2 April 2019

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 Mineral Resources and Ore Reserves Update: Operating Properties

Fortescue Metal Group (ASX:FMG, Fortescue) presents an update to the Ore Reserves and Mineral Resources statement for its Magnetite properties at 2 April 2019.

Ore Reserves and Mineral Resources are reported in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, December 2012 (the JORC Code) as required by the Australian Securities Exchange. This is an update to Fortescue's annual summary and should be read in conjunction with the supporting technical information (Hematite Ore Reserve and Mineral Resources Report and Magnetite Ore Reserve and Mineral Resources Report) released by Fortescue on 17 August 2018.

Magnetite Ore Reserve and Mineral Resource – Operating Properties

	Reporting	2 April 2019		30 June 2018	
	Basis	**Million tonnes**	**Fe%**	**Million tonnes**	**Fe%**
Ore Reserves	(Dry In-Situ tonnes prior to processing and product grades)	716	67.0	705	67.2
Mineral Resources	(Dry In-Situ tonnes and grades)	5,448	30.4	7,892	30.3

Fortescue's Chief Executive Officer, Ms Elizabeth Gaines said "This update supports the development of Stage 2 of our Iron Bridge Magnetite Project announced today which holds Australia's largest JORC compliant magnetite resource."

Yours sincerely
Fortescue Metals Group Ltd

Cameron Wilson
Company Secretary

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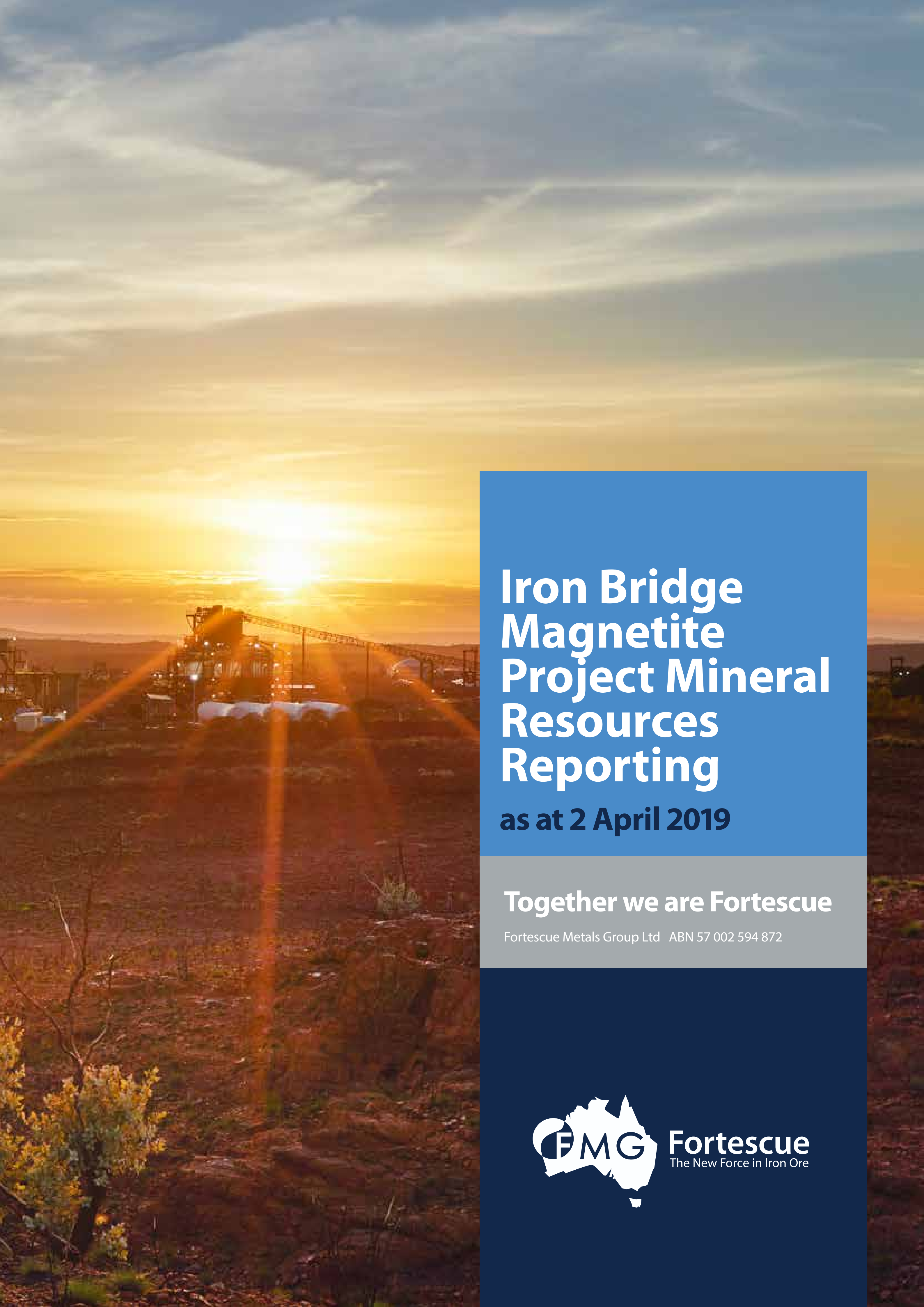


Iron Bridge Magnetite Project Mineral Resources Reporting

as at 2 April 2019

Together we are Fortescue

Fortescue Metals Group Ltd ABN 57 002 594 872

FMG Fortescue
The New Force in Iron Ore

Magnetite Mineral Resources

An updated Magnetite Mineral Resource estimate has been produced for the Iron Bridge Magnetite Project, incorporating the North Star, Eastern Limb, Glacier Valley and West Star deposits.

The operation is a Joint Venture between Fortescue Magnetite Pty Ltd (69%) and Formosa Steel IB (31%); it covers granted mining leases M45/1226 (North Star) and M45/1244 (Glacier Valley) and pending mining leases M45/1261 (Glacier Valley) and M45/1262 (North Star).

The Mineral Resource Estimate is reported in compliance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code). Only Mineral Resources are being reported, including material in the Measured, Indicated and Inferred Categories.

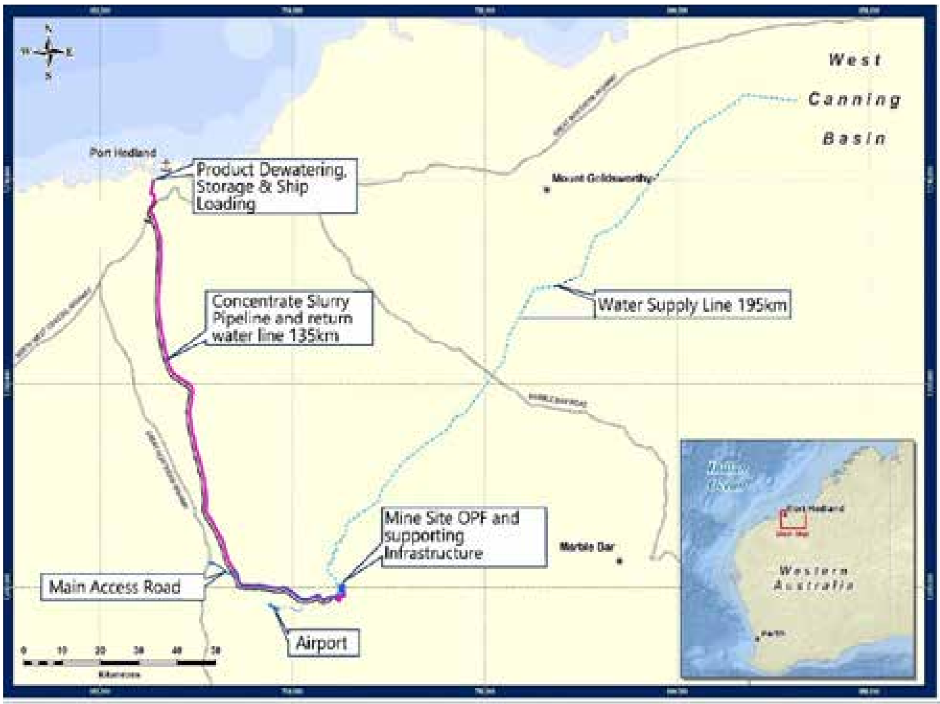


Figure 1 Project location and projected infrastructure

Project location

The project area is located approximately 145 km south of the town of Port Hedland in the Pilbara region of Western Australia (Figure 1), where Fortescue's port facility is located. The project is also located within 25 km of the existing Fortescue rail line.

Access to the project region is via the Great Northern Highway sealed road southerly from Port Hedland, and then via well maintained gravel roads to the Project area.

A Pre-Feasibility study has been completed aimed at developing the magnetite project by mining and processing at site, and then pumping fine grained concentrate to Port Hedland for drying and shipping through the Fortescue port facilities. An initial (Stage 1) processing facility has been constructed and successfully operated to trial innovative processing solutions which reduce operational costs. Over 1 million tonnes of oxide and magnetite ore was processed during 2015 to 2016.

Regional Geology

The Iron Bridge Magnetite Project is situated within the East Pilbara Terrane of the Pilbara Craton. Volcanic and volcanoclastic rocks of the Pilbara Super Group have been intruded by Archaean felsic granitoids, forming dome and keel type structures. Regional greenschist facies metamorphism and transpressional deformation have formed sub-vertical tight to isoclinal folds parallel to the granitoid contacts. Regional deformation is characterised by strike slip and reverse faulting.

The lease area includes two major volcano-sedimentary formations, the Sulphur Springs and younger Soanesville Group (Figure 2). Sulphur Springs is a 2,500 m to 3,000 m steeply dipping sequence of ultramafic to mafic volcanics which are overlain by Pincunah deep marine BIF. The Soanesville Group is characterised by terrigenous clastic sediments.

