other expenses, as a key measure of its financial performance. The reconciliation of Underlying EBITDA to the net profit after tax is presented below. The segment information is prepared in conformity with the Group's accounting policies.

	Note	Iron ore		FFI		Corporate		Consolidated	
		December 2021 US\$m	December 2020 US\$m	December 2021 US\$m	December 2020 US\$m	December 2021 US\$m	December 2020 US\$m	December 2021 US\$m	December 2020 US\$m
Operating sales revenue	3	8,125	9,439	-	-	-	(104)	8,125	9,335
External customers		8,125	9,439	-	-	-	1	8,125	9,440
Cash flow hedging adjustment		-	-	-	-	-	(105)	-	(105)
<b>Underlying EBITDA</b>		<b>5,018</b>	<b>6,988</b>	<b>(174)</b>	<b>(22)</b>	<b>(82)</b>	<b>(327)</b>	<b>4,762</b>	<b>6,639</b>
Depreciation and amortisation	3	(668)	(651)	(1)	-	(53)	(21)	(722)	(672)
Finance income	3							6	11
Finance expense	3							(82)	(86)
Exploration, development and other	3							(16)	(28)
Income tax expense								(1,171)	(1,780)
<b>Net profit after tax</b>								<b>2,777</b>	<b>4,084</b>

## Notes to the consolidated financial statements

For the half year ended 31 December 2021

### Financial performance (continued)

#### 02 Segment information (continued)

##### (b) Segment assets

	Iron ore		FFI		Corporate		Consolidated	
	December 2021 US\$m	June 2021 US\$m	December 2021 US\$m	June 2021 US\$m	December 2021 US\$m	June 2021 US\$m	December 2021 US\$m	June 2021 US\$m
Segment assets	21,711	20,957	94	21	3,379	7,404	25,184	28,382

In February 2021, Fortescue updated its capital allocation policy to allocate 10% of consolidated Net Profit After Tax (NPAT) to fund renewable energy growth through FFI. Capital committed under this policy to FFI for the year ended 30 June 2021 totalled US\$1,030 million (Consolidated NPAT of US\$10,295 million). As of 31 December 2021, the remaining funding commitment unutilised by FFI is US\$651 million after applying FY21 operating and capital expenditure of US\$137 million and current period H1 FY22 operating and capital expenditure of US\$242 million.

##### (c) Geographical information

Fortescue operates predominantly in the geographical location of Australia, and this is the location of the vast majority of the Group's assets. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. The amounts presented exclude fair value change in derivatives designated as cash flow hedges of nil (31 December 2020: loss of US\$105 million).

	31 December 2021 US\$m	31 December 2020 US\$m
<b>Revenues from external customers</b>		
China	7,099	8,616
Other	1,026	824
	<b>8,125</b>	<b>9,440</b>

##### (d) Major customer information

Revenue from two customers amounted to US\$773 million and US\$634 million for the half year ended 31 December 2021 (31 December 2020: US\$933 million and US\$721 million), arising from the sale of iron ore and the related shipment of product.

Notes to the consolidated financial statements  
For the half year ended 31 December 2021

## Financial performance (continued)

### 03 Revenue and expenses

	31 December 2021 US\$m	31 December 2020 US\$m
Iron ore revenue	8,390	7,956
Provisional pricing adjustments - iron ore	(1,354)	852
Cash flow hedging adjustment <sup>1</sup>	-	(105)
<b>Total iron ore revenue<sup>2</sup></b>	<b>7,036</b>	<b>8,703</b>
Shipping revenue	1,038	601
Provisional pricing adjustments - shipping revenue	25	5
<b>Total shipping revenue<sup>2</sup></b>	<b>1,063</b>	<b>606</b>
Other revenue <sup>3</sup>	26	26
<b>Operating sales revenue</b>	<b>8,125</b>	<b>9,335</b>
Mining and processing costs	(1,182)	(959)
Rail costs	(116)	(99)
Port costs	(109)	(94)
Shipping costs	(1,086)	(608)
Government royalty	(541)	(642)
Depreciation and amortisation	(682)	(663)
Other operating expenses	(18)	(13)
<b>Cost of sales</b>	<b>(3,734)</b>	<b>(3,078)</b>
Other	1	1
<b>Other income</b>	<b>1</b>	<b>1</b>
Administration expenses	(125)	(87)
FFI expenditure	(174)	(22)
Exploration, development and other	(16)	(28)
Depreciation and amortisation	(40)	(9)
Fair value change in derivatives not designated as hedging instruments	-	(54)
Net foreign exchange loss	(13)	(119)
<b>Other expenses</b>	<b>(368)</b>	<b>(319)</b>
Interest income	6	11
<b>Finance income</b>	<b>6</b>	<b>11</b>
Interest expense on borrowings and lease liabilities	(69)	(79)
Loss on early debt redemption	(3)	-
Other	(10)	(7)
<b>Finance expenses</b>	<b>(82)</b>	<b>(86)</b>

