



Fortescue
The New Force in Iron Ore

G100 Conference

Neu Power, May 2015



Disclaimer

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Additional Information

This presentation should be read in conjunction with the Annual Financial Report as at 30 June 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.

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

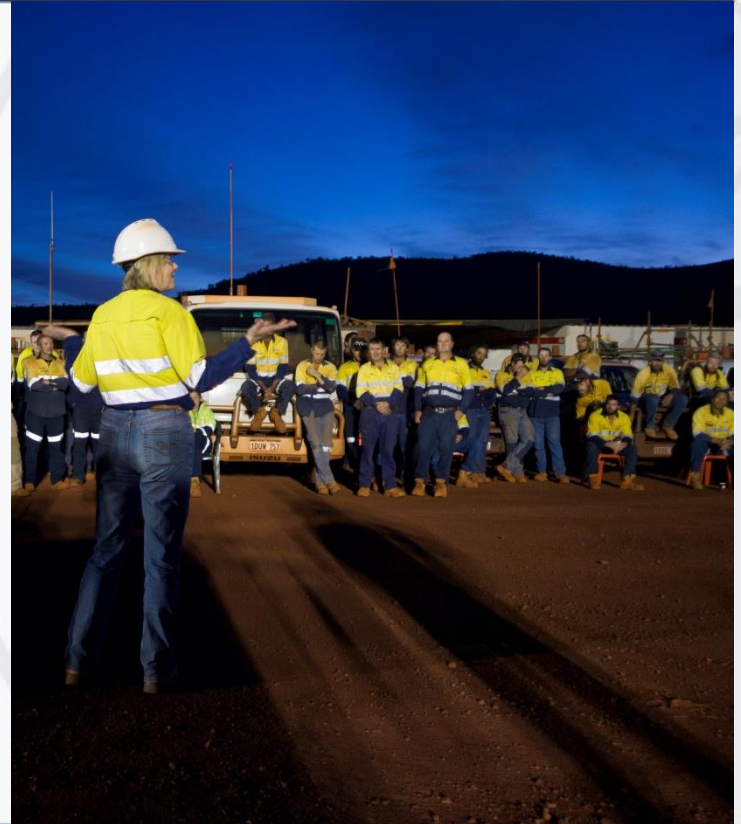
Our Values



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

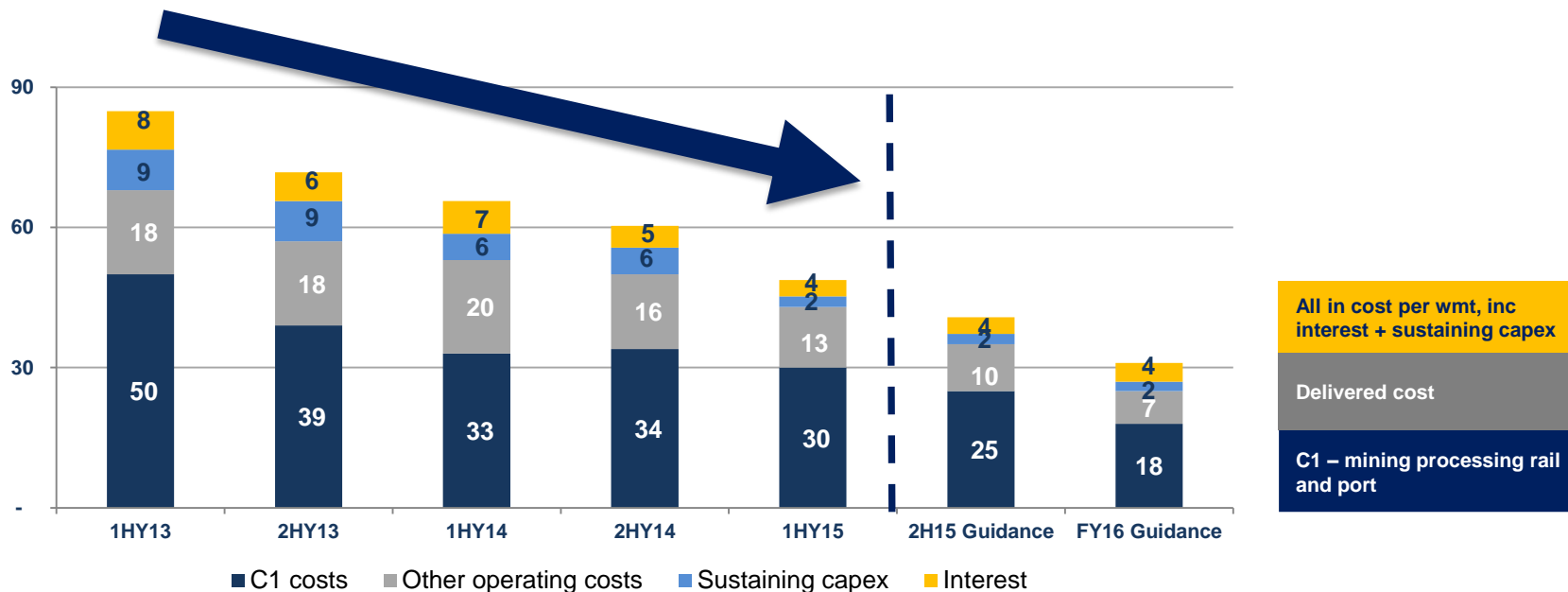
US\$1.8bn
cash on hand

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

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

Costs reduction journey

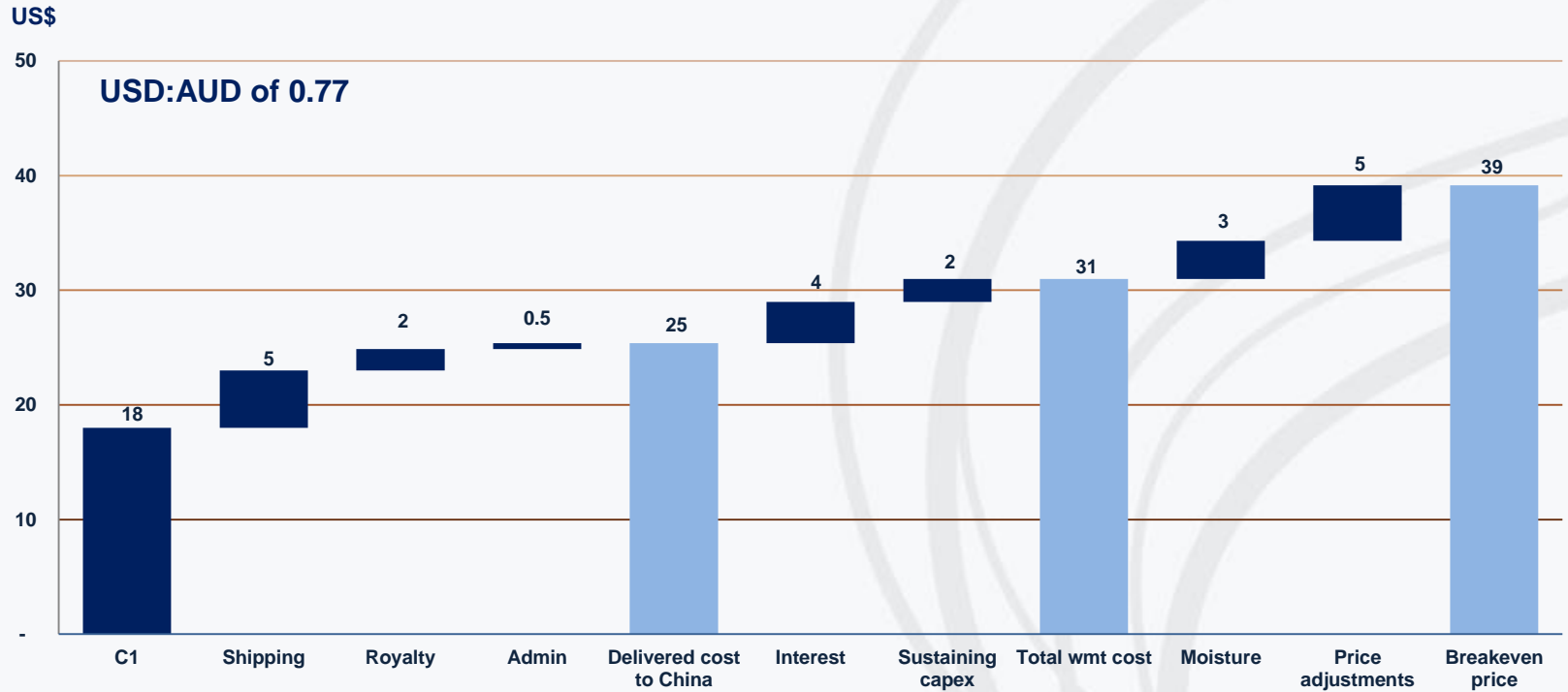
Delivering reduction in the total cost of operations



