



BAML Conference

Neu Power, May 2015

Fortescue
The New Force in Iron Ore



Disclaimer

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Additional Information

This presentation should be read in conjunction with the Annual Financial Report at 30 June 2014 and Half Year Financial Report at 31 December 2014 and together with any announcements made by Fortescue in accordance with its continuous disclosure obligations arising under the *Corporations Act 2001*.

Any references to reserve and resources estimations should be read in conjunction with Fortescue's Mineral Resource and Ore Reserve Statement at 30 June 2014 as released to the Australian Securities Exchange on 20 August 2014 and the Chichester Range Mineral Resource update released to the Australian Securities Exchange on 8 January 2015.

All amounts within this presentation are stated in United States Dollars consistent with the Functional Currency of Fortescue Metals Group Limited. Tables contained within this presentation may contain immaterial rounding differences.

Building a world class company

Reliable and competitive supplier to Asia

- **Founded** in 2003
- **First ore** 2008
- **Low cost** producer
- Over **500mt** shipped
- **165mt** production rate
- Unique **culture**





OUR VISION

The safest, lowest cost,
most profitable iron ore producer

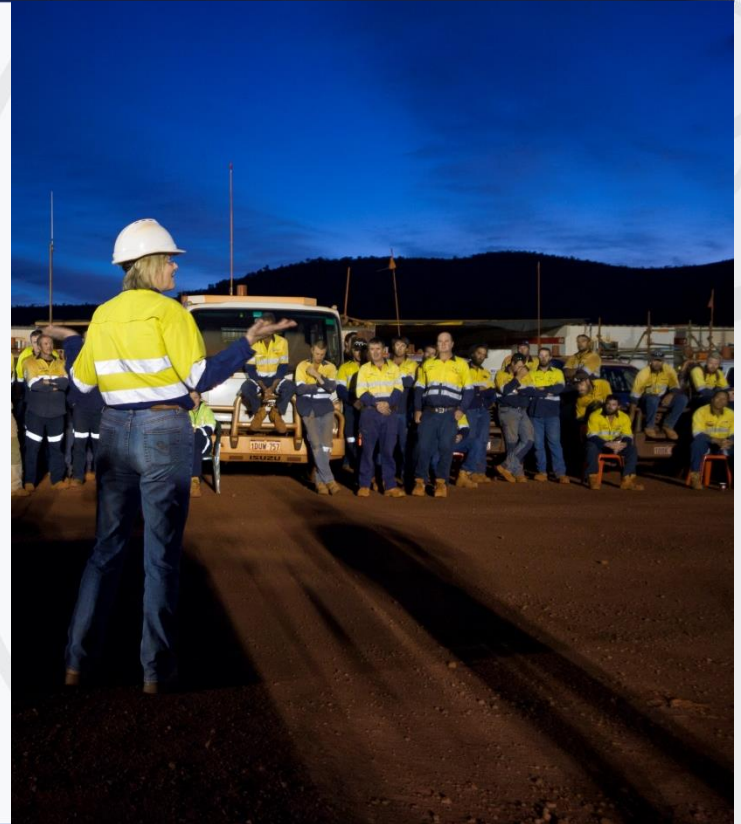
Our Values



Safety is at the heart of Fortescue's family values

“My brothers’ / sisters’ keeper”

- **Safety Priorities**
 - 1 Look after yourself
 - 2 Look after your mates
- **Engagement** active participation
- **Empowerment** to make decisions
- **Encouragement** to speak up
- **Leadership** strong and visible