Group	Unit	Lithology	Stratigraphic Position
Soanesville Group	Paddy Market Formation	Shale and BIF	Youngest
	Corboy Formation	Siliciclastic conglomerate and sandstones	↓
	Cardinal Formation	Predominantly shale	
Sulphur Springs Group	Pincunah Member	Magnetic BIF	
	Kangaroo Caves Formation	Basalt-andesite volcanics and associated volcanoclastics	
	Kunagunarinna Formation	High-Mg basalt and komatiitic basalt	
	Leilira Formation	Siliciclastic sandstones	Eldest

Figure 2 Stratigraphy of Iron Bridge Project Area

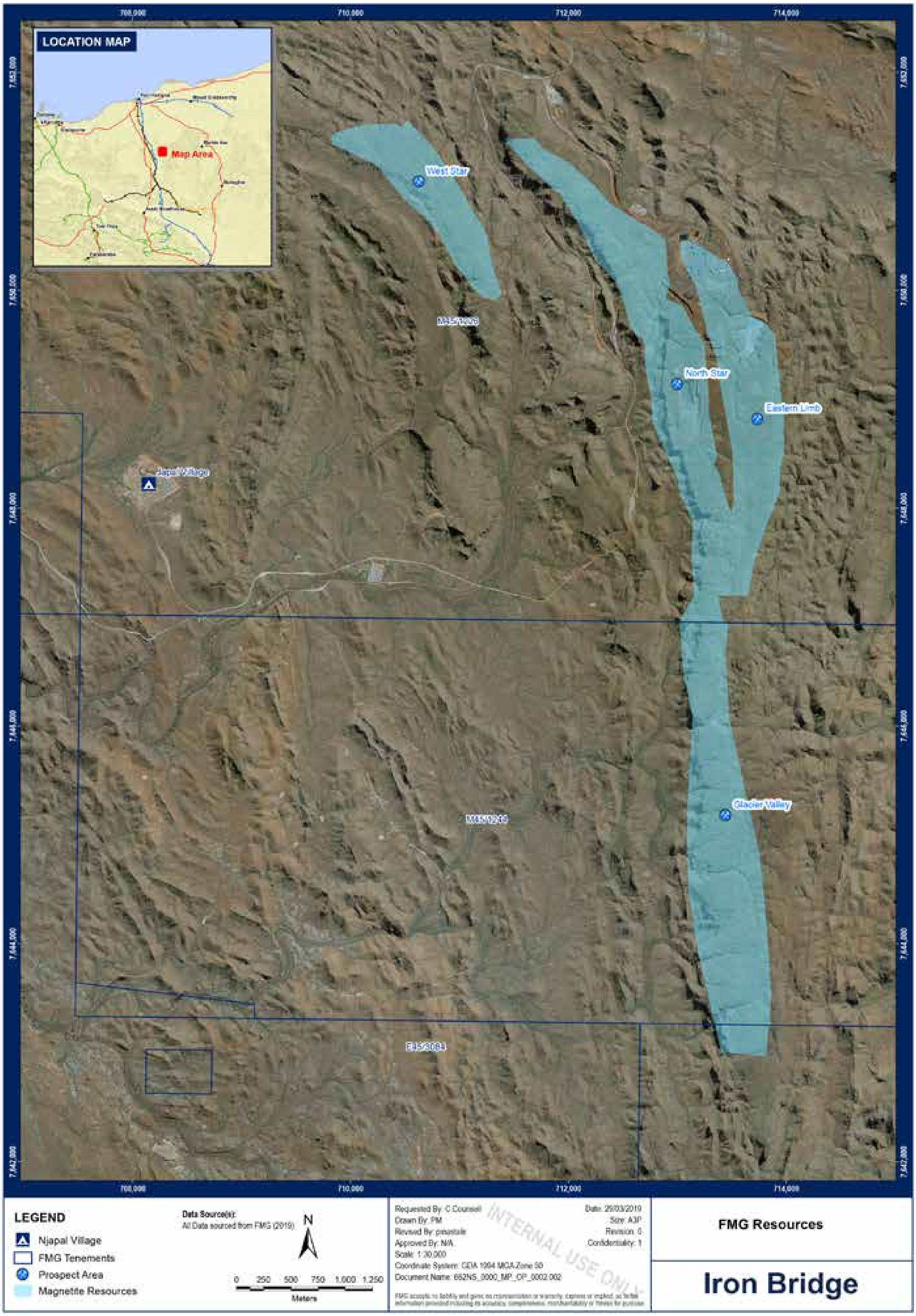


Figure 3 Deposit location and tenements

Iron mineralisation at Iron Bridge occurs primarily within the Pincunah Member which outcrops across the entire project tenement. It is often masked by cemented caps of ferruginous weathered BIF, silcrete and detritus. A surficial weathered zone forms in upper (20 to 60 m) horizons dominated by maghemite and kenomagnetite, hematite and goethite after magnetite.

This unit forms an overturned north-south striking ridge through the North Star area of the deposit, dipping steeply westwards. Several vertical faults have been interpreted to rotate the Pincunah Member to north-west, parallel to the Mount Yule Granite complex in the north-west region of the project area.

The hanging wall of the Pincunah Member is the Kangaroo Caves Formation and is composed of BIF bands interlayered with laminated, micro to mesobanded shales and chert. BIF units are up to 15 m in thickness and occur most commonly immediately adjacent to the Pincunah Member contact, while the remainder of the formation is dominated by shales and cherts.

The footwall of the Pincunah Member consists of a sequence of shale and sandstone layers, termed the Eastern Shale and Quartzite, grading upwards into the sandstones and conglomerates of the Corboy Formation. Outcrop of the contact is marked by a high-relief zone of silicification before transitioning into white interbedded shale and sandstone beds with fine scale mesobanding and laminations.

Mineralisation

The main mineralised BIF zones within the Pincunah Member are described by the Iron Bridge Joint Venture (IBJV) as having a relatively limited mineral suite, with magnetite mineralisation overprinting the original lithology. Primary mineralisation occurs as disseminated grains and aggregates of magnetite micro-bands with subordinate gangue phases at concentrations of 30% to 60% magnetite (by volume). Lower grade mineralisation occurs within gangue dominant micro-bands with similar texture to primary mineralisation with a range of 1% to 30% magnetite.

Secondary magnetite occurrences are observed in association with quartz and stilpnomelane as well as monomineralic cross-cutting veins and generally forms coarser sub-euhedral grains.

The Pincunah Member mineralisation has been geologically defined into Western, Middle and Eastern units according to assay results and geophysical logging. Each unit is interpreted to be conformable within the Pincunah Member and adjacent stratigraphy and are intersected across the entire lease. The Western and Eastern units comprise the high-grade mineralisation domains, while the Middle zone is typically lower grade and often barren.

Data used for Mineral Resource Estimation

Reverse circulation drill sampling was conducted under the supervision of IBJV personnel, with whole sample processing through rig-mounted cone splitters to produce two 3-5 kg splits per 2 m interval. One sample was dedicated to assay work (standard XRF, SatMagan, DTR) while the second is reserved for QAQC or additional test work as required. A visual assessment of the RC sample quality was recorded for each 2 m interval, with around 99% of intervals logged as being "good". Snowden notes that the logging of sample quality was highly subjective and can be considered indicative only.

Samples collected from the cone splitter are equivalent to approximately 6-7% of the total sample for each 2 m interval. Cone splitters were the preferred splitting method used as they provide a reasonable quality sample in both wet and dry conditions. The sample condition was recorded with approximately 77% of RC sample intervals logged as being dry with very little ground water encountered.

All 2 m RC samples were assayed at Ultra Trace (Bureau Veritas), which is a NATA accredited laboratory. Diamond core drill holes were not systematically assayed, but were submitted for bulk sample metallurgical test work.

The 2 m RC samples were dried and crushed to 3.35 mm and sub-sampled with one 150 g sub-sample used for standard XRF assay over 2 m. A second 150 g sub-sample was composited with an adjacent sample for Povey pulsed pulverising to a nominal P_{100} of 53 µm for DTR and sizing analysis.

DTR assay work was conducted at Spectrolab in Geraldton (approximately 30% of samples) and Bureau Veritas in Perth (approximately 70% of samples). DTR concentrate and tails samples are collected from the Davis Tube process and then assayed using XRF

RC drilling at North Star has been completed to a 25m x 25m pattern in the Stage 1 mining area, with 50m x 50m spacing in the main South Core domain. Other areas generally have broader 200m x 100m spacing with 400m x 100m towards the northern extremities of the project. Drilling has confirmed the continuity of the BIF and mineralisation to depths of 450m below surface.

Drilling at Eastern Limb is spaced at 100m x 50m with the extremities at 400m x 100m. Drilling has confirmed the continuity of the BIF and mineralisation to depths of 450m below surface.

Drilling at Glacier Valley is spaced at 200m x 100m with the extremities at 400m x 100m, and a small area of infill at 100m x 100m. Drilling has confirmed the continuity of the BIF and mineralisation to depths of 450m below surface.

Drilling at West Star was completed with holes spaced 100 metres along lines separated 200 to 300 metres apart. Drilling has confirmed the continuity of the BIF and mineralisation to depths of over 300 m below surface.

All data is logged electronically to ensure data integrity and protection, and Fortescue follows stringent QAQC procedures in data handling and testing, including validation of drill hole coordinates, assay samples and lab standards, field duplicates, twin holes, and round robin laboratory audits. Field duplicates show an acceptable level of precision has been achieved and standards (both pulp and coarse) generally fall within acceptable limits. Spectrolab was used for a period in 2012 and after poor performance was noted by Fortescue, service was discontinued. To date, no other issues of sample bias, assay precision or accuracy have been encountered.

The Mineral Resource estimate includes all validated drill holes and available assay data that has passed QAQC checks. Stratigraphy and mineralisation domains have been produced from geological mapping and drill hole logging and validated by geochemical data and geophysical down-hole logging data.

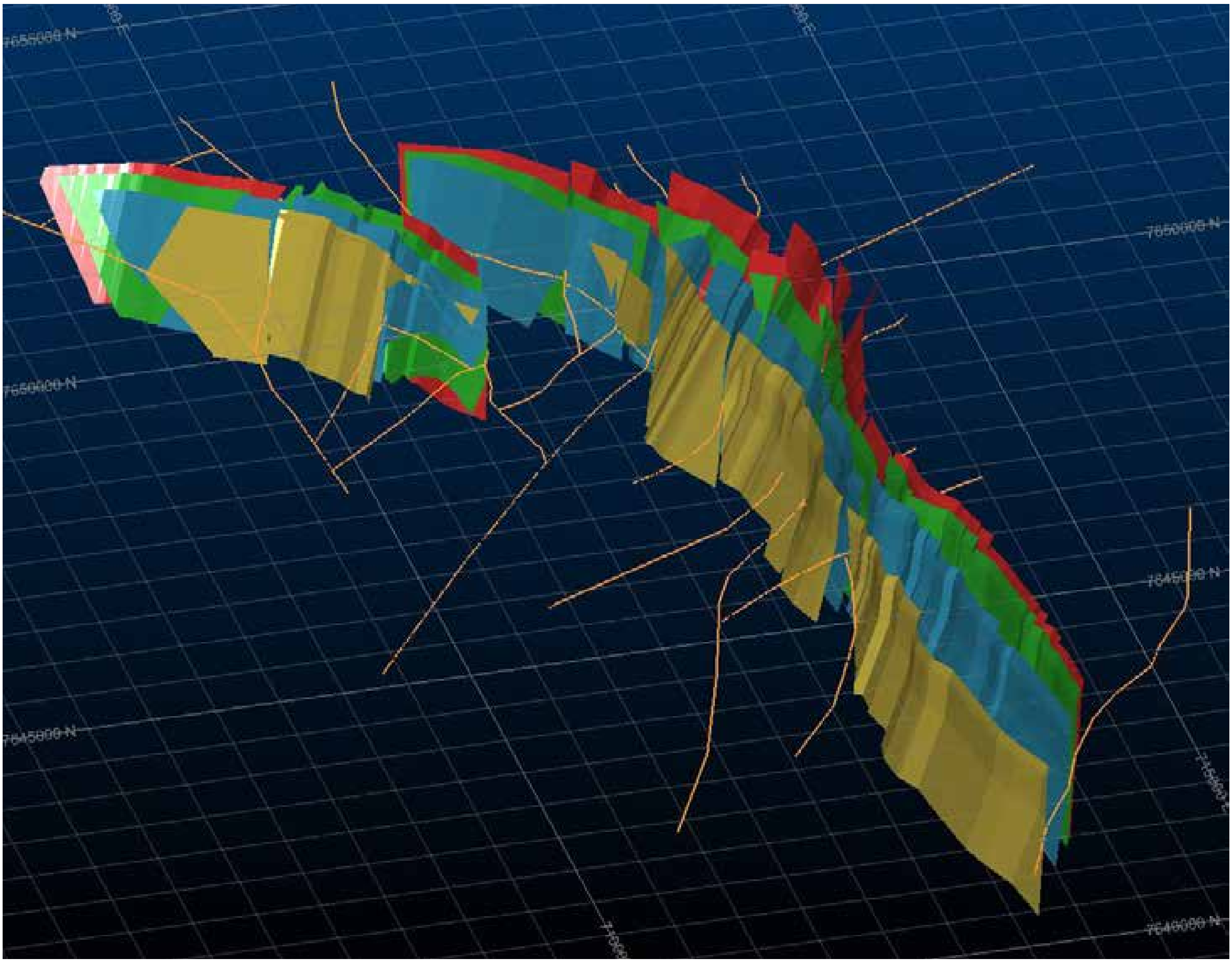
Deposit areas and drill spacing are shown in Figure 4.