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

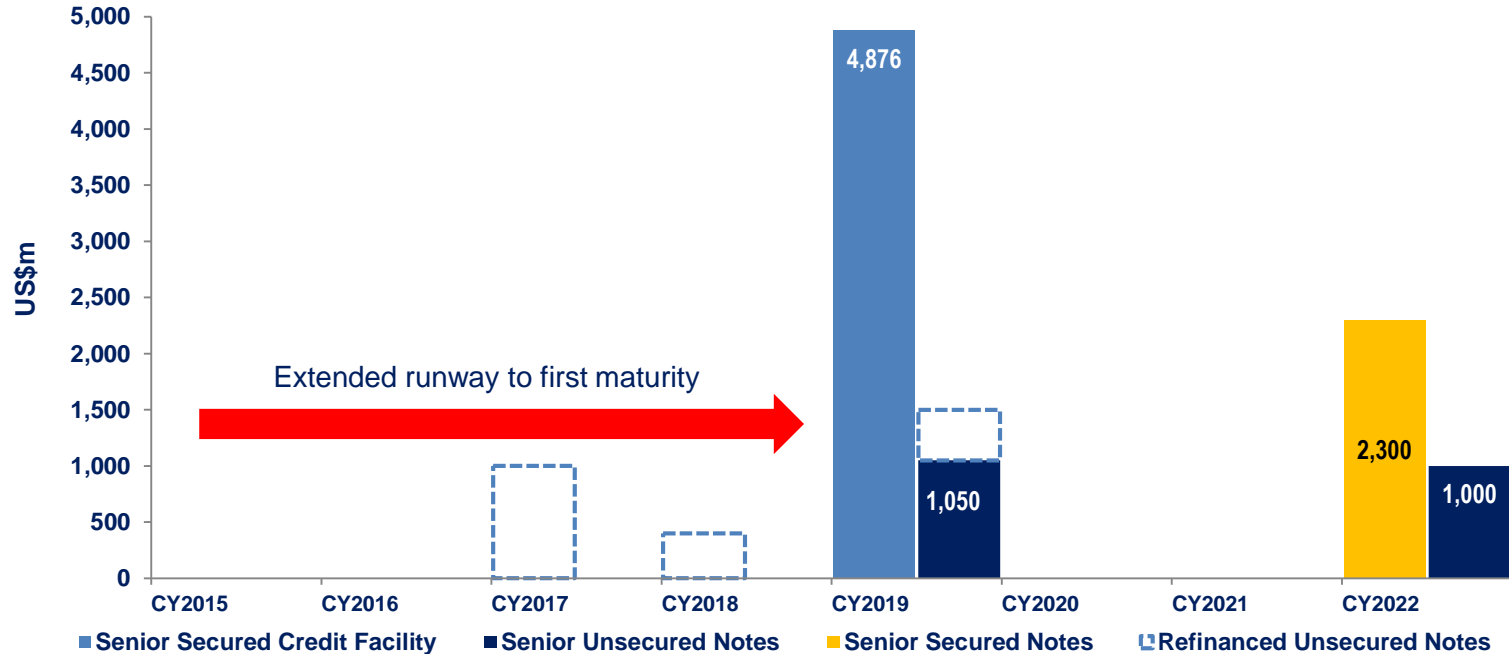
Break-even Price

Continuing to reduce breakeven price on 62% Platts equivalent basis



Completion of US\$2.3bn refinancing

No repayments until June 2019 with flexibility for early repayments



~US\$2.0bn cash on hand



Fortescue
The New Force in Iron Ore

Iron ore market