Operating performance – March Quarterly

Cost and efficiency focus

 **40.4mt**
Shipped

 **C1 \$25.90/t**
9% improvement

160-165_{mtpa}
Annualised run rate

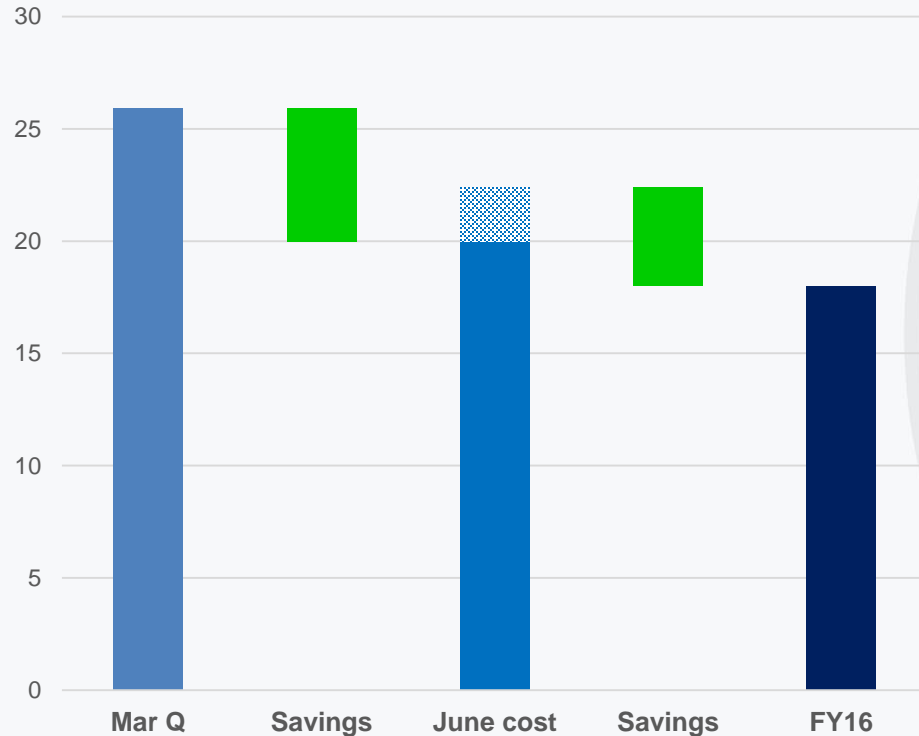
US\$1.8bn
cash on hand

 **C1 \$18/t**
FY16 Guidance

 **US\$39/dmt**
Breakeven price

Underlying C1 costs – net of inventory cost averaging

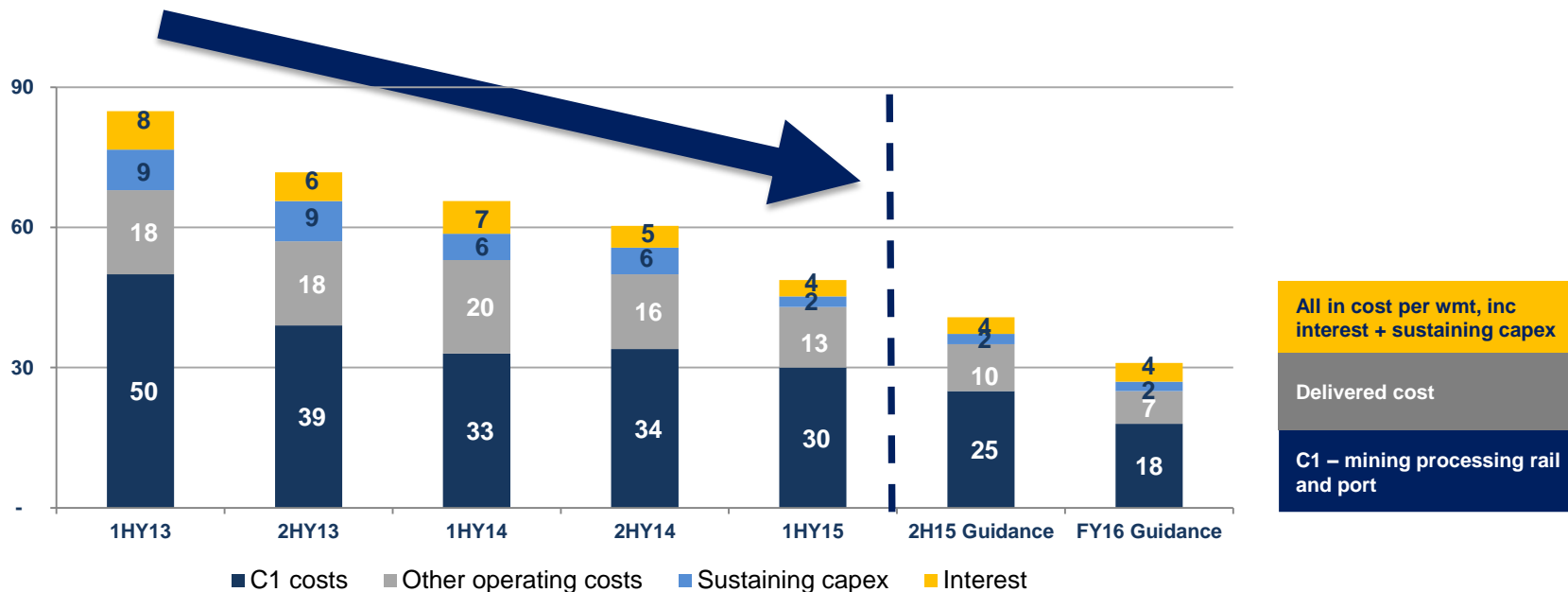
Post ramp up cost optimisation continuing