<sup>1</sup> Cash flow hedging adjustment represents the effective loss reclassified from other comprehensive income (OCI) to profit or loss on close out of the hedge position during the period.

<sup>2</sup> Certain sales contracts are provisionally priced at the initial revenue recognition (bill of lading) date, with the final settlement price based on a pre-determined quotation period. Operating sales revenue from these contracts each comprise two parts:

- (i) Iron ore revenue and shipping revenue recognised at the bill of lading date at current prices; and
- (ii) Provisional pricing adjustments which represent any difference between the revenue recognised at the bill of lading date and the final settlement price.

Shipping revenue and the provisional pricing adjustments to shipping revenue are recognised over the period during which the shipping service has been provided.

<sup>3</sup> Other revenue includes towage services provided by Fortescue which is recognised as performed.



## Notes to the consolidated financial statements

### For the half year ended 31 December 2021

## Capital management

### 04 Borrowings and lease liabilities

	31 December 2021 US\$m	30 June 2021 US\$m
Senior unsecured notes	29	31
Syndicated term loan	10	7
Revolving credit facility	-	-
Lease liabilities	119	129
<b>Total current borrowings and lease liabilities</b>	<b>158</b>	<b>167</b>
Senior unsecured notes	2,827	2,824
Syndicated term loan	972	580
Revolving credit facility	-	-
Lease liabilities	666	681
<b>Total non-current borrowings and lease liabilities</b>	<b>4,465</b>	<b>4,085</b>
<b>Total borrowings and lease liabilities</b>	<b>4,623</b>	<b>4,252</b>

Fortescue's listed debt instruments are classified as level 1 financial instruments in the fair value hierarchy with their fair values based on quoted market prices at the end of the reporting period. The senior unsecured notes had a fair value of US\$2,993 million at 31 December 2021 (30 June 2021: US\$3,067 million). The carrying values of other financial assets and liabilities approximate their fair values.

#### Revolving credit facility

On 28 September 2021, the Company completed an extension of the facility's maturity date to 28 July 2025, until which date, the US\$1,025 million facility remains available for redraw.

#### Syndicated term loan

An amendment and extension of the syndicated term loan was completed on 28 September 2021. The amendment made an additional US\$400 million available which was drawn in full on 29 December 2021. Except for the maturity date, which was extended to June 2026, the remaining repayment terms remain unchanged.

Notes to the consolidated financial statements  
For the half year ended 31 December 2021

## Capital management (continued)

### 05 Contributed equity

#### (a) Share capital

	Issued shares	Treasury shares	Contributed equity	Issued shares	Treasury shares	Contributed equity
	Number	Number	Number	US\$m	US\$m	US\$m
At 1 July 2020	3,078,964,918	(1,250,564)	3,077,714,354	1,195	(28)	1,167
Purchase of shares under employee share plans	-	(9,394,611)	(9,394,611)	-	(121)	(121)
Employee share awards vested	-	8,984,665	8,984,665	-	59	59
<b>At 30 June 2021</b>	<b>3,078,964,918</b>	<b>(1,660,510)</b>	<b>3,077,304,408</b>	<b>1,195</b>	<b>(90)</b>	<b>1,105</b>
Purchase of shares under employee share plans	-	(10,861,898)	(10,861,898)	-	(137)	(137)
Employee share awards vested	-	10,261,621	10,261,621	-	85	85
<b>At 31 December 2021</b>	<b>3,078,964,918</b>	<b>(2,260,787)</b>	<b>3,076,704,131</b>	<b>1,195</b>	<b>(142)</b>	<b>1,053</b>

#### (b) Issued shares

Issued shares are fully paid and entitle the holders to one vote per share and the rights to participate in dividends. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

#### (c) Treasury shares

Movements in treasury shares represent acquisition of the Company's shares on market and allocation of shares to the Company's employees from the vesting of awards and exercise of rights under the employee share-based payment plans.