Core supplier to China

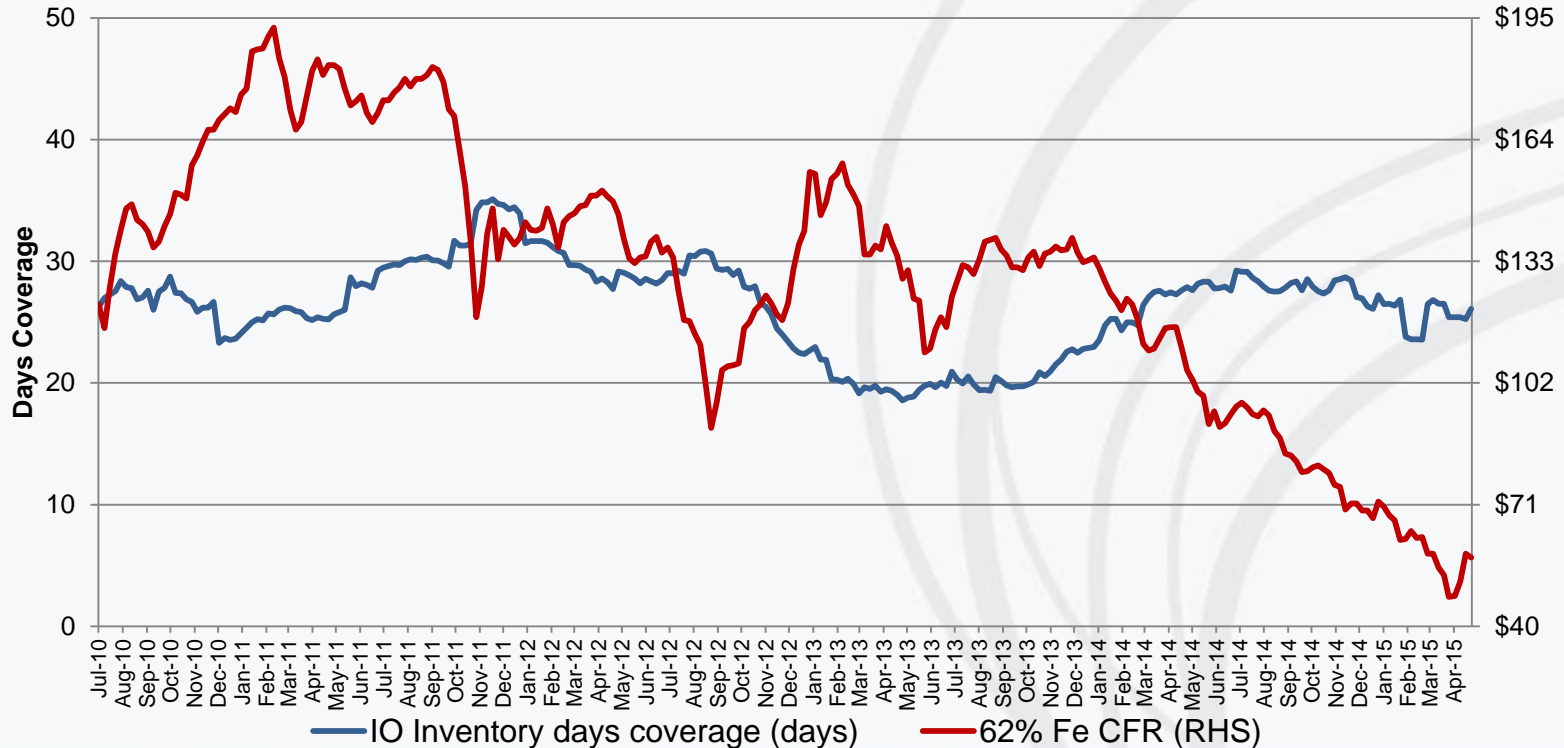
China GDP growth 7%+

- **Optimised** product range
- High value in use **low impurity** product
- Large diverse **customer base**
- Strong **long term growth**
- **300 million** people to urbanise



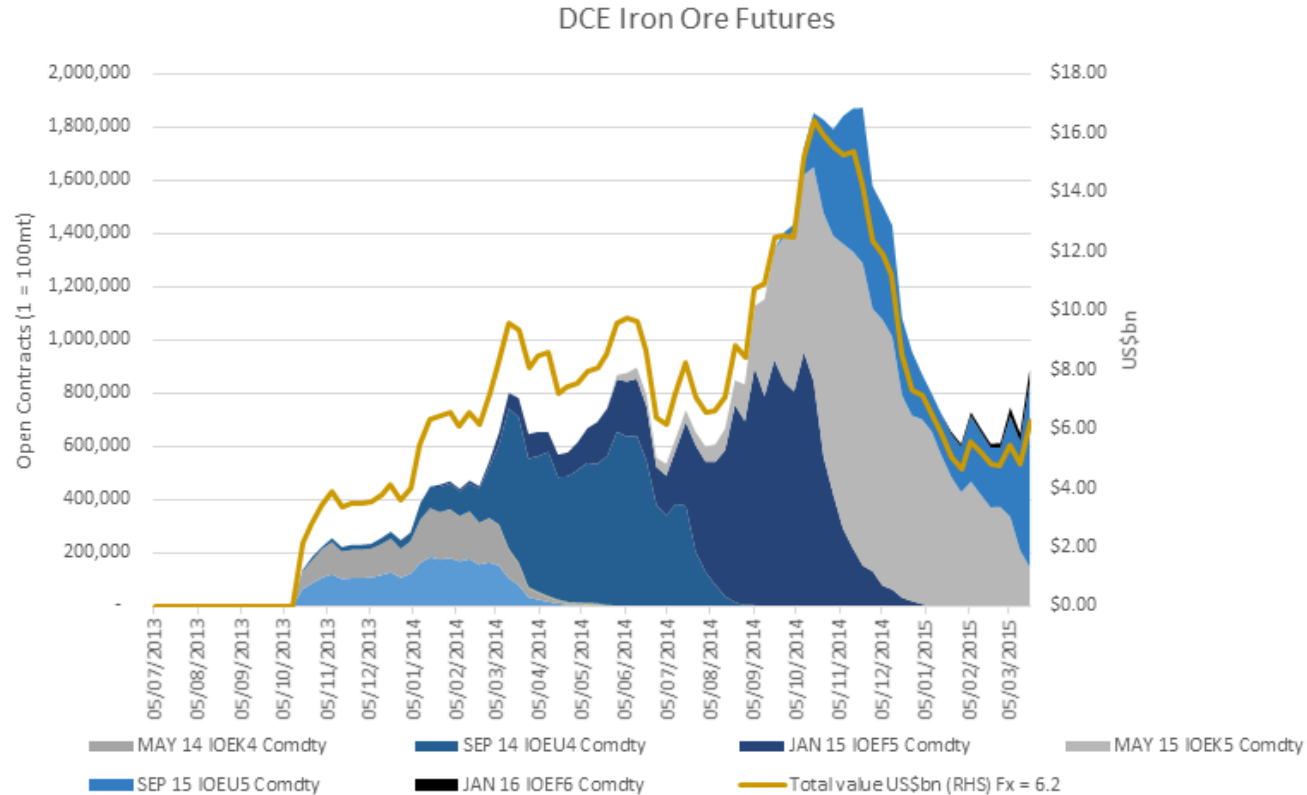
Iron ore supply in balance...sentiment driving price