- Christmas Ck mining contract
- Roster and organisation changes
- Procurement initiatives
- Mining productivity and efficiency
- Reduced Surface Mining
- OPF upgrade performance
- Lower AUD 0.77

Costs reduction journey

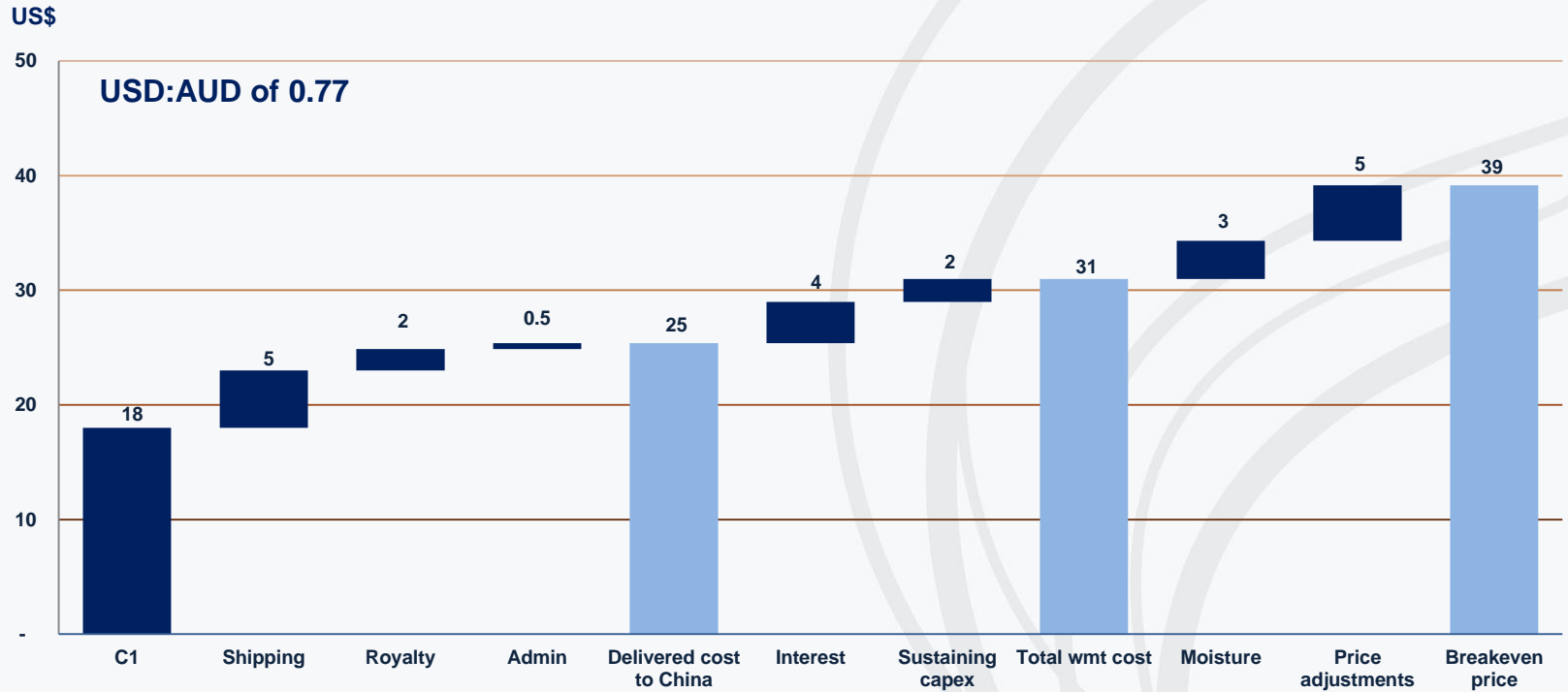
Delivering reduction in the total cost of operations



All in cost moving towards US\$31/wmt (US\$34/dmt)