Figure 4 Deposit areas and drilling

Geological Domains

Geological contacts, fault surfaces and the base of oxidation were interpreted and wireframed by Fortescue staff, on behalf of the Iron Bridge joint venture, and provided to mining and technology consultants Snowden (for estimation purposes), as shown in Figure 5. Interpretation relied on geomorphological expression, airborne and downhole geophysical logging, and assays, further aiding the delineation between the mineralised Eastern and Western Pincunah units and the barren Middle zone of the Pincunah Member. Fault contacts were interpreted from high resolution aeromagnetic surveys and where possible confirmed in outcrop.

Fault blocks were delineated and numbered from south to north within the project area as shown in Figure 6. This detailed geological interpretation is a significant change from the previous model where geology was interpolated from geochemical and metallurgical data clustering.



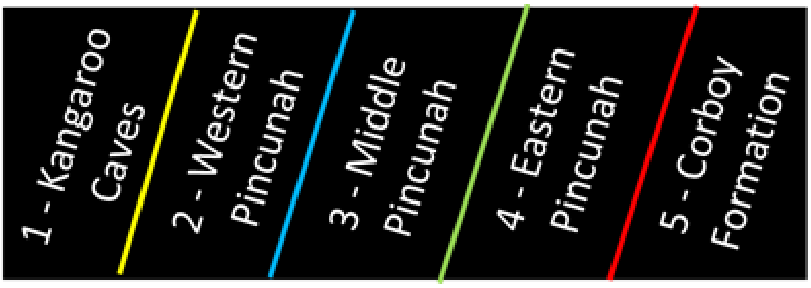


Figure 5 Orthogonal view of domain contact wireframes clipped +-500m from 0mRL with fault traces (Orange lines) and domain codes (inset)

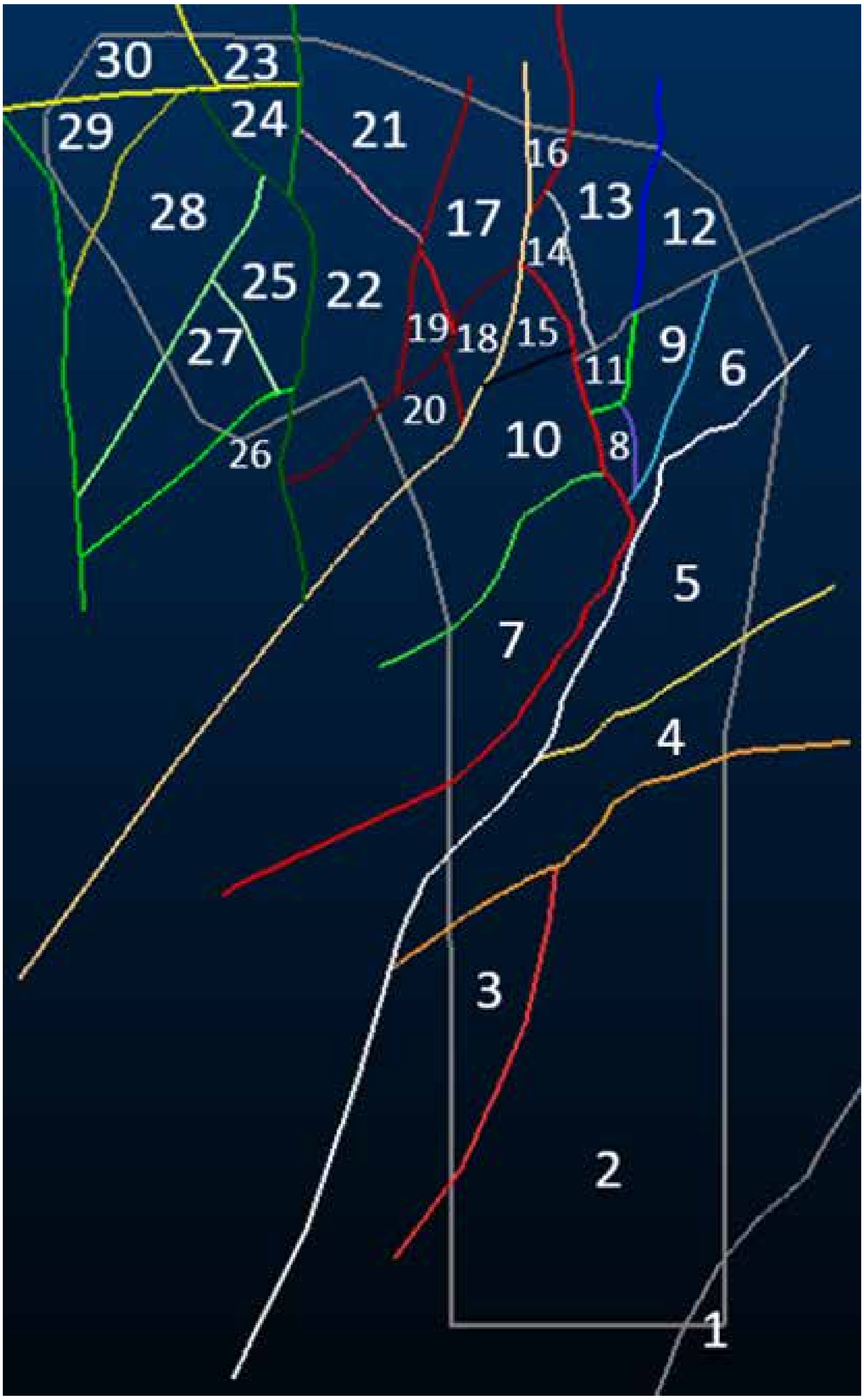


Figure 6 Plan section of project area with numbered fault blocks

Mineral Resource Estimation Methodology

Snowden was engaged by the Iron Bridge Joint Venture to run the resource model due to the Company's extensive experience in magnetite estimation. A block model was constructed based on a parent block size of 20 mE by 25 mN by 9 mRL with a minimum sub-block size of 4 mE by 5 mN by 3 mRL to ensure adequate volume resolution. The parent block size is based on the nominal drill hole spacing along with consideration of the geometry of the mineralisation and the results of a kriging neighbourhood analysis. The block model was coded with the domain and fault block wireframes along with the oxidation state.

Variograms were generated to assess the spatial continuity of the various elements (Fe, Al_2O_3, SiO_2, Mn, P, CaO, MgO, TiO_2, K_2O, S, Fe_3O_4, Cl, FeO and LOI), DTR concentrate grades, DTR mass recovery, magnetic susceptibility, geophysical density, along with additional geometallurgical sizing parameters derived from the DTRs. The variograms were used as inputs to the kriging algorithm used to interpolate grades. Snowden Supervisor software was used to generate and model the variograms for each variable within the Eastern, Central and Western Pincunah domains. The major direction (direction of maximum continuity) was oriented along strike with the intermediate (semi-major) direction oriented downdip and the minor direction oriented orthogonal to the dip plane. The variograms show nugget effects of approximately 5–15% of the total variance and effective ranges of 50–150m in the direction of maximum continuity (i.e. along strike).

Statistics for each variable were analysed to determine appropriate top-cuts to manage the influence of extreme outliers on the local block estimates. Within the mineralised Pincunah domains, top-cuts were applied to the head Cl assays, along with concentrate CaO, TiO_2, Na_2O and S grades, with typically less than 1% of samples impacted by the top-cut.

Snowden estimated all variables using ordinary block kriging (parent cell estimates) using Datamine Studio RM software. Dynamic anisotropy was used to locally adjust the orientation of the search ellipse and variogram models due to variations in the dip and strike of the mineralised zone between each fault block. For the purposes of the estimation, the domain and oxide boundaries were treated as hard boundaries.

A multiple search pass strategy was adopted, whereby the search was expanded if a first search failed to find enough samples to estimate blocks. In the first search pass, a minimum of 8 composites and maximum of 20 composites was used for the head grade estimate, with no more than 4 composites per drill hole. Sample numbers were based on composite length and data coverage to ensure a suitable number of drill holes would be used for each estimate. The same search ellipse ranges were used for all variables.

The standard suite of iron ore variables has been estimated as both in-situ head grades and recovered DTR concentrate grades, along with the DTR mass recovery.

The block grade estimates were validated using:

- Visual comparison of the block grade estimates and the input drill hole composites.
- Visual validation of search volume boundaries and artefacts due to poor sample orientation.
- Visual inspection of kriging efficiency and regression slope values for Fe and mass recovery estimates.
- Global comparison of the average composite (naïve and de-clustered) and estimated block grades.
- Swath plot analysis of the block grades and the input drill hole composites with respect to the de-clustered means.
- Review of block assay totals for the head and concentrate estimates.

Bulk Density

Downhole geophysical density and magnetic susceptibility data was logged at 10 cm intervals, with associated calliper measurements. Intervals were validated by comparing the calliper measurement to the expected hole width, with intervals outside the calliper tolerances set to null, prior to compositing to 2 m. This impacted approximately 4% of the total intervals.

The geophysical density was estimated into the model blocks from the 2 m composites. Blocks that did not receive an estimated geophysical density value were assigned the median density of the domain.

A study that reviewed diamond drillhole density measurements at Iron Bridge and compared them to twin RC holes with downhole density logging data, defined correction factors to be applied to the downhole geophysical density to account for moisture and drillhole rugosity issues and align them with measured diamond drillhole densities. These corrections were applied to the block estimated geophysical density value.

Magnetite Mineral Resource Statement

Snowden believes there are reasonable prospects for eventual economic extraction of the resource based on pit optimisations carried out by Fortescue, which shows potential for bulk open pit mining for the full depth of the reported Mineral Resource. The Mineral Resource has been classified as a combination of Measured, Indicated and Inferred Resources. The classification was developed based on an assessment of the nature and quality of the drilling and sampling methods, drill spacing and orientation, confidence in the understanding of the underlying geological and grade continuity, QAQC results, review of the drillhole database and the sampling and logging protocols, confidence in the estimate of the mineralised volume and results of the model validation.

The total Iron Bridge Mineral Resource, reported above a 9% mass recovery cut-off, is estimated to be 5,448 Mt at 22.7% mass recovery, 30.4% Fe, 41.1% SiO2, 2.59% Al2O3, 0.103% P, 0.135% S and 7.49% total LOI, as summarised in Table 10.1. The 9% mass recovery cut-off applied for the Mineral Resource reporting is based on pit optimisations and mining studies carried out by Fortescue. Snowden has validated the cut-off value and believes that the mass recovery cut-off is reasonable, assuming a bulk open pit mining operation with minimal selectivity.