Port stocks at lowest level since Jan 14



Source: Bloomberg and Umetal

Iron ore futures trading



Iron ore price fall is damaging Australia's economy

- **17% fall in iron ore price**
in March 2015



\$8 billion in Australian
export receipts

- For **every dollar** the price **falls**



\$910 million in the **economy**

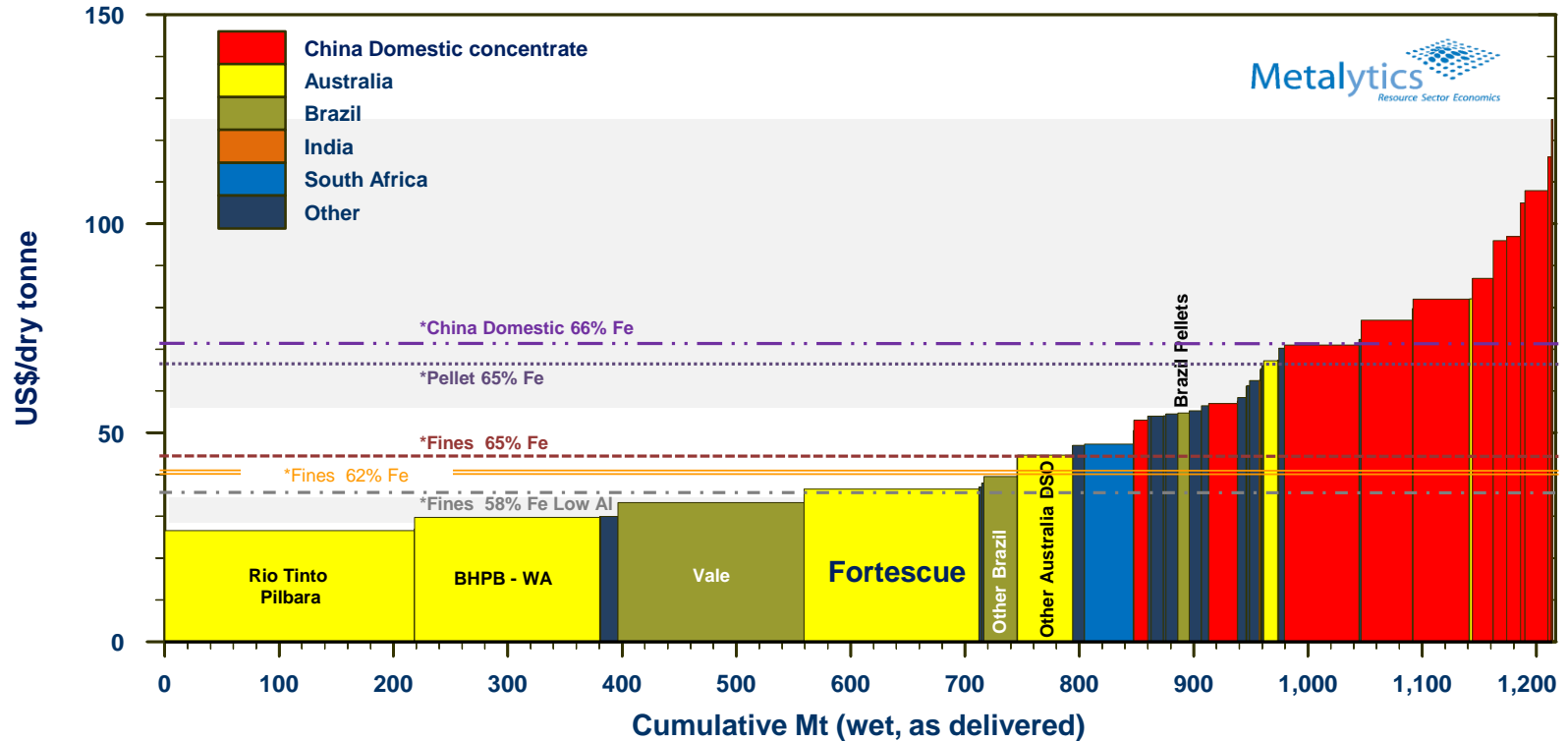