Break-even Price

Continuing to reduce breakeven price on 62% Platts equivalent basis





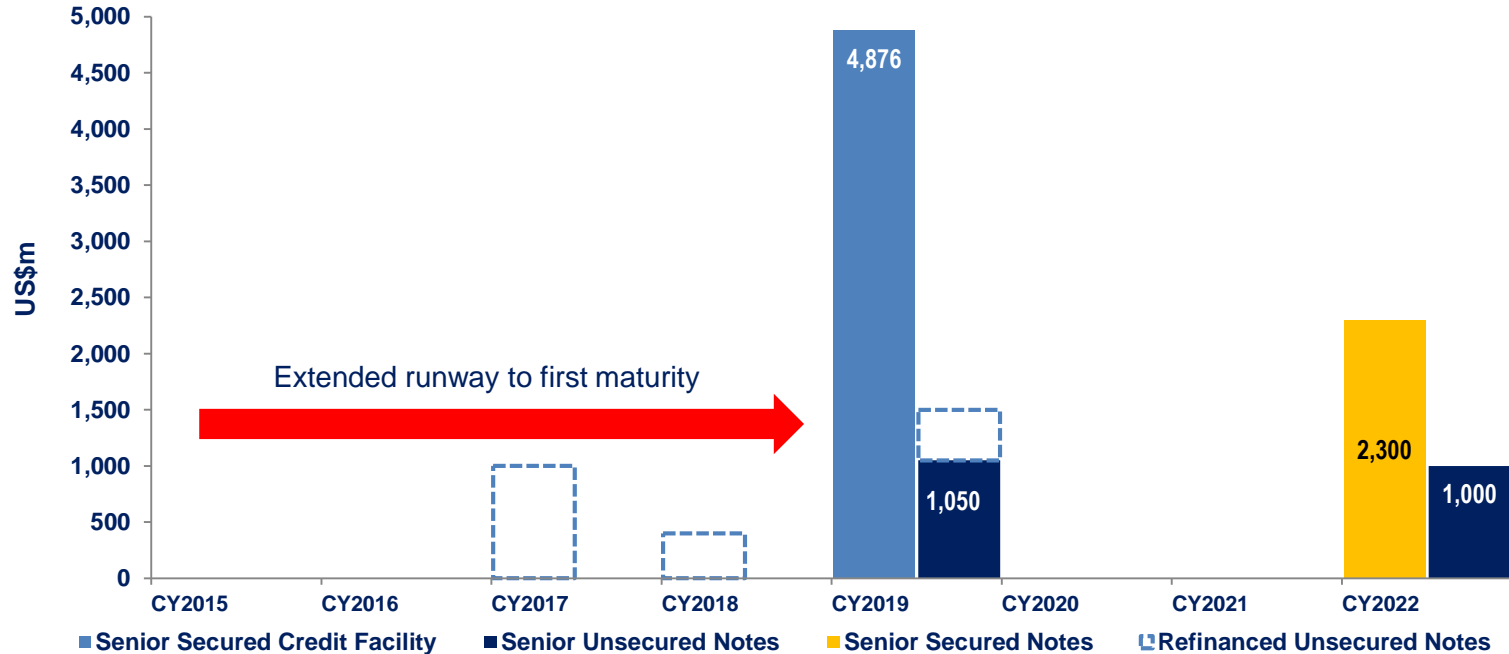
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Balance Sheet



Completion of US\$2.3bn refinancing

No repayments until June 2019 with flexibility for early repayments



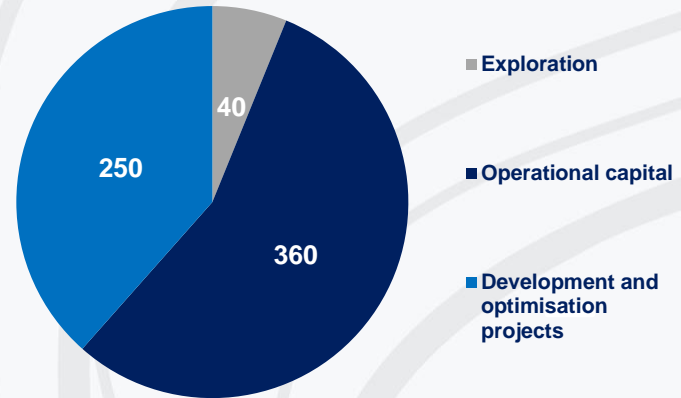
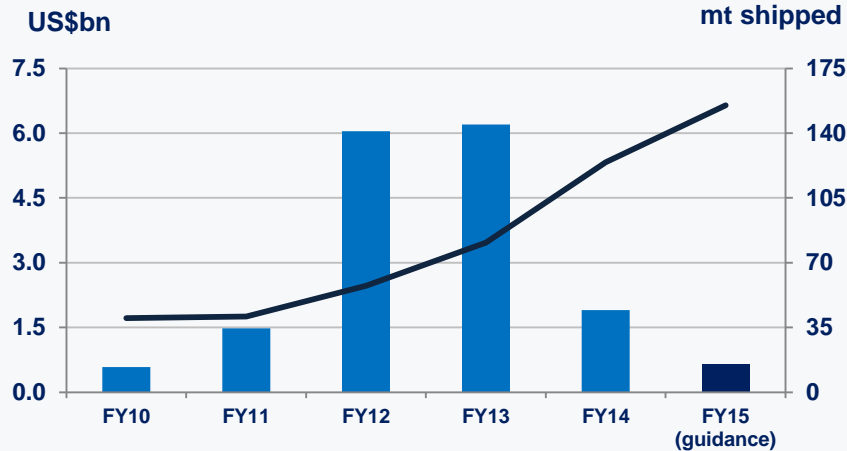
~US\$2.0bn cash on hand