Extrapolation beyond the drilling along strike is limited to approximately 200 m (i.e. half the drill section spacing in the wider spaced areas). The Inferred Resource is extrapolated approximately 100 m below the drilling in some sections. Extrapolation at depth below the base of drilling represents approximately 23% of the Inferred Resource above the reporting cut-off grade.

Comparison with Previous Resource Estimate

The remodelling of the resource has resulted in a downgrade of the Indicated and Inferred Resources. Specifically, Indicated Resources have decreased from 1,466 Mt at 26.6% mass recovery to 1,016 Mt at 24.3% mass recovery, while Inferred Resources have decreased from 6,349 Mt at 22.5% mass recovery to 4,324 Mt at 22.3% mass recovery.

These changes result from:

- A revised geological interpretation, incorporating information from mapping, geophysics (downhole and airborne) and assay data.
- Improvements in geological understanding, particularly with respect to the indicator approach underpinning the high grade / high mass recovery domain in the previous resource. In Snowden's opinion, the revised geological interpretation provides a more robust mass recovery estimate.
- An altered Mineral Resource classification which shifts the boundaries of the Indicated Resource and the Inferred Resource upwards. In Snowden's opinion the revised classification better constrains the Mineral Resource to the current drilling and is consistent with geological and geostatistical confidence.

Exploration Target

Snowden estimates an Exploration Target for the Iron Bridge Project, in accordance with Clause 17 of the JORC Code, of between 2 Bt and 3 Bt at 28–32% Fe, 39–43% SiO_2 and 2–3% Al_2O_3, with an average mass recovery of 20–24%. The Exploration Target comprises potential mineralisation below the current Mineral Resource within the Western Zone and Eastern Zone of the Pincunah Formation. The potential quantity and grade is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource, and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The Exploration Target is based on projecting the current resource block model approximately 200 m below the base of the Inferred Resource, along the full strike length of the deposit. It is assumed that the grade of the Exploration Target will be similar to that of the Mineral Resource.

Several deeper drill holes (which are included in the defined Mineral Resource) have been drilled in the North Star and Eastern Limb areas which show continuity of the mineralisation at depth, with similar grades reported. The Exploration Target is considered by Fortescue to be a long term target and the intent is to drill below the current Mineral Resource to verify the Exploration Target within the first 10 years of potential operations.

Category	Magnetite Mineral Resources as at 2 April 2019					Magnetite Mineral Resources as at 30 June 2018				
	In-situ Tonnes (mt)	DTR Mass Recovery %	In-situ Iron Fe%	In-situ Silica SiO_2%	In-situ Alumina Al_2O_3	In-situ Tonnes (mt)	DTR Mass Recovery %	In-situ Iron Fe%	In-situ Silica SiO_2%	In-situ Alumina Al_2O_3
North Star + Eastern Limb (60.72% Fortescue)										
Measured	109	25.0	33.2	40.19	2.06	77	28.6	32.4	39.44	1.91
Indicated	825	24.5	30.3	41.34	2.74	989	27.8	31.1	40.48	2.28
Inferred	2,217	24.2	29.8	41.50	2.84	3,231	24.1	29.6	41.80	2.88
Total	**3,150**	**24.3**	**30.1**	**41.41**	**2.79**	**4,297**	**25.1**	**30.0**	**41.46**	**2.73**
Glacier Valley (60.72% Fortescue)										
Measured	-	-	-	-	-	-	-	-	-	-
Indicated	191	23.7	33.4	39.35	1.73	477	24.1	32.4	39.33	1.74
Inferred	1,480	20.3	31.9	39.61	1.94	2,844	20.5	30.7	40.69	2.19
Total	**1,671**	**20.6**	**32.0**	**39.58**	**1.92**	**3,321**	**21.1**	**30.9**	**40.50**	**2.13**
West Star (60.72% Fortescue)										
Measured	-	-	-	-	-	-	-	-	-	-
Indicated	-	-	-	-	-	-	-	-	-	-
Inferred	627	20.6	28.1	43.78	3.36	274	23.5	28.3	43.43	3.43
Total	**627**	**20.6**	**28.2**	**43.78**	**3.36**	**274**	**23.5**	**28.3**	**43.43**	**3.43**
Total Magnetite Mineral Resources										
Measured	109	25.0	33.2	40.19	2.06	77	28.6	32.4	39.44	1.91
Indicated	1,016	24.3	30.9	40.97	2.55	1,466	26.6	31.5	40.11	2.11
Inferred	4,324	22.3	30.3	41.18	2.61	6,349	22.5	30.0	41.38	2.60
Total	**5,448**	**22.7**	**30.4**	**41.12**	**2.59**	**7,892**	**23.3**	**30.3**	**41.12**	**2.50**

Figure 7 Magnetite Mineral Resources of the North Star + Eastern Limb, Glacier Valley and West Star deposits as at 2 April 2019

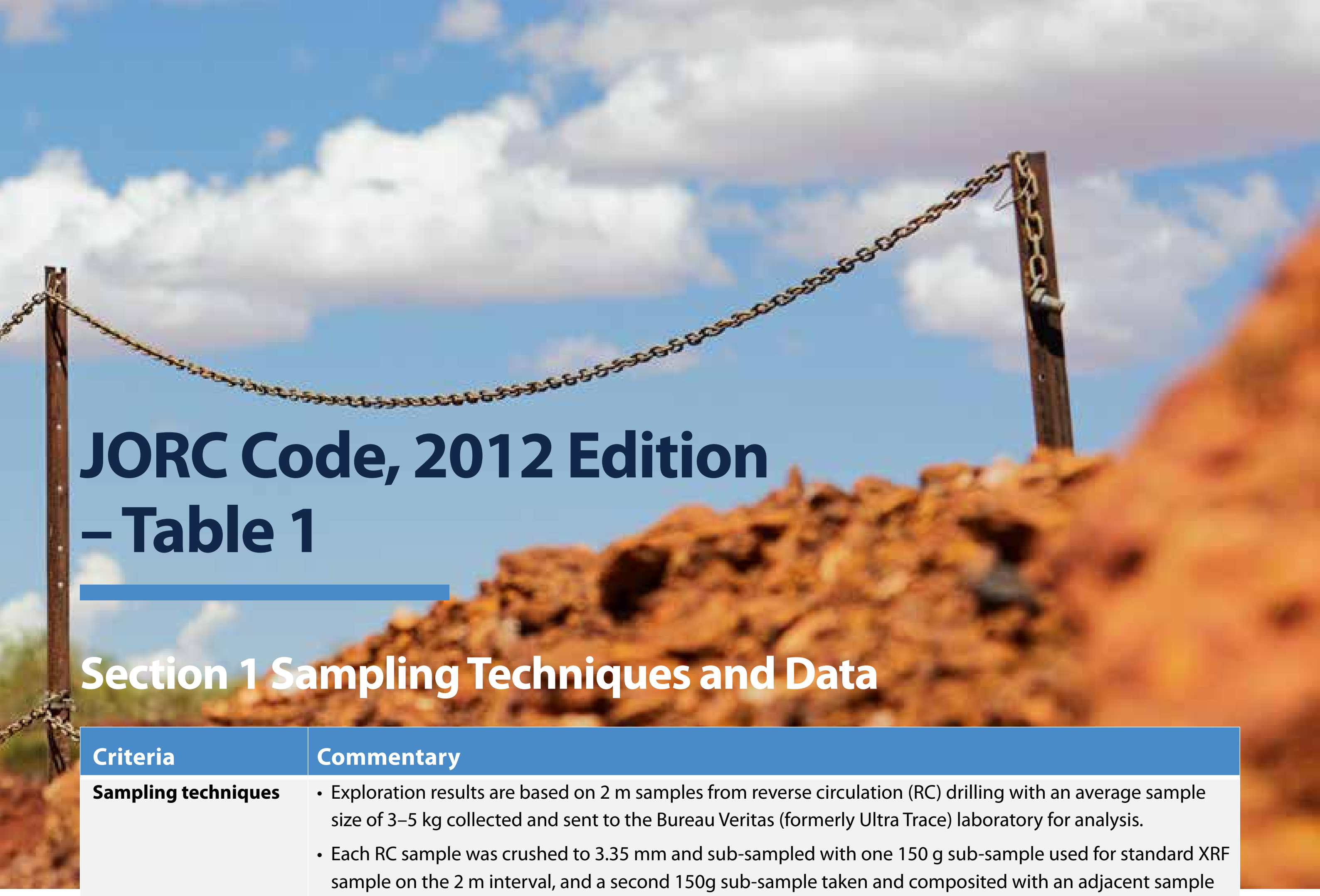
a) Magnetite Mineral Resource estimates, including the North Star, Eastern Limb, Glacier Valley, and West Star Deposits are reported according to JORC 2012

b) All reporting is based on Mass Recovery expressed as a 9% Davis Tube Recovery (DTR) cut-off

c) All Mineral Resources are reported on a dry- tonnage basis

d) Tonnage information has been rounded and as a result the figures may not add up to the totals quoted

e) Mineral Resources are reported inclusive of the Ore Reserve



JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	Commentary
Sampling techniques	• Exploration results are based on 2 m samples from reverse circulation (RC) drilling with an average sample size of 3–5 kg collected and sent to the Bureau Veritas (formerly Ultra Trace) laboratory for analysis. • Each RC sample was crushed to 3.35 mm and sub-sampled with one 150 g sub-sample used for standard XRF sample on the 2 m interval, and a second 150g sub-sample taken and composited with an adjacent sample for DTR analysis. • DTR assay work was conducted at Bureau Veritas in Perth (approximately 70% of samples) and Spectrolab in Geraldton (approximately 30% of samples). • Field duplicates and certified reference material (standard) samples were included in each head assay sample submission. Standards were included in the DTR assay batches. • All diamond drill holes were used for whole core metallurgical or geotechnical test work and are not included in the Mineral Resource estimate, other than to inform the geological interpretation.
Drilling techniques	• RC Drilling was completed using Schramm T685W drill rigs for a nominal drill hole diameter of 140 mm (5.5 inches) utilising a standard face sampling hammer bit. • PQ3 Diamond drilling (DD) was also carried out for metallurgical sampling and geotechnical investigation and Core Drilling Services have been used for diamond drilling work using a UDR 200 rig. • DD holes were orientated by site geologists for structural and geotechnical logging prior to being used for metallurgical test work.
Drill sample recovery	• Sample quality and recovery of both RC and diamond drilling was monitored during drilling to ensure that samples were representative and minimise sample quantity variations. A visual assessment of the RC sample quality was recorded for each 2 m interval, with around 99% of intervals logged as being "good". Snowden notes that the logged sample quality is highly subjective and is considered qualitative and indicative only. • RC drilling was carried out with the use of boosted high pressure air to maximise sample quality and quantity. • Rig duplicates are used to assess any sample bias which may results from rig sampling methods. Results of duplicate assays show some variation in elemental abundance between primary and duplicates samples, but the variability is random and no bias is evident. • Sample recovery of the RC drilling is not quantitative and as such, no assessment can be made of the relationship between sample recovery and assay grade.

