

18 October 2019



The Companies Officer
Australian Securities Exchange Ltd
Level 40, Central Park
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Perth WA 6000

Dear Madam or Sir

SOLAR ENERGY TO POWER FORTESCUE'S CHRISTMAS CREEK AND CLOUDBREAK MINES IN LANDMARK RENEWABLES AGREEMENT

In a landmark agreement with Alinta Energy announced today, up to 100 per cent of daytime stationary energy requirements at Fortescue Metals Group's (ASX: FMG, Fortescue) Chichester Hub iron ore operations will be powered by renewable energy.

The Chichester Solar Gas Hybrid project will see the construction of a 60MW solar photovoltaic generation facility at the Chichester Hub, comprising Fortescue's Christmas Creek and Cloudbreak mining operations. In addition, an approximately 60-kilometre transmission line linking the Christmas Creek and Cloudbreak mining operations with Alinta Energy's Newman gas-fired power station and a 35MW battery facility will be constructed, with completion due mid-2021.

Once completed, up to 100 per cent of daytime stationary energy requirements at the Chichester Hub will be provided by solar generation, with the remaining power requirements to be met through the integrated battery storage and gas power station facilities. The project is expected to displace around 100 million litres annually of diesel used in the existing Christmas Creek and Cloudbreak power stations.

Fortescue Chief Executive Officer, Elizabeth Gaines said, "Reliable and competitive energy generation remains an important consideration for the mining sector in Western Australia and as a significant consumer of energy, we continue to identify opportunities that have the potential to lower our costs while also improving our carbon footprint.

"This landmark project is a first on this scale for the Pilbara and will reduce carbon emissions from stationary generation by around 40 per cent at Fortescue's Christmas Creek and Cloudbreak mining operations, while driving long-term sustainable cost reductions to maintain Fortescue's global cost leadership position.

"The agreement with Alinta Energy marks a significant milestone in Fortescue's energy strategy and represents a further step in the creation of Fortescue's Pilbara Energy Connect project. In addition, Fortescue will invest an estimated US\$250m in energy transmission infrastructure, which will complete the integration of Fortescue's iron ore operations in the Pilbara into an efficient energy network.

“The Pilbara Energy Connect project builds on our previous energy initiatives, including the construction of the Fortescue River Gas Pipeline, the conversion of the Solomon Power Station from diesel to gas generation, as well as a partnership agreement with the Commonwealth Scientific and Industrial Research Organisation (CSIRO) to develop and commercialise hydrogen technologies.”

Alinta Energy Managing Director and Chief Executive Officer, Jeff Dimery said, “We’d like to thank Fortescue and our Chichester Hub project partners for helping to make the company’s long-held vision for a cleaner and more connected energy supply for the Pilbara a reality.

“There’s a lot to be proud of in this project. Working together, we are on the cusp of demonstrating that renewables can drive Australia’s economic powerhouses forward – even for remote and complex industrial applications.”

Alinta Energy will receive Federal funding of A\$24.2 million from the Australian Renewable Energy Agency (ARENA) and A\$90 million from the Northern Australia Infrastructure Facility (NAIF), upon satisfaction of standard conditions. The NAIF loan remains subject to ratification from the Western Australian Government.

NAIF Chief Executive Officer, Laurie Walker said, “NAIF’s A\$90 million loan for this project will help provide low emission renewable energy generation for large off grid customers and paves the way towards the creation of a more interconnected regional energy grid in the Pilbara.

“The project innovatively combines solar and gas fired power to compensate for the variability of solar sourced energy. This investment by NAIF offers the opportunity to make a long-term difference to the Pilbara.”

ARENA Chief Executive Officer, Darren Miller said “The project could unlock further investment in renewable energy in the mining sector and other remote and energy intensive operations.

“Alinta’s project will demonstrate how renewable energy solutions can deliver critical energy requirements for major mining operations and help reduce emissions. This will also show how interconnection of loads and different generation and storage - including solar, gas and battery storage - can provide secure and reliable electricity,” he said.

Yours sincerely
Fortescue Metals Group Ltd

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Chichester Solar Gas Hybrid Project