Capital expenditure

Ex growth capex, current with US\$2/wmt guidance sustainable

Capital profile

FY15 Capital – US\$650m



- **FY16** guidance of **US\$2/wmt** or **US\$330m p.a**
- Depreciation and amortisation charge **~US\$8.50/t**



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Market



Core supplier to China

Well established 16% market share of imported iron ore

- **Optimised** product range
- **Low impurity** 58% Fe average product
- High **value in use**
- Large diverse **customer base**
- **Reliable consistent** delivery



China's growth remains strong

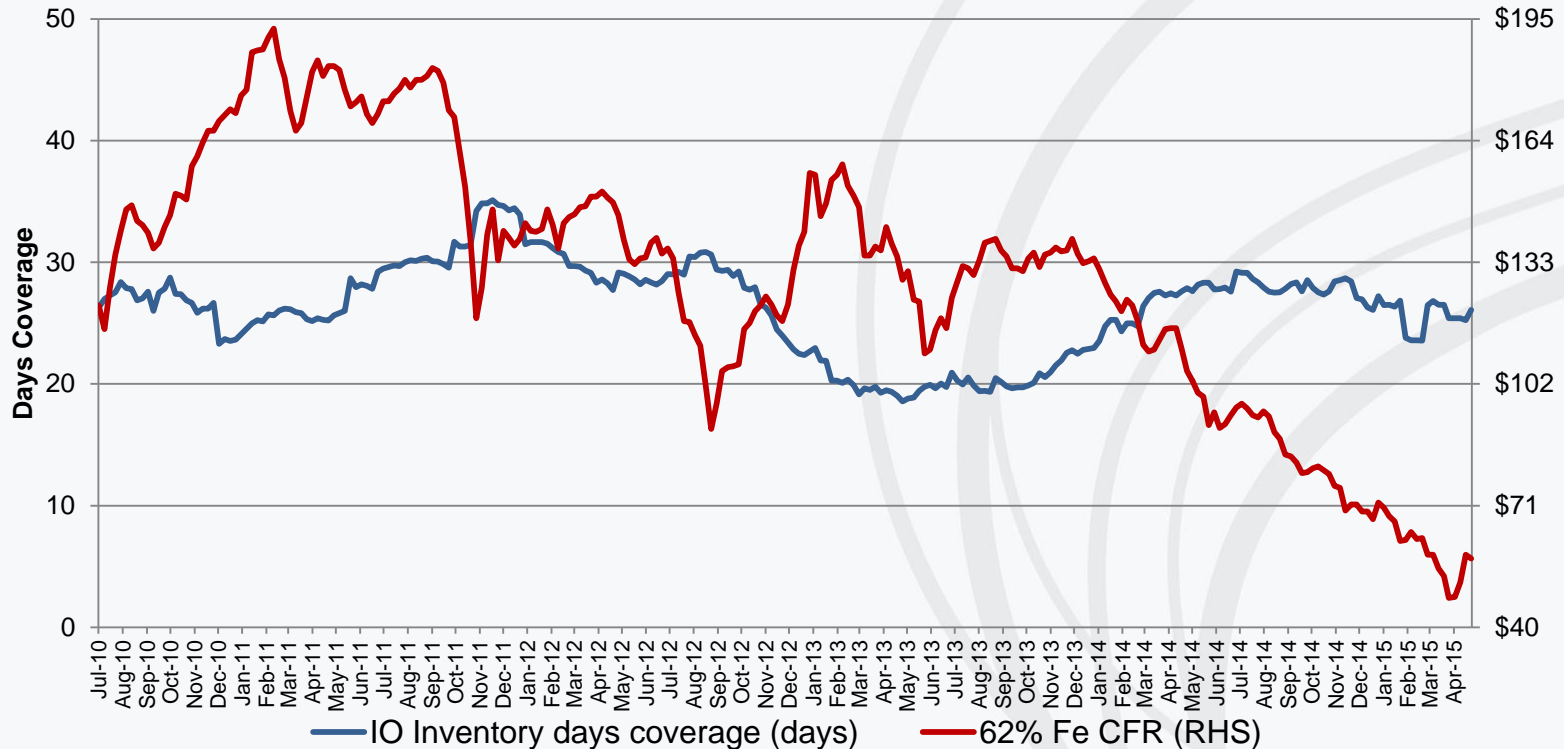
Long term fundamentals remain positive

- **RMB 10 trillion** in projects approved
- **One Belt One Road** US\$1.6 trillion
- **300 million people** to urbanize
- **Pro-business** structural reform
- GDP growth **~7%** in 2015



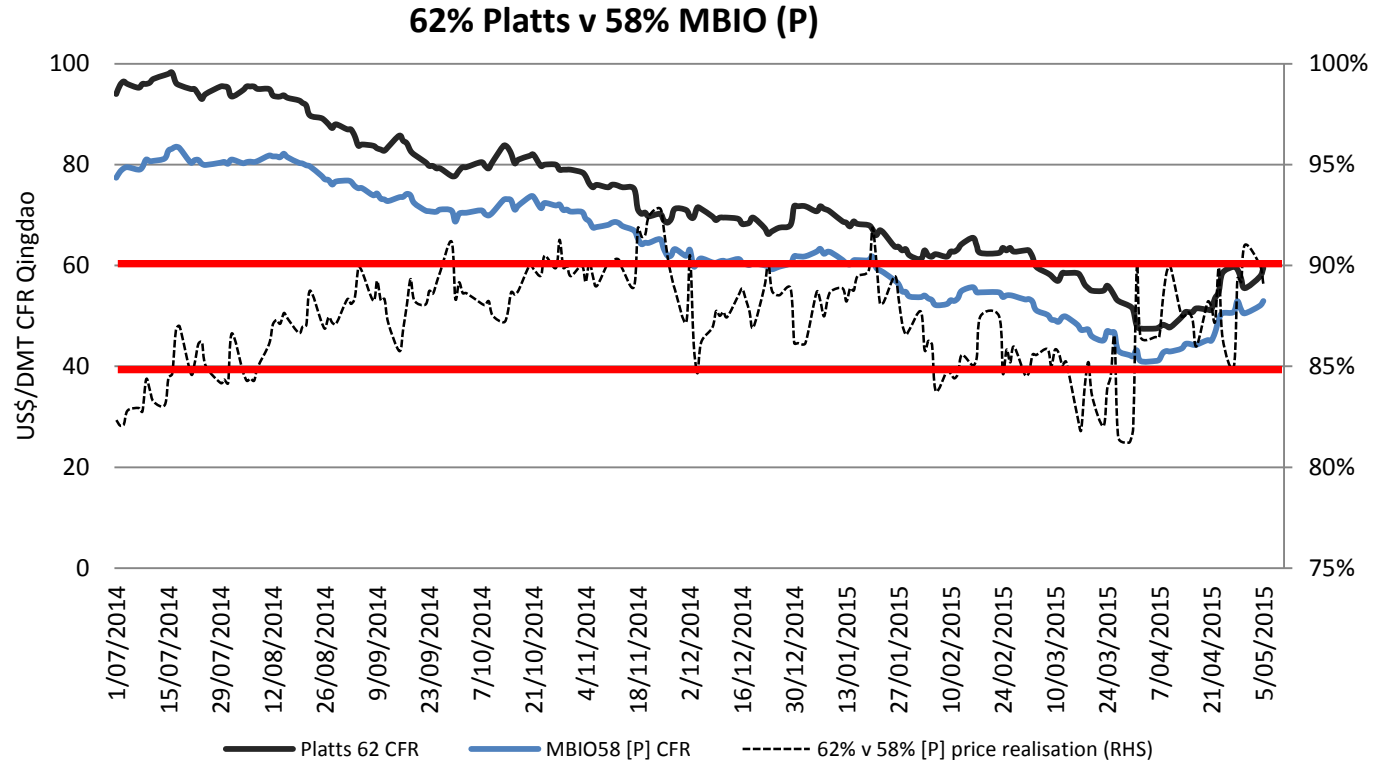
Iron ore supply in balance...sentiment driving price