Criteria	Commentary
Logging	• Trained geologists with experience in iron ore and magnetite mineralisation were employed to perform the geological logging of RC chip samples. • Geological logs are recorded for each 2m sample interval. All intervals are logged. • Logging is both quantitative and qualitative with measurement of mineral and lithological abundances, as well as recording physical properties of grain size and shape, recovery, moisture level, and some general properties derived from rig performance (hard slow drilling, easy drilling, difficult sampling due to clay etc). • All diamond drill core was photographed prior to sampling.
Sub-sampling techniques and sample preparation	• Two 3-5 kg RC drilling samples are collected via a rig-mounted cone splitter, equivalent to approximately 6-7% of the total sample for each 2 m interval. • Samples were generally collected from the rig as dry samples, with minimal impact from ground water or drilling fluids. • Diamond core was only used for metallurgical test work and geotechnical assessment and was not used for systematic sample assaying. • At the laboratory the samples are sorted, dried and weighed. They are crushed to 3.35 mm and two 150 g splits taken using a riffle splitter, one for DTR test work and the other for standard XRF analysis. • Field duplicates were collected at the drill rig at a rate of approximately 1 field duplicate every 20 m, using the same techniques as the original samples. Results for the field duplicates shows acceptable precision for the main elements with no biases evident. • Pulp duplicates were included in the sample batches as part of internal laboratory QAQC procedures. Results show good precision has been achieved for the pulp duplicates. • No analysis of sample size has been conducted with respect to the particle size, however given the mineralisation style and grades, the samples sizes are considered appropriate.
Quality of assay data and laboratory tests	• All RC samples were assayed at either Ultra Trace or Bureau Veritas (with Ultra Trace doing the actual XRF analysis). Both laboratories are NATA accredited for ISO17025. • Fortescue carries out blind audits of all laboratories for comparison of assay results, and Ultra Trace has demonstrated acceptable results in these tests. • Assaying is by fused bead XRF with a standard suite of iron ore elements reported. Sample assays after 2012 included an extended suite of elements. Loss-on-ignition (LOI was determined by thermogravimetric analysis (TGA) and includes the total LOI and splits. • The following elements have been assayed: Fe, SiO_2, Al_2O_3, P, MnO/Mn, MgO, CaO, TiO_2, Na_2O, S, K_2O, As, Ba, Cl, Co, Cr, Cu, Ni, Pb, Sn, Sr, V, Zn, Zr, FeO, Satmagan/magnasat (Fe_3O_4), and three LOI's at 371°C, 650°C, and 1000°C, plus total LOI. The coverage of these elements varies with the secondary elements only assayed after 2012. • DTR concentrate and tails samples collected from Davis Tube process were assayed using XRF. Reported analyses include all of the above listed elements for each of concentrate grades and tails grades. • Concentrate grades are not available for samples where there was insufficient concentrate recovered during the DTR for XRF analysis. Additional data reported for DTR samples includes, concentrate recovery (mass recovery weight %), tails recovery (weight %), sizing analyses, P100 weights for each pass of pulverising, as well as the overall P80 sizing. • A laboratory standard or IBJV coarse reference standard is included for each sample batch (approximately 1 per 100 samples). IBJV CRM standards have not been used in the assay work in 2014 due to lack of suitable standard material. • Assaying of the primary and DTR samples is considered a total assay. Assay totals were checked prior to their use in the resource estimation, with samples falling outside 100% ±2% not used due to concerns with the assay quality. Only negligible samples were excluded due to falling outside these total assay limits. • Each laboratory carried out internal checks and sample assays, including the use of standards. Results for these standards and duplicates are statistically validated by both the laboratory and IBJV as part of the QAQC procedures.

Criteria	Commentary
Verification of sampling and assaying	• Significant intersections have not been independently verified. Drill logging is validated by site geologists against assay data and geophysical signals to verify intersections and interpretations. Senior geologists review the intersections and drilling in cross-section and 3D to verify targets and drilling effectiveness. • Diamond core holes are only used for metallurgical and geotechnical sampling and no systematic assaying has been conducted on these holes. As such no statistical comparison with the RC drilling is possible. • Data is logged into Toughbook's during drilling and then directly loaded into an AcQuire database to avoid transcription error. • No adjustments were made to the data.
Location of data points	• Coordinates are in Map Grid Australia format (MGA94) and heights are based on the Australian Height Datum (GDA94). The area lies within UTM Zone 50. • A contract surveyor (Down Under Surveys) was commissioned to pick up all drill collars to DGPS accuracy of ±3cm Easting and Northing, and ±5cm in elevation. • Due to magnetic interference dip and azimuth were verified using down hole gyro survey using gyro-smart tools, carried out by Down Under Surveys and Pilbara Wireline Services. 397 drill holes (41% of drill hole collars) do not have any downhole surveying and are therefore assumed to be straight with no deviation; however only 129 of these are inclined with the remainder drilled vertically. • Topography was provided to Snowden by IBJV and assumed to be up to date and correct for the purpose of estimation but have not been validated by Snowden. Trial pit is not included hence depletion of ~1mt is not removed from Mineral Resource report, this is not seen as material.
Data spacing and distribution	• Drill hole spacing varies from 35m x 35m in the Stage 1 mining area of North Star, to 50 m x 50 m in the remainder of the central part of North Star. • In the north of North Star drill spacing is 200 m x 100 m to 400 m x 50 m. • In the south of North Star drill spacing is 200 m x 100 m. • In Glacier Valley, drill spacing varies from 50 m x 50 m in a limited area to typically 200 m x 100 m, with some areas of 400 m x 100 m. • East Limb has two areas drilled to 100 m x 100 m spacing, with the reset at approximately 200 m x 100 m spacing. • The level of drill spacing is sufficient for this style of mineralisation to establish the degree of geological and grade continuity to support Mineral Resource classification. • 2 m drill hole samples have been composited to 4 m for DTR analysis. Sample compositing was conducted in the laboratory after crushing.
Orientation of data in relation to geological structure	• The mineralisation generally dips to the west at 70° to 80°. Drill holes have been drilled at angles (-60o) to both the east and west. • A portion of the drilling (42% of drilled metres) has been completed sub-parallel to the mineralisation layers which has introduced some risk of sampling bias. This risk has been assessed and incorporated as part of the Mineral Resource classification.
Sample security	• Sampling and sample security is in accordance with IBJV standard procedures. Samples are delivered from site to Linfox distribution Centre for dispatch to the assay laboratory, and samples are tracked during this process • Sample tracking is based on sample ID and this is monitored from drill site to laboratory via the AcQuire database. Upon receipt of a sample dispatch at the laboratory, a sample quality check and inventory check are carried out and any missing or damaged samples is communicated, and this is then investigated and reconciled prior to sample processing.
Audits or reviews	• As far as Snowden is aware, no external audit of the sampling and assaying techniques has been carried out. • As part of the Mineral Resource estimation, Snowden reviewed the documented practices employed by IBJV with respect to the RC drilling, sampling, head and DTR assaying and QAQC, and believes that the processes are appropriate, and that the data is of a reasonable quality and suitable for use in Mineral Resource estimation. Where appropriate, risks associated with the drill hole data, such as the orientation, has been incorporated in the Mineral Resource classification scheme.

Section 2 Reporting of Exploration Results

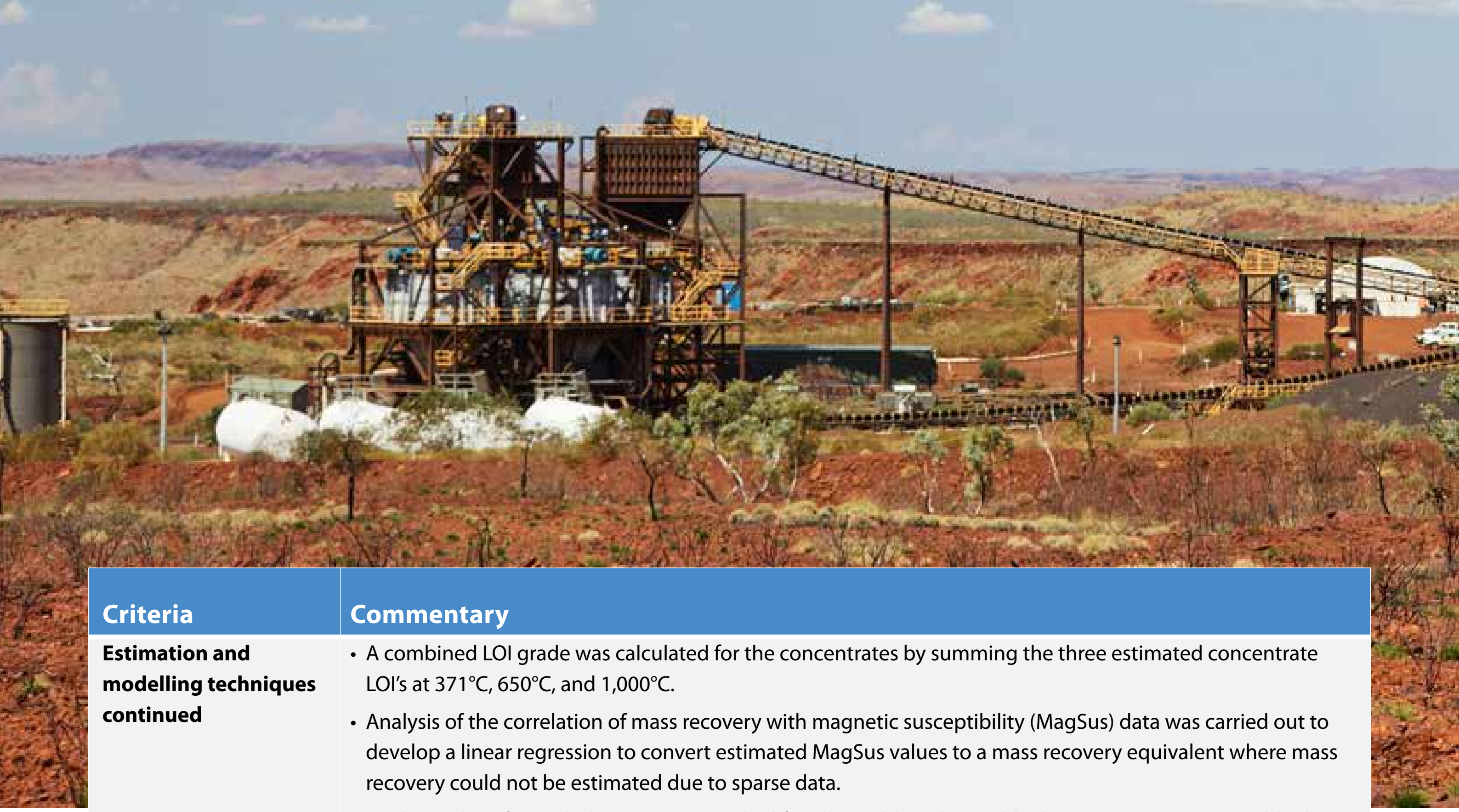
Criteria	Commentary
Mineral tenement and land tenure status	• The North Star, Eastern Limb, and West Star Resources are contained within granted Mining Lease M45/1226. • The Glacier Valley resources are contained within granted Mining Lease M45/1244. • Both tenements are held in Joint Venture between FMG Magnetite Pty Ltd (69%) and Formosa Steel Iron Bridge (31%).
Exploration done by other parties	There is no material data from other parties used in this resource estimation.
Geology	• The Iron Bridge mineralisation lies within the Pincunah Member of the Soanesville Group, which is part of the Pilbara Super Group in the East Pilbara Terrane. • Regionally the rock sequence is dominated by mafic to andesitic volcanics and volcaniclastics, BIF's and terrigenous clastic sequences intruded by Archaean granitoids. In the project area the rocks have been tightly folded, having a general strike of north-south with a steep sub-vertical dip. • The Pincunah Member forms an overturned north-south striking ridge through the North Star area of the deposit, dipping steeply to the west. Several vertical faults have been interpreted to rotate the Pincunah Member to north-west, parallel to the Mount Yule Granite complex in the north-west region of the project area. • The hanging wall of the Pincunah Member is the Kangaroo Caves Formation and is composed of BIF bands interlayered with laminated, micro to mesobanded shales and chert. BIF units are up to 15 m in thickness and occur most commonly immediately adjacent to the Pincunah Member contact, while the remainder of the formation is dominated by shales and cherts. • The footwall of the Pincunah Member consists of a sequence of shale and sandstone layers, termed the Eastern Shale and Quartzite, passing upwards into the sandstones and conglomerates of the Corboy Formation. Outcrop of the contact is marked by a high-relief zone of silicification before transitioning into white interbedded shale and sandstone beds with fine scale mesobanding and laminations. • The main mineralised BIF zones within the Pincunah Member are described by IBJV as having a relatively limited mineral suite, with magnetite mineralisation overprinting the original lithology. Primary mineralisation occurs as disseminated grains and aggregates of magnetite micro-bands with subordinate gangue phases at concentrations of 30% to 60% magnetite (by volume). Lower grade mineralisation occurs within gangue dominant micro-bands with similar texture to primary mineralisation with a range of 1% to 30% magnetite. • The main zones of mineralisation at North Star and Glacier Valley is the Pincunah Member, which is comprised of sedimentary BIF with magnetite mineralisation, and which dips steeply to the west overall at approximately 70-80°. • Mineralisation within the Pincunah Member has been geologically defined into Western, Middle and Eastern units according to assay results and geophysical logging. Each unit is interpreted to be conformable within the Pincunah Member and adjacent stratigraphy and are observable along the entire strike of the project area. The Western and Eastern units comprise the high-grade mineralisation domains, while the Middle zone is typically lower grade and often barren.