\$300 million in federal **taxes**

\$56 million in State **royalties**

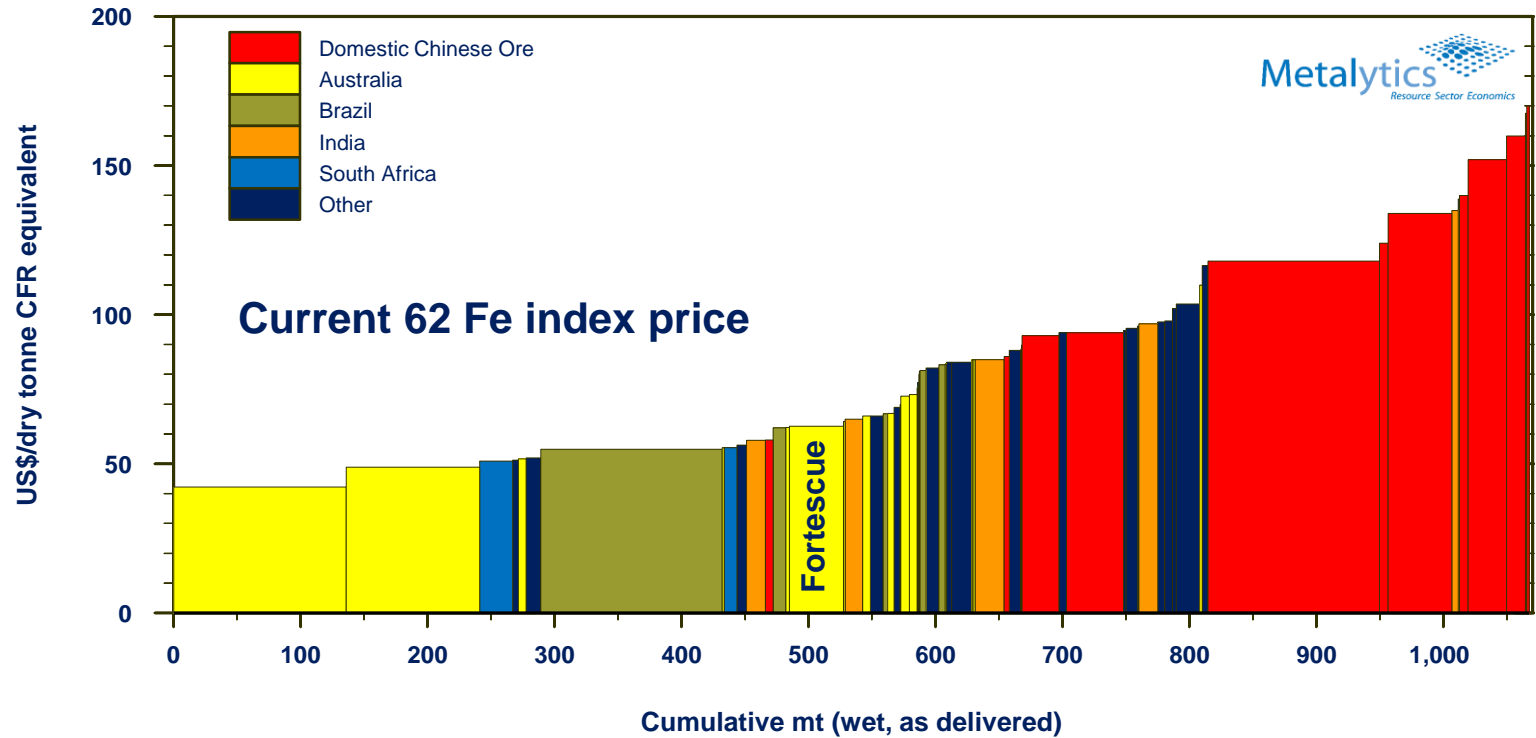


Moving down the global cost curve

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



Global cost curve - 2012



Market power in seaborne iron ore

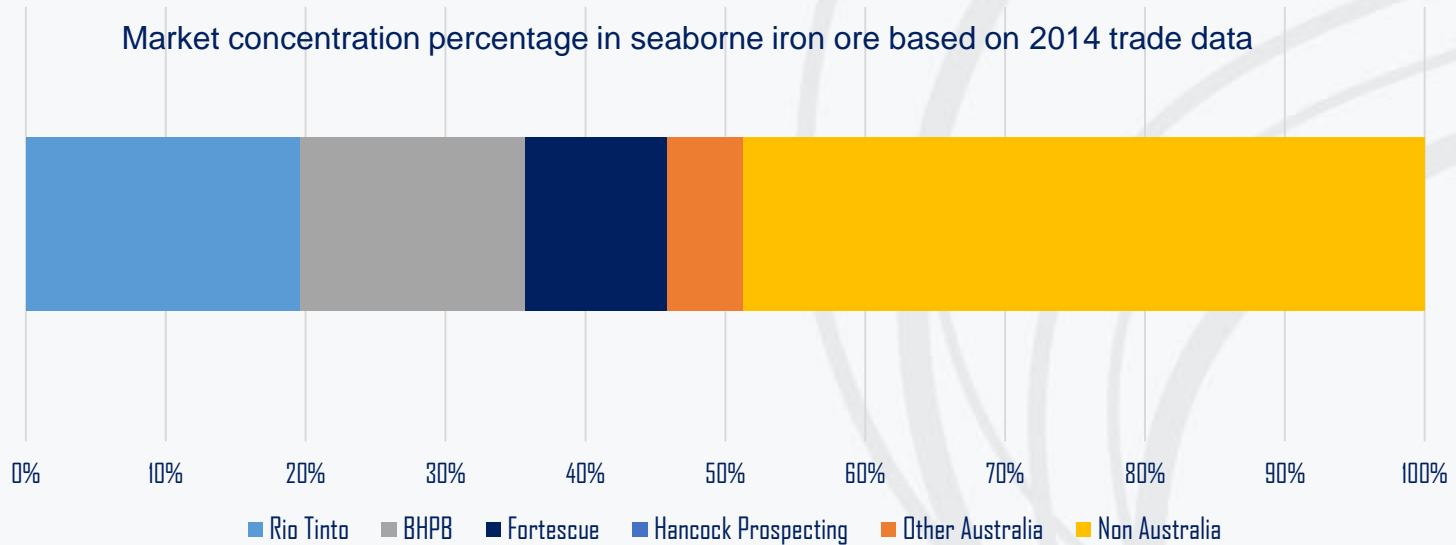
The most concentrated global commodities market

