



Fortescue
The New Force in Iron Ore

Diggers and Dealers

4 August 2015



Disclaimer

Important Notice

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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 **550mt** shipped
- **165mt** production rate
- Unique **culture**







OUR VISION

The safest, lowest cost,
most profitable iron ore producer

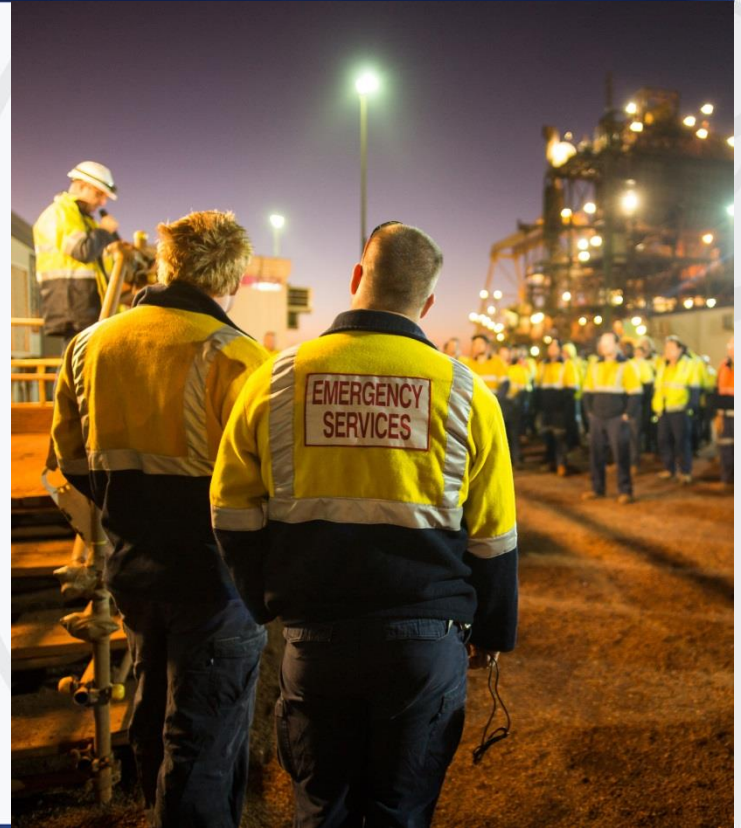
Our Values



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 – June Quarterly

Cost and efficiency focus

 **42.4mt**
Shipped

 **C1 \$22/t**
14% improvement

165_{mtpa}
Annualised run rate

US\$2.4bn
cash on hand

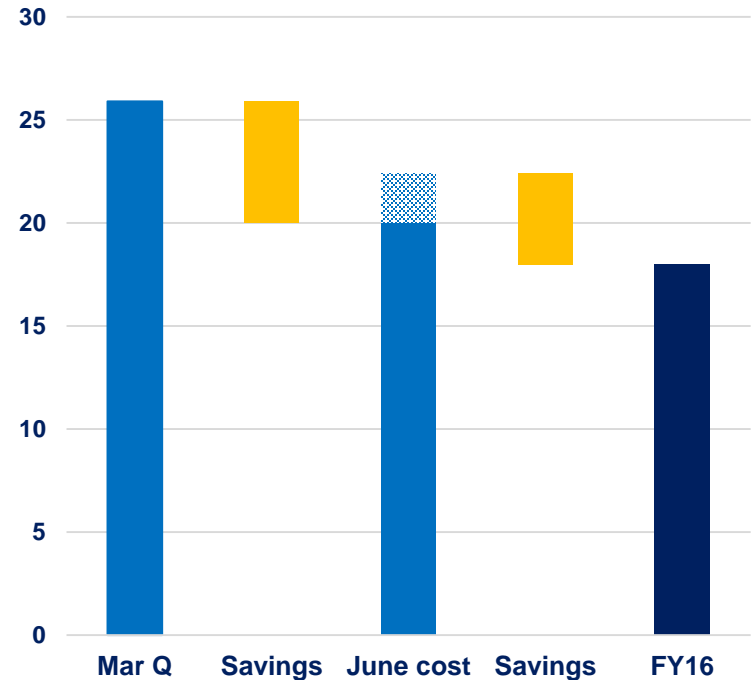
 **C1 \$18/t**
FY16 Guidance

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

Underlying C1 costs – net of inventory cost averaging