Criteria	Commentary
Drill hole Information	No exploration results being reported.
Data aggregation methods	No exploration results being reported.
Relationship between mineralisation widths and intercept lengths	• No exploration results being reported. • The true width of mineralisation is estimated to be approximately 70% of the reported downhole intercept lengths, assuming the mineralisation dips 75° to the west and the drilling is inclined 60° to the east • Drilling oriented to the west (i.e. drilled down-dip) should not be used for thickness calculations.
Diagrams	No exploration results being reported.
Balanced reporting	No exploration results being reported.
Other substantive exploration data	No exploration results being reported.
Further work	• Drilling is continuing as part of ongoing feasibility programs. • There is potential for further resources to be reported in adjacent areas and at depth. • Fortescue intend to drill an RC program below the current Mineral Resource to verify the Exploration Target within the first 10 years of operation.

Section 3 Estimation and Reporting of Mineral Resources

Criteria	Commentary
Database integrity	• RC drilling data is recorded on Toughbook's with project specific logging templates which capture the data in an AcQuire database. • Validation of logging is carried out by programs within the AcQuire database, and a database administrator is employed to ensure that data is managed properly. • Validation of logging in relation to cross sections and assays is carried out when all data has been received and adjustments/corrections are made when required. • Assay data QC samples are checked within the AcQuire database to ensure that rig duplicates and lab standards are within acceptable certification tolerances. • Anomalous assay results are also visually checked against geological sections. • Downhole geophysical data is calibrated against dedicated calibration holes with reporting of calibration results on a weekly basis.
Site visits	A site visit by the Competent Person has not been conducted at this stage due to access issues caused by adverse weather. A site visit will be conducted during April or May of 2019, depending on site access conditions.
Geological interpretation	• The current geological interpretation is supported by a comprehensive geophysical and structural study by Fortescue personnel with site visits to confirm regional observations at outcrop scale. • The main geological units from west to east are the Kangaroo Caves Formation, Pincunah Member West, Central and Eastern, and Corboy Formation. Wireframe surfaces for the upper and lower contacts of these domains was interpreted by Fortescue. Additionally, vertical fault surfaces were interpreted by Fortescue, which offset the geological domains along strike and in the north eastern portion of the resource area, rotate the strike of the Pincunah domains towards the northwest. • A narrow (approximately 10 m wide), east-west striking mafic dyke has been interpreted in the Glacier Valley area, based primarily on assay data, including elevated CaO, MgO and TiO_2 grades. The dyke is interpreted to be vertical. • Data used to confirm the interpretation of lithological and mineralised domains include gamma readings, magnetic susceptibility, geophysical density, geological and structural logging, aerial photographic and magnetic surveys, field outcrop measurements and laboratory assays. • A sub-horizontal oxide domain has been identified through geological logging and geochemical analysis, along with downhole magnetic susceptibility. • An interpreted zone of transitional material, averaging 4 m thick, has been identified beneath the base of oxide surface through boundary analysis of several analytes. This was coded into the block model by copying the oxide surface down 4 m and is considered indicative only. • Orientation of geology has been the primary driver behind variography and estimation parameters, particularly where samples are sparse or poorly oriented. • All domain boundaries, along with the oxide surface, were treated as hard boundaries for the purposes of resource estimation. The interpretation is based on multiple data sources and is supported in outcrop. Alternative interpretations are unlikely to materially impact the resource.

Criteria	Commentary
Dimensions	• North Star comprises three distinct mineralisation style areas, North, Central and South, which are separated by interpreted fault zones. East Limb runs sub-parallel and to the east of North Star. • The Northern part of North Star extends approximately 2.4 km in strike length, 200–400 m across strike and has been modelled to a vertical depth of approximately 600 m. • The Central part of North Star extends approximately 1.9 km in strike length, 400 m across strike and has been modelled to a vertical depth of approximately 600 m. • The Southern part of North Star extends approximately 1 km in strike length, 200 m across strike and has been modelled to a vertical depth of approximately 600 m. • East Limb lies approximately 400 m east of North Star and is 2.3 km in strike length, 200–400 m in width and is modelled to a vertical depth of approximately 200 m. • Glacier Valley extends approximately 3.4 km in strike length, 200–300 m across strike and has been modelled to a vertical depth of approximately 600 m. • West Star is approximately 3.5 km in strike length overall, of which 1.8 km strike length has been modelled. The mineralisation is typically 150–200 m across the strike and has been limited to a depth extent of approximately 200 m.
Estimation and modelling techniques	• Block model constructed using a parent block size of 20 m(E) x 25 m(N) x 9 m(RL). No rotation of the block model was deemed necessary. The block size is based broadly on the nominal drill hole spacing along with consideration of the geological domains and assessment of the grade continuity, as reflected by a kriging neighbourhood analysis. Sub-celling down to 5 m(E) x 5 m(N) x 3 m(RL) was allowed to preserve the resolution of domain and fault boundaries. • XRF analyses for Fe, Al_2O_3, SiO_2, Fe_3O_4, Cl, CaO, K_2O, MgO, Mn, Na_2O, P, S, TiO_2, three LOI's at 371°C, 650°C, and 1,000°C, plus total LOI were treated as in situ head assays and composited to 2 m. • The DTR composite data has been used to estimate recovered concentrate grades for the same suite of elements along with mass recovery (%), P80 sizing (at 53 µm) and five grind oversize weights. DTR samples were composited to 4 m. • Estimates were produced using ordinary kriging parent cell estimation for all variables. Dynamic anisotropy was used to locally adjust the orientation of the search ellipse and variogram models due to variations in the dip and strike of the mineralised zone between each fault block. Dynamic anisotropy values were locally estimated for each fault block using the contained domain surfaces as the input data. Grade estimation was completed using Datamine Studio RM software. • Top-cuts were applied where required to reduce the impact of extreme outliers on the local block estimates. Within the mineralised Pincunah domains, top-cuts were applied to the head Cl assays, along with concentrate CaO, TiO_2, Na_2O and S grades, with typically less than 1% of samples impacted by the top-cut. • Due to insufficient samples, no variograms were interpreted for the Kangaroo Caves (domain 1) and Corboy Formation (domain 5) domains. Domain 1 used variogram parameters from Domain 2, while Domain 5 used the variogram parameters from Domain 4. Neither Domain 1 or 5 have been classified and do not form part of the reported Mineral Resource. • Search ellipse ranges were based on the results of the variography along with consideration of the drill hole spacing, with the same search parameters used for all elements to maintain the metal balance and correlations between elements. • A three-pass search strategy was used (i.e. if initial search criteria are not met, an expanded search ellipse is used). For head grades, a minimum of eight and maximum of 20 composites was used for the initial search pass, with no more than four composites per drill hole. DTR estimates used a minimum of four and maximum of 12 composites for the initial search pass, with no more than three composites per drill hole.



Criteria	Commentary
Estimation and modelling techniques continued	• A combined LOI grade was calculated for the concentrates by summing the three estimated concentrate LOI's at 371°C, 650°C, and 1,000°C. • Analysis of the correlation of mass recovery with magnetic susceptibility (MagSus) data was carried out to develop a linear regression to convert estimated MagSus values to a mass recovery equivalent where mass recovery could not be estimated due to sparse data. • Median values for each domain were applied for all variables where a block estimate was not possible due to sparse data. • Grade estimates were validated against the input drill hole composites (globally and using grade trend plots) and show a reasonable comparison. Block assay totals were also calculated and show that the majority of blocks have an estimated assay total of 100% ±2%. • Sections were produced and checked throughout the model to ensure search parameters, estimation values and boundaries were honoured and appropriate for the sample spacing and orientation. All areas reproduce the trends in the input data. • There is no operating mine and no production or reconciliation data currently available.
Moisture	All tonnages have been estimated as dry tonnages.
Cut-off parameters	The 9% mass recovery cut-off applied for the Mineral Resource reporting is based on pit optimisations and mining studies carried out by IBJV on behalf of IBJV. Snowden has validated the cut-off value and believes that the mass recovery cut-off is reasonable, assuming a bulk open pit mining operation with minimal selectivity.
Mining factors or assumptions	• Mining of the deposit is assumed to use conventional drill and blast open cut mining methods, with limited selectivity. • Mining dilution and ore loss are not included in the Mineral Resource estimate. All domains have been estimated, including unmineralised domains.
Metallurgical factors or assumptions	• A pilot plant is operating on site and vendor test work has been undertaken to support the flowsheet unit operations. • Fortescue indicated that the test work has been independently audited. Test work includes: - Extensive geometallurgical test work - Mineralogical characterisation - Carefully selected representative metallurgical holes - Extensive metallurgical comminution test work, DTR test work, batch and pilot test work - Extensive vendor test work - Site based pilot plant - Variability test work - Tunra bulk solids test work. • Additional geometallurgical test work and modelling is being undertaken to assist with short range domaining and mineralogy impacts on throughput for short term operations planning. Assaying includes a large suite of deleterious elements. • Mass recovery has been estimated based on DTR results at a 53 µm grind size. Where mass recovery is not available, a regression based on magnetic susceptibility has been used.