51% of iron ore supply is from Australia

Market is more concentrated than OPEC

Rio and BHP combined have 37% of market

Market concentration percentage in seaborne iron ore based on 2014 trade data





Fortescue
The New Force in Iron Ore

Building an innovative culture



OUR VISION

The safest, lowest cost, most profitable iron ore producer

Our Values

Family

- Care for your work mates
- Think of the whole business - not just your part
- Be committed as one
- Celebrate success



Safety

- Working together to be global safety leaders
- We care about the health and wellbeing of people
- I am my brothers' and sisters' keeper

Frugality

- Use your brains not your cheque book
- Save every dollar you can
- Find a way to do the same job for less money



Empowerment

- Always take action
- Authority to do what you said you would do
- Ability to act in the best interest of the business



Integrity

- Honesty in our words and actions
- Doing what we say we will do



Enthusiasm

- Be enthusiastic
- Be energetic
- Be positive



Determination

- Drive for outcomes
- Never give up



Generating ideas

- Never accept the status quo
- Always be on the lookout for better ways



Set yourself stretch targets

Innovation focus on key projects & processes

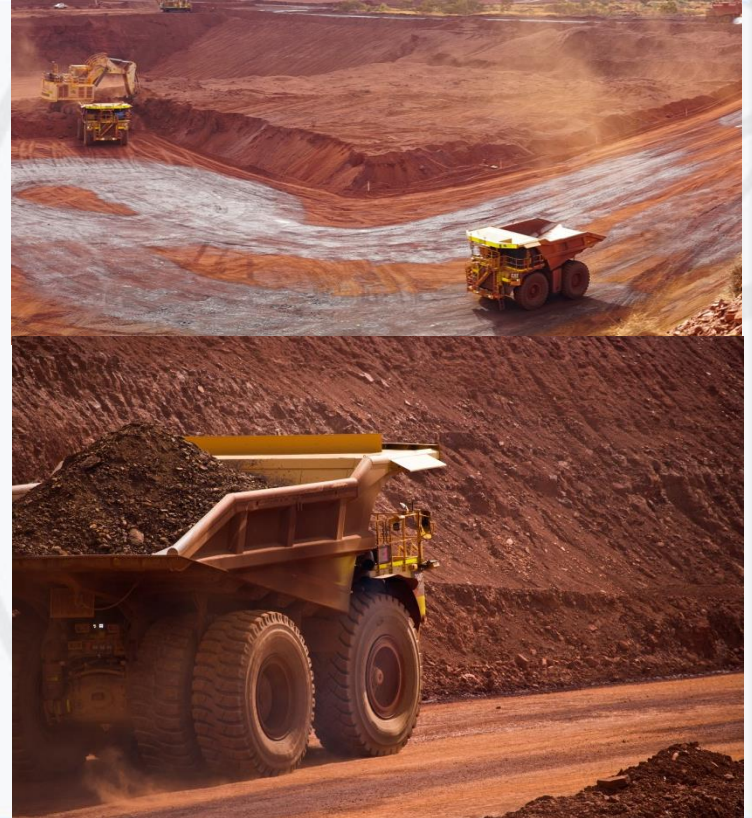
- **AP5 berth** adds flexibility and future growth
- **Autonomous haulage**
- **Fortescue River Gas Pipeline** lowers energy costs
- **Iron Bridge Magnetite** a new innovative process
- **”Have A Crack”** tapping our full potential