#### (d) Share buy-back program

During the period, the Company acquired none of its own shares on market under the share buy-back program which was extended on 10 October 2020 for an unlimited duration. The maximum number of shares which can be bought back is determined periodically by the Company's 10/12 limit, being that a company cannot buy back more than 10 per cent of its voting shares within the span of any 12 month period.

## Notes to the consolidated financial statements

### For the half year ended 31 December 2021

## Capital management (continued)

### 06 Dividends

#### (a) Dividends paid during the half year

	31 December 2021 US\$m	31 December 2020 US\$m
Final fully franked dividend for the year ended 30 June 2021: A\$2.11 per share (30 June 2020: A\$1.00 per share)	4,712	2,215

#### (b) Dividends declared and not recognised as a liability

	31 December 2021 US\$m	31 December 2020 US\$m
Interim fully franked dividend for the half year ended 31 December 2021: A\$0.86 per share (31 December 2020: A\$1.47 per share)	1,887	3,520

## Unrecognised items

### 07 Commitments and contingencies

#### (a) Capital commitments

At 31 December 2021, Fortescue had contractual commitments to capital expenditure of US\$886 million (30 June 2021: US\$1,176 million).

#### (b) Contingent assets and liabilities

There has been no change in the status of the matter previously disclosed between Fortescue and the Yindjibarndi people. Fortescue remains open to negotiating a Native Title agreement to the benefit of all Yindjibarndi people on similar terms to the agreements it has in place with other Native Title Groups in the region. During the period and up to the date of this report, no such negotiations have commenced or claims for compensation have been made.

Fortescue had no material contingent assets or contingent liabilities at 31 December 2021 or at the date of this report. Fortescue occasionally receives claims arising from its activities in the normal course of business. It is expected that any liabilities arising from such claims would not have a material effect on the Group's operating results or financial position.

### 08 Subsequent events

On 24 January 2022, Fortescue announced that it had entered an agreement to acquire Williams Advanced Engineering Limited for consideration of £164 million (US\$223 million equivalent at 0.735 USD:GBP exchange rate). The transaction is expected to conclude by the end of March 2022, subject to the satisfaction of customary conditions precedent including United Kingdom foreign investment approval.

On 16 February 2022, the Directors declared an interim fully franked dividend of 86 Australian cents per ordinary share payable in March 2022.



# Directors' Declaration



**Dr Andrew Forrest AO**

In the opinion of the Directors:

- (a) The interim financial statements and notes of Fortescue Metals Group Ltd set out on pages 31 to 41 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declaration by the Chief Executive Officer and Chief Financial Officer for the half year ended 31 December 2021 in accordance with the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

This declaration is made in accordance with a resolution of Directors.

**Dr Andrew Forrest AO**  
Chairman

Dated in Perth on this 16th day of February 2022.

# Independent Auditor's Review Report

To the members of Fortescue Metals Group Ltd

## Report on the half-year financial report



### Conclusion

We have reviewed the half-year financial report of Fortescue Metals Group Ltd (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Fortescue Metals Group Ltd does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date, and
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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**PricewaterhouseCoopers, ABN 52 780 433 757**

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## Independent auditor's report For the year ended 30 June 2021

**Responsibilities of the directors for the half-year financial report**

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

**Auditor's responsibilities for the review of the half-year financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



PricewaterhouseCoopers



Justin Carroll  
Partner

Perth  
16 February 2022

# Auditor's Independence Declaration

## Auditor's independence declaration



As lead auditor for the review of Fortescue Metals Group Ltd for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review, and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Fortescue Metals Group Ltd and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Justin Carroll'.

**Justin Carroll**  
**Partner**  
**PricewaterhouseCoopers**

Perth  
16 February 2022

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## Australian Business Number

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## Auditor

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## Securities Exchange listings

Fortescue Metals Group Limited  
shares are listed on the Australian  
Securities Exchange (ASX)  
ASX Code: FMG

## Fortescue Share Registry

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