Criteria	Commentary
Environmental factors or assumptions	Iron Bridge Stages 1 and 2 have been subject to extensive Environmental baseline studies and had Environmental Impact Statements prepared and assessed by the Environmental Protection Authority (Western Australia) and the Department of Environment (Commonwealth). Stage 1 received Commonwealth Approval on 14th June 2013 following a decision by the Environmental Protection Authority not to assess the Project on 6th August 2012. Stage 2 of the Project was assessed under a bilateral agreement between the State and Commonwealth at a Public Environmental Review level. State approval was granted on 9 January 2015, followed by Commonwealth approval on 6 February 2015. Construction of the open cut mine and associated waste and tailings landforms are subject to assessment and approval by the Department of Mines, Industry Regulation and Safety (DMIRS). To date, the Stage 1 open cut mine, temporary waste rock landform, dry tailings landform and wet tailings storage facility have all been assessed via Mining Proposals and approved for construction. Further amendments to the mine including transition to Stage 2 will be subject to future assessment and secondary approval under the Mining Act. The North Star deposit has undergone several phases of material characterisation work to determine the risk of acid and metalliferous drainage. The work conducted indicates that there is a significant risk of intersecting potentially acid forming material but that the amount of this material is low compared to the rest of the non-acid forming waste rock. The geochemistry of the material is, however complicated. Laboratory analyses indicate that there is significant neutralising capacity in the material but as carbonate minerals occur at low concentrations calcium is not a suitable assay-proxy for estimating neutralisation capacity, making prediction of NAF and PAF material challenging. Further correlation between acid potential, assays and mineralogy can be conducted to improve estimations and inform any further environmental modelling. At present a conservative but practical approach to classification has been taken and additional work can be used to improve confidence and WRD design parameters.
Bulk density	• Bulk density (dry) is determined from physical measurements using in-situ bulk density determination methods, and correlation to downhole geophysical survey data. • Downhole geophysical density measurements are related to calliper measurements of hole diameter to ensure the impact of cavities and other hole irregularities on the density measurement are managed. A 2 cm tolerance on expected hole diameter has been applied, any geophysical measurements that exceeded this tolerance were excluded from the dataset. This accounts for less than 2% of the input data. • Correction factors have been developed to convert estimated down hole gamma gamma logged density to dry density equivalent. Oxide factor: Dry density equivalent = 0.991 * [RC Gamma density] Fresh factor: Dry density equivalent = 0.976 * [RC Gamma density] Where the geophysical density could not be estimated due to insufficient data, the median geophysical density for the domain was applied.

Criteria	Commentary
Classification	• The Mineral Resource has been classified as a combination of Measured, Indicated and Inferred Resources. The classification was developed based on an assessment of the following criteria: - Nature and quality of the drilling and sampling methods - Drill spacing and orientation - Confidence in the understanding of the underlying geological and grade continuity - Analysis of the QAQC data - A review of the drill hole database and the company's sampling and logging protocols - Confidence in the estimate of the mineralised volume - The results of the model validation. • The resource classification scheme adopted by Snowden for the Iron Bridge Mineral Resource estimate is outlined as follows: - Where the drill spacing was approximately 50 m along strike by 50 m down dip (or less) and the dominant drilling direction was orthogonal to the mineralisation (i.e. predominately drilled towards the east), mineralisation within the Pincunah Formation (i.e. DOMAIN = 2, 3 or 4) was classified as a Measured Resource. - Where the drilling spacing was greater than 50 m by 50 m and less than approximately 150 m along strike by 100 m down-dip, with a combination of down-dip and orthogonal drilling, the mineralisation within the Pincunah Formation was classified as an Indicated Resource. - Where the drill spacing was greater than 150 m x 100 m, and/or where the drilling was dominated by down-dip oriented drill holes, the mineralisation within the Pincunah Formation was classified as an Inferred Resource. - All mineralisation within the Pincunah Formation within fault blocks 17 to 30 is classified as an Inferred Resource due to sparse drilling and/or structural complexity. - All material within the Kangaroo Caves (DOMAIN=1) or Corboy Formation (DOMAIN=5) remain unclassified and do not form part of the Mineral Resource. • Extrapolation beyond the drilling along strike is limited to approximately 200 m (i.e. half the drill section spacing in the wider spaced areas). The Inferred Resource is extrapolated approximately 100 m below the drilling in some sections. Extrapolation at depth below the base of drilling represents approximately 23% of the Inferred Resource above the reporting cut-off grade. • The Mineral Resource classification appropriately reflects the view of the Competent Person.
Audits or reviews	• The Mineral Resource estimate has been peer reviewed as part of Snowden's standard internal peer review process. • Snowden is not aware of any external reviews of the Iron Bridge Mineral Resource estimate.
Discussion of relative accuracy/ confidence	• The Mineral Resource has been validated both globally and locally against the input composite data. • No geostatistical estimate of the relative accuracy using simulation has been made at this stage. • Given the relatively sparse data within the Inferred Resource areas, these estimates are considered to be globally accurate. Closer spaced drilling is required to improve the local confidence of the block estimates in these areas. • No production data is available for comparison with the Mineral Resource estimate at this stage.

Competent Person's Statements

The information in this report that relates to the Iron Bridge Magnetite Project Mineral Resource estimate and Exploration Target is based on information compiled by John Graindorge who is a Chartered Professional (Geology) and a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

John Graindorge is a full-time employee of Snowden Mining Industry Consultants Pty Ltd and consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Iron Bridge Magnetite Ore Reserves Reporting

as at 2 April 2019

Magnetite Ore Reserves

Iron Bridge Ore Reserves are based on the onsite processing of fresh magnetite mineralised material into a saleable concentrate product that is pumped by slurry pipeline to port.

The following supporting data addresses the Ore Reserve generation process used for the Iron Bridge Project. The Ore Reserves for the project includes the North Star Deposit as well as the surrounding deposits of Eastern Limb and Glacier Valley.

Mining Model

The Snowden 2019 Resource model is the basis for the mining model used for Ore Reserve estimation.

Regularisation is used to incorporate mining losses and dilution into the in-situ Resource model and create a mining model that simulates the predicted concentrate product. Grades and other block attributes are regularised into 20 m x 25 m x 9 m blocks to simulate a selective mining block (SMU). The regularisation process employed combines sub-cells used to define boundaries into a regular model.

Scheduling Inventory

Pit optimisation software is used to determine the pit geometry that provides the highest value for a deposit considering parameters such as slope angles, mining, processing and selling costs, cut-off grades, product prices and plant recoveries.

A combination of incremental value, physical operating constraints and strip ratios are then used to identify the geometry of mining cutbacks inside the final selected pit.

Mine Scheduling

Mine scheduling aims to maximise value and maintain targeted ore quality. In general terms this equates to deferring higher strip ratio, higher cost mineralisation until later in the collective scheduled mine life.

Concentrate produced from the Iron Bridge Ore Processing Facility will be pumped to port through a slurry pipeline.

A commercial linear programming software package is used to model the mining sequence, the OPF and different ore feeds to maximise Net Present Value (NPV) for the nominated parameters and constraints. Major constraints include the nominated concentrate product tonnage and grade specifications, matched to the logistics capacity of the slurry pipeline and port. The material selection to satisfy processing requirements is based on a cut-off grade (on mass recovery) ore definition, derived from mining, processing and selling costs.

Grade bins by rock type, mass recovery and Mineral Resource classification are created to facilitate grade-based blending within specified constraints on weathering and Resource Class. The scheduling allows selective stockpiling and reclaiming of targeted quality material at different periods throughout a mine's life to meet shorter term blending requirements. Since mineralisation distributions and presentation will vary with time, so too may the shorter-term effective ore cut-off grade. The Ore Reserve cut-off can be approximated by a mass recovery cut-off that closely reproduces that portion of the scheduling inventory that is converted into specification product over the life of the Ore Reserve schedule. No material with a mass recovery lower than 17% was treated as ore.

Financial Analysis

The scheduling programme includes revenue and cost information to maximise NPV. The schedule software assesses the value generated by each block to determine whether the block is fed directly to the plant, stockpiled or treated as waste. Further financial analysis to determine more realistic absolute financial indicators and sensitivity analysis are performed separately using the tonnes and grades extracted from the schedule. It is this final evaluation that is used to demonstrate the economic viability of the project.

	Magnetite Ore Reserves as at 2 April 2019					Magnetite Ore Reserves as at 30 June 2018				
Category	In-situ Tonnes (mt)	DTR Mass Recovery %	Product Iron Fe%	Product Silica SiO_2%	Product Alumina Al_2O_3	In-situ Tonnes (mt)	DTR Mass Recovery %	Product Iron Fe%	Product Silica SiO_2%	Product Alumina Al_2O_3
North Star + Eastern Limb (60.72% Fortescue)										
Proved										
Probable	595	29.7	67.0	5.62	0.29	705	27.2	67.2	5.52	0.25
Total	**595**	**29.7**	**67.0**	**5.62**	**0.29**	**705**	**27.2**	**67.2**	**5.52**	**0.25**
Glacier Valley (60.72% Fortescue)										
Proved										
Probable	122	28.2	67.0	5.62	0.29					
Total	**122**	**28.2**	**67.0**	**5.62**	**0.29**					
West Star (60.72% Fortescue)										
Proved										
Probable										
Total										
Total Magnetite Ore Reserves										
Proved										
Probable	716	29.4	67.0	5.62	0.29	705	27.2	67.2	5.52	0.25
Total	**716**	**29.4**	**67.0**	**5.62**	**0.29**	**705**	**27.2**	**67.2**	**5.52**	**0.25**

Figure 8 Magnetite Ore Reserves of the Iron Bridge Project as at 2 April 2019

a) Magnetite Ore Reserves are based on a Pre-Feasibility Mining Study utilising resources from North Star, Eastern Limb and Glacier Valley deposits

b) A Davis Tube Mass Recovery (DTR MR) cut-off grade of 17% was applied prior to scheduling for 2019 reserves estimate. The 2018 reserves estimate has been based on a 9% DTR MR cut-off

c) Ore Reserves are reported on a Dry Tonnage Basis

JORC Code, 2012 Edition – Table 1
Iron Bridge Magnetite Project

Section 4 Estimation and Reporting of Ore Reserves

Criteria	Commentary
Mineral Resource estimate for conversion to Ore Reserves	The Mineral Resource model for the Iron Bridge Magnetite Project was developed by Snowden geological consultants in conjunction with the Fortescue internal technical team on behalf of IBJV during February and March 2019. The Ore Reserves estimate was developed on the basis of the above Resource Model (Snowdens 2019). Mineral Resources are reported inclusive of Ore Reserves.
Site visits	A site visit was undertaken by the competent person in May 2018. Processing pilot plant, demonstration plant and trial product stockpiles, existing and future pits and waste dump locations were inspected, as well as planned access and product transport routes.
Study status	A Pre-Feasibility study was completed in March 2019.
Cut-off parameters	The processing costs and recoveries were derived from detailed process modelling by Fortescue engineering design team. Mining costs were based on cost modelling completed by Fortescue mine planning studies team on behalf of IBJV. Cut-off grades used in the study are 17% Mass Recovery (MR). Stockpiling and reclaim are used in mine plans and final cut-offs are dynamically determined as part of the scheduling process.
Mining factors or assumptions	The Snowdens 2019 Resource model was regularised to 20 m × 25 m × 9 m. A number of alternative SMU dimensions were trialled, and this size was selected based on drill/blast, mining equipment and ore selectivity considerations. This is a standard truck and shovel iron ore operation located in the Pilbara region of Western Australia. Magnetite concentrate product will be transported through a slurry pipeline between Iron Bridge and Port Hedland. The ore bodies planned to be mined in this study are bulk deposits and while some ore loss and dilution may occur along the edges, this edge dilution is accounted for in the regularisation process. No additional dilution and ore loss factor has been applied. The Ore Reserves are reported within a detailed ultimate pit design which complies with geotechnical recommendations and is based on pit optimisation contours. The optimisation was carried out using (Fresh) Measured and Indicated Mineral Resource categories as ore; with Inferred Resource Class, Oxide and Transitional mineralisation treated as waste. The geotechnical parameters used in pit design are based on a Geotechnical Study conducted in 2019.