Port – flexible design for future growth



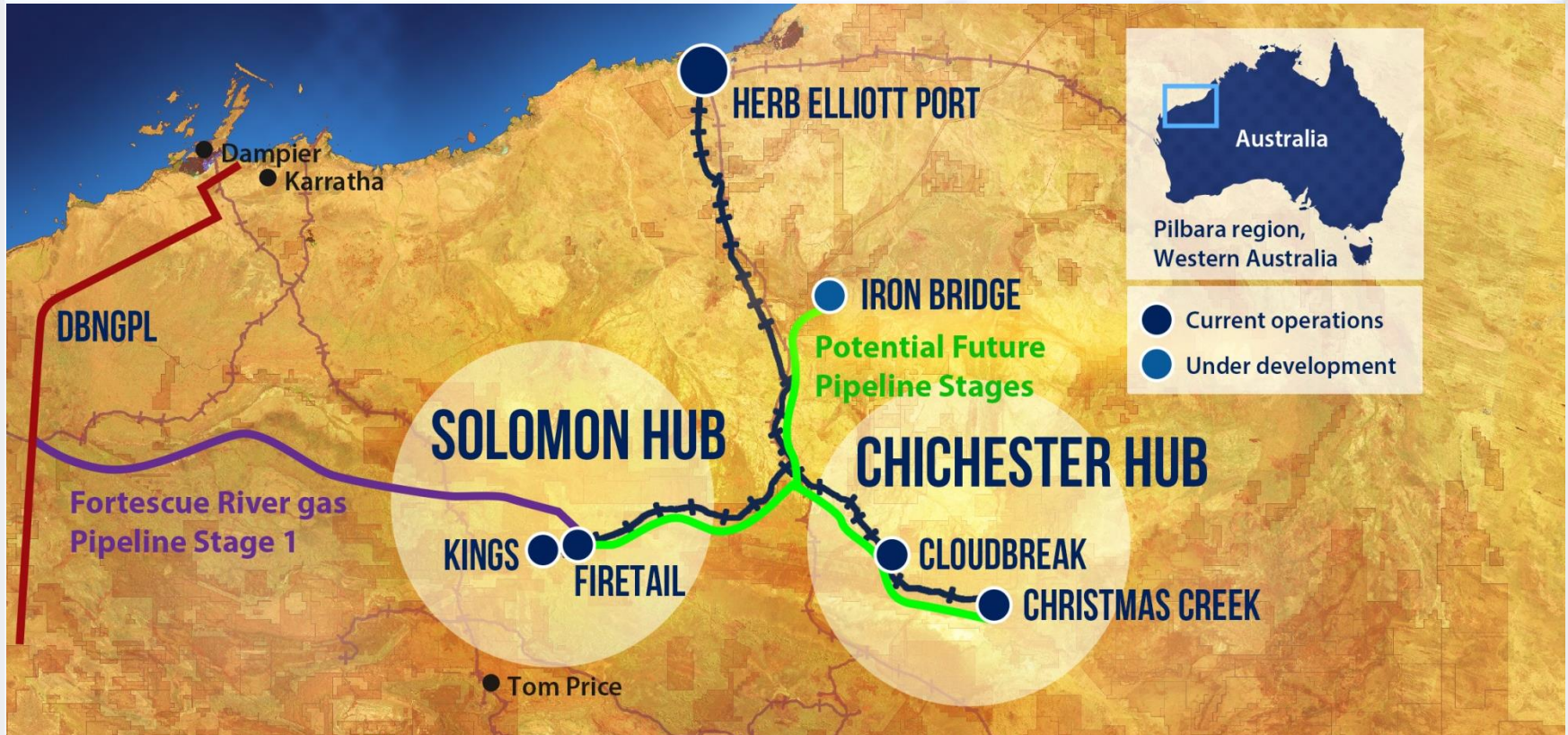
Solomon Autonomous Trucks

- Increased **safety**
- Increased **productivity**
- Greater asset **utilisation**
- Planned for **future growth**
- Extending to **full haulage** fleet



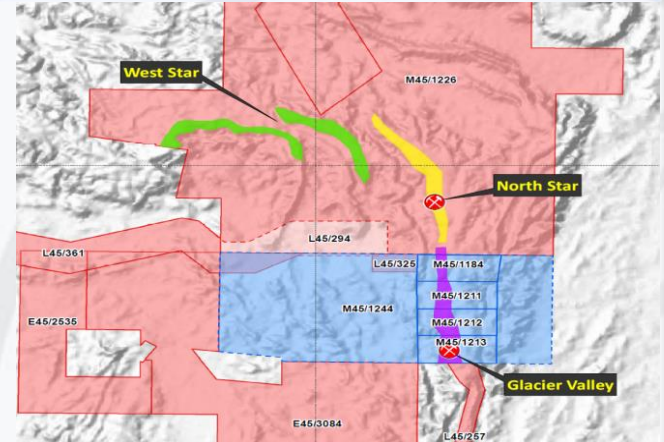
Fortescue River Gas Pipeline

Stage 1 – to Solomon Hub



Iron Bridge North Star Magnetite Project

- Developing **magnetite** project
- JV Partners **Formosa** and **Baosteel**
- Innovative processes to **reduce energy**
- Australia can develop **cost effective** and **viable** magnetite projects, **borrowing technologies** from other industries



Have a Crack Initiative



HAVE A CRACK!



The New Force in Iron Ore

- **Low cost** producer **165mtpa**
- **World class** hardware + **software**
- **Innovation** in delivery of projects and processes
- Unique **culture** drives performance





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