Port stocks at 87mt, down 4mt in a week and at lowest level since Jan 14



Price Realisation

Realising consistently at 85-90% of Platts 62%





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Supporting our local community



Ending Aboriginal disparity in the Pilbara

Creating opportunities through training, employment and business opportunity

1,100

Aboriginal employees

12%

Aboriginal people in Fortescue workforce

A\$1.8bn Contracts to Aboriginal companies and JV's

VTEC
Training Centres

Roebourne,
South Hedland





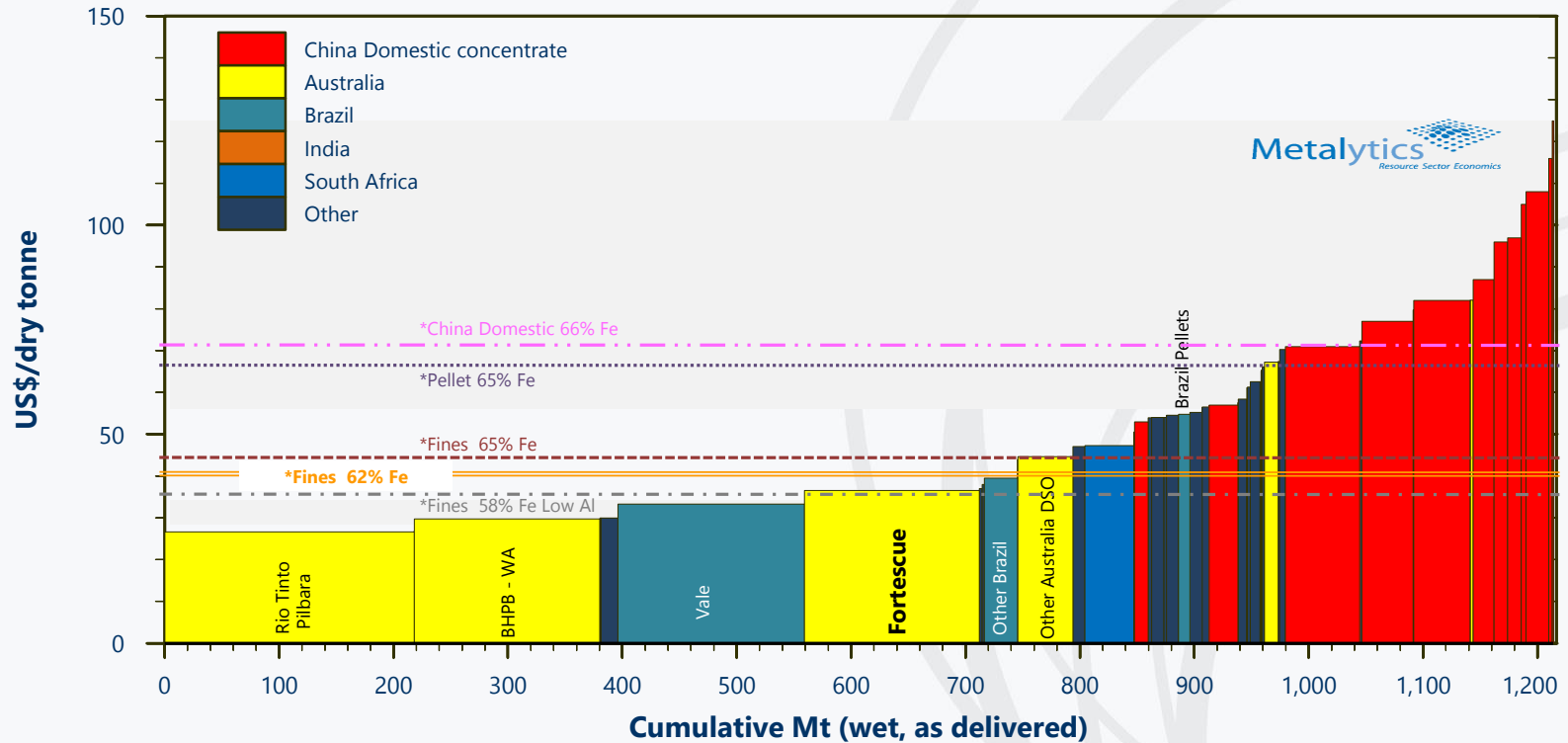
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Clear strategy



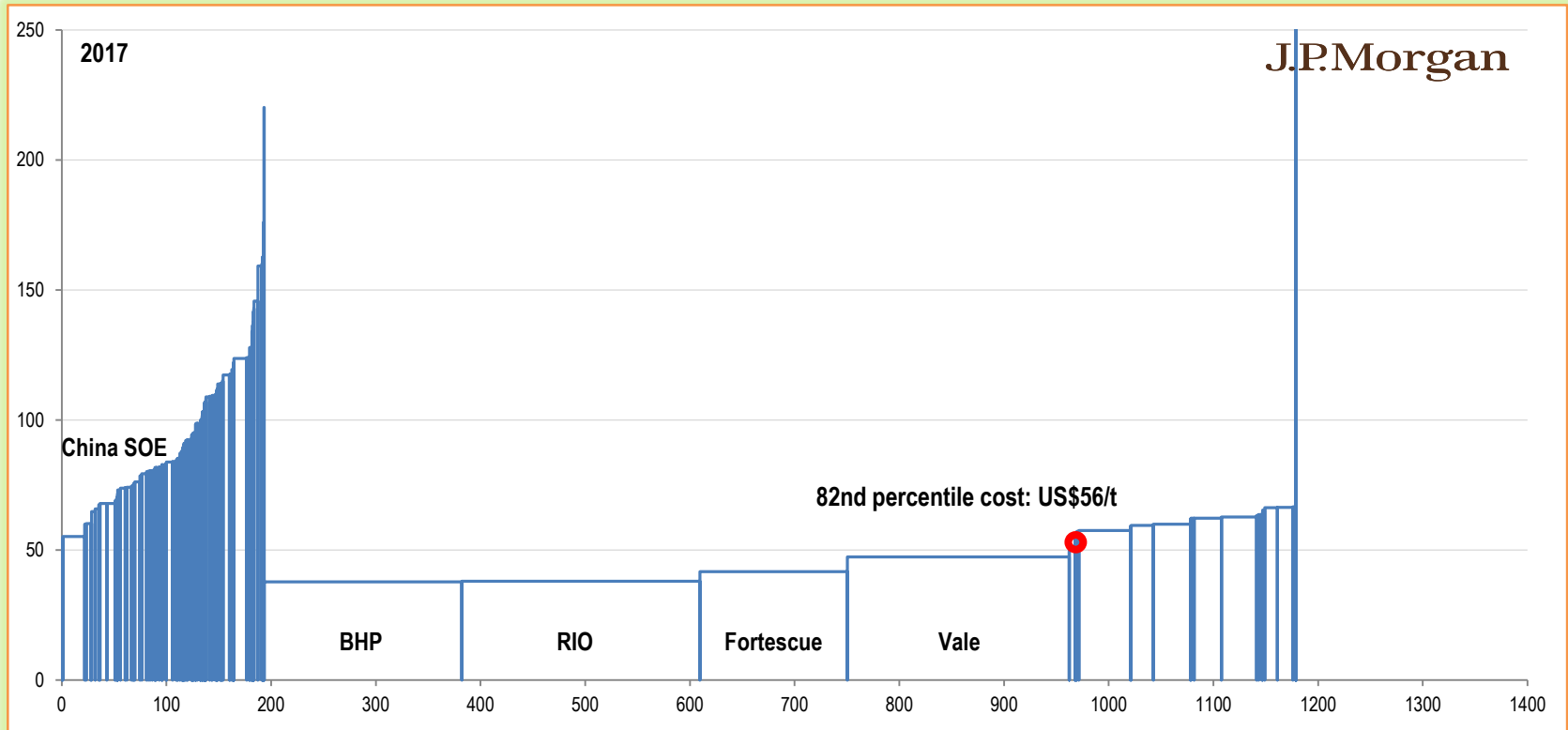
Moving down the global cost curve

China's 2015 Iron Ore Supply CFR Costs (including royalties & ocean freight)



Moving down the global cost curve

Targeting bottom quartile



The New Force in Iron Ore

- **Low cost** producer **165mtpa**
- **Reliable** efficient delivery
- **World class** hardware + **software**
- Unique **culture** drives performance





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