Criteria	Commentary
Metallurgical factors or assumptions	The Iron Bridge flow sheet utilises HPGRs and air classification in a dry circuit, which differs from conventional magnetite operations, where ball mills are typically utilised in a wet circuit. There are 8 x HPGRs and associated air classifiers in a crushing and grinding circuit, which has a cut point of ~100 microns. This dry circuit operation uses less energy and water than traditional ball mill circuits. The technology being utilised is proven existing technology. The flowsheet does represent a departure from previous conventional norms however, the technology around the HPGRs is well proven in the cement clinker industry. A pilot plant is operating on site and vendor test work has been undertaken to support the flow sheet unit operations. The test work has been independently audited and the results of which showed: • Extensive geometallurgical test work • Mineralogical characterisation • Carefully selected representative metallurgical holes • Extensive metallurgical comminution test work, Davis tube recovery test work, batch and pilot test work • Extensive vendor test work • Site based pilot plant • Variability test work • Tunra bulk solids test work. Additional geometallurgical test work and modelling is being undertaken to assist with short range domaining and mineralogy impacts on throughput for short term operations planning. The assaying includes a large suite of deleterious elements.
Environmental	Iron Bridge Stages 1 and 2 have been subject to extensive Environmental baseline studies and had Environmental Impact Statements prepared and assessed by the Environmental Protection Authority (Western Australia) and the Department of Environment (Commonwealth). Stage 1 received Commonwealth Approval on 14th June 2013 following a decision by the Environmental Protection Authority not to assess the Project on 6th August 2012. Stage 2 of the Project was assessed under a bilateral agreement between the State and Commonwealth at a Public Environmental Review level. State approval was granted on 9th January 2015, followed by Commonwealth approval on 6th February 2015. Construction of the open cut mine and associated waste and tailings landforms are subject to assessment and approval by the Department of Mines and Petroleum. To date, the Stage 1 open cut mine, temporary waste rock landform, dry tailings landform and wet tailings storage facility have all been assessed via Mining Proposals and approved for construction. Further amendments to the mine including transition to Stage 2 will be subject to future assessment and secondary approval under the Mining Act. North Star has undergone several phases of material characterisation work to determine the risk of acid and metalliferous drainage. The work conducted indicates that there is a significant risk of intersecting potentially acid forming material but that the amount of this material is low compared to the rest of the non-acid forming waste rock. The geochemistry of the material is, however complicated. Laboratory analyses indicate that there is significant neutralising capacity in the material but as carbonate minerals occur at low concentrations calcium is not a suitable assay-proxy for estimating neutralisation capacity, making prediction of NAF and PAF material challenging. Further correlation between acid potential, assays and mineralogy can be conducted to improve estimations and inform any further environmental modelling. At present a conservative but practical approach to classification has been taken and additional work can be used to improve confidence and WRD design parameters.

Criteria	Commentary
Infrastructure	The site is located approximately 145 km south of Port Hedland and 45 km to the east of Great Northern Highway. Access to the mine site will be via a dedicated mine site access road that connects to the Great Northern Highway. This will enable access for construction and ongoing support to the mining and processing operations. The mine will be operated on a fly in fly out basis with personnel flying into a dedicated air strip 23 km from the Iron Bridge mine site and 18 km from the village. Personnel will be bussed between the air strip and the village. The existing Japal village will be upgraded as part of the project to house the peak construction and on-going mine operations. The village will consist of all of the appropriate facilities including dry and wet mess, gym and other lifestyle facilities for operational personnel. All traffic to the Iron Bridge site must pass through the Gatehouse to gain access to the mine, Stage 1 and Stage 2 process plants. The gatehouse area also includes the first aid and emergency response buildings. This is due to its close proximity to access points to all of the North Star operations including plant, mine and village. As the mine site is located within mountainous terrain the location for the Stage 2 processing plant has been carefully chosen to minimise earthworks and haul distance from the mine. All of the required infrastructure for both the processing plant and mining ancillary items have been combined into an area adjacent to the processing plant giving the ability to combine services and reduce earthworks. The plant infrastructure area includes the following mining and plant infrastructure to enable support to both the mining and processing plant operations. • Main Administration Building and associated Crib Rooms and Ablutions • Control Room • Communications Room • Laboratory • HV/Drill/LV Workshops & Warehouse • HV Workshop Office, Crib Room and Ablutions • Lube Station • HV Go Line • Tyre Workshop • HV Refuelling • LV Refuelling • HV Washdown • LV Washdown • Diesel Fuel Facility • Water Treatment Facilities • Fixed Plant Workshop • Welding Workshop • Main Warehouse • Explosives Magazines and Compounds Fortescue is responsible for delivering the power requirements inclusive of latent capacity transmitted from Fortescue's Solomon power station, together with new generation and transmission which may involve third party providers and supply. Concentrate from the processing plant will be conveyed via an above ground overland pipeline. The pipeline will follow the mine site access road and then the Fortescue rail to the Port where it will enter the Iron Bridge dewatering facility.

Criteria	Commentary
Costs	Projected capital and operating costs for mining have been developed based on Life of Mine production schedules over a period of more than 20 years to achieve an annual production rate of 22 wmtpa of concentrate. Estimation of the production rates and operating costs has been developed from first principles as part of the Pre-Feasibility study supporting the project. Capital and operating costs are based on vendors quotes and preliminary engineering designs. Costs include allowances for mining, processing, administration, pumping slurry to the port and shipping. All costs and revenues used were in the form of AUD, and converted to USD as required using an exchange rate of US$0.75:AU$1.00. Royalties of 5% have been applied.
Revenue factors	Revenue calculations for the Ore Reserves estimate used a CFR price of US$100 per dry metric tonne (dmt) of iron ore concentrate at 67% Fe. This price is justified on the following basis:- • two year average Platts CFR reference price for 62% Fe of US$71.50 per dmt, resulting in $/dmtu.Fe of 1.154 • two year average Platts CFR reference price for 65% Fe of US$89.50 per dmt, resulting in $/dmtu.Fe of 1.377 • extrapolating to 67% Fe results in $/dmtu.Fe of 1.526 or US$102.23 per dmt of 67% Fe concentrate (CFR)
Market assessment	The primary market for a premium grade magnetite concentrate is the Chinese iron and steel industry. The concentrate product of Iron Bridge is suitable for pelletising or blending with hematite ores prior to sintering. The market for high grade magnetite concentrate is well established with stable demand and price history.
Economic	The project economic evaluation was based on a mine plan and schedule that incorporates the technical aspects of the project and economic modelling that then uses the physicals from the schedule to calculate the project cashflows and final discounted value. The Ore Reserves mine plan and schedule have been demonstrated to be value accretive and have been stress tested by applying sensitivity factors of +/-20% on the most significant drivers such as concentrate price and costs. The project remains NPV positive under these variations.
Social	The majority of mining tenure has been secured for the port, slurry and return water pipelines; mine site; and Canning Basin pipeline. There is one small area of outstanding tenure for the slurry pipeline pending final negotiation with a third party. As the Project has an existing agreement with the same party for the Stage 1 pipeline at this location this is not seen as a major risk to finalise. With respect to secondary port approvals these will be subject to provision of detailed design. Given that the PPA has previously approved the Stage 1 IB port infrastructure and that the Stage 2 facility is located within the same location it is expected that this secondary approval will be granted in due course. The Iron Bridge Project (Mine, Port and infrastructure corridors) is located on determined and claimed Native Title land. Agreements are in place with both the Kariyarra and Njamal people that have interests in this land. All areas required for construction of the Iron Bridge Project including mine, port and infrastructure corridors have been surveyed for heritage. There are a small number of operational areas (dry rejects and waste rock landform) that require survey prior to commencement of operations. The Western Australian Department of Environmental Regulation (DER) administer Part V of the Environmental Protection Act and issue Works Approvals and Operating Licences for the construction and operation of prescribed premises. Appropriate Part V licences for the OPF, TSF and WWTP are in place for Iron Bridge Stage 1. Further Part V licences will be sought for Stage 2 infrastructure as required.

Criteria	Commentary
Other	All Ministerial Statements under Part IV of the EP Act are in hand to allow for construction of the Stage 2 Mine at 22 wmtpa with 20 GL/a groundwater from Canning basin. The airport and its related access road was approved by the EPA through an amendment to the Part IV EP Act Ministerial approval on 22 August 2016. No approvals have been sought for the development of the Glacier Valley, South Star or West Star deposits. Baseline environmental studies are significantly advanced for the Glacier Valley resource, whilst studies for South Star and West Star are in the early phases of planning. Approval for the Iron Bridge Stage 2 project is subject to conditions imposed by the Minister for Environment. Several of these conditions restrict commencement of ground disturbing activities in small areas of the project footprint until certain surveys, studies, subsequent management plans have been completed and Ministerial advice is received. All necessary surveys and studies have been completed and have been submitted to the EPA. Preparation of management plans required to allow access to these small project areas are significantly progressed and will be submitted to the EPA in due course. Mining within 100m of the Pilbara Leaf Nosed Bat (PLnB) roost cave identified as Cave 13 is prohibited by the current Stage 2 Ministerial Approval until such time as the Minister considers that the population of PLnB at North Star is not reliant on the cave (they have either relocated, or another population has been established in another suitable cave). All necessary surveys and studies have been completed and have been submitted to the EPA. Preparation of management plans required to allow access to this exclusion zone are significantly progressed and will be submitted to the EPA in due course. None of the above is expected to have a material impact on the development schedule for Iron Bridge Stage 2, as plans have been developed and action underway to address each of the points identified.
Classification	There is Measured, Indicated and Inferred Resources within the model. The Measured and Indicated Resources within the designed pits have been converted to Probable Ore Reserves as the project is not in operation at the time of reporting.
Audits or reviews	No external audits of the Ore Reserves have been performed. The metallurgical test work was independently audited in 2018. This testwork underpins the modifying factors used in the Ore Reserves estimate.
Discussion of relative accuracy/confidence	The study on which the Ore Reserves are based has been completed to a Pre-Feasibility standard; Pit designs are based on Whittle optimisations. The cost model is based on a life of mine schedule which has been developed using MineMax Scheduler and a business valuation model. Costs have been developed from first principles and preliminary engineering designs. Further geometallurgical testing is underway to confirm processing upgrade and throughput assumptions.

Competent Person's Statements

The detail in this report that relates to Estimated Magnetite Ore Reserves for the Iron Bridge Magnetite Project were compiled by Mr. Martin Slavik, an employee of Fortescue Metals Group.

Mr. Slavik is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Slavik has sufficient experience that is relevant to estimation, assessment, evaluation and economic extraction of Ore Reserves, and to the activity for which he is accepting responsibility to be qualified as a Competent Person as defined in the JORC Code.

Mr. Slavik has consented to the inclusion in this report of the matters based on their information in the form and context in which it appears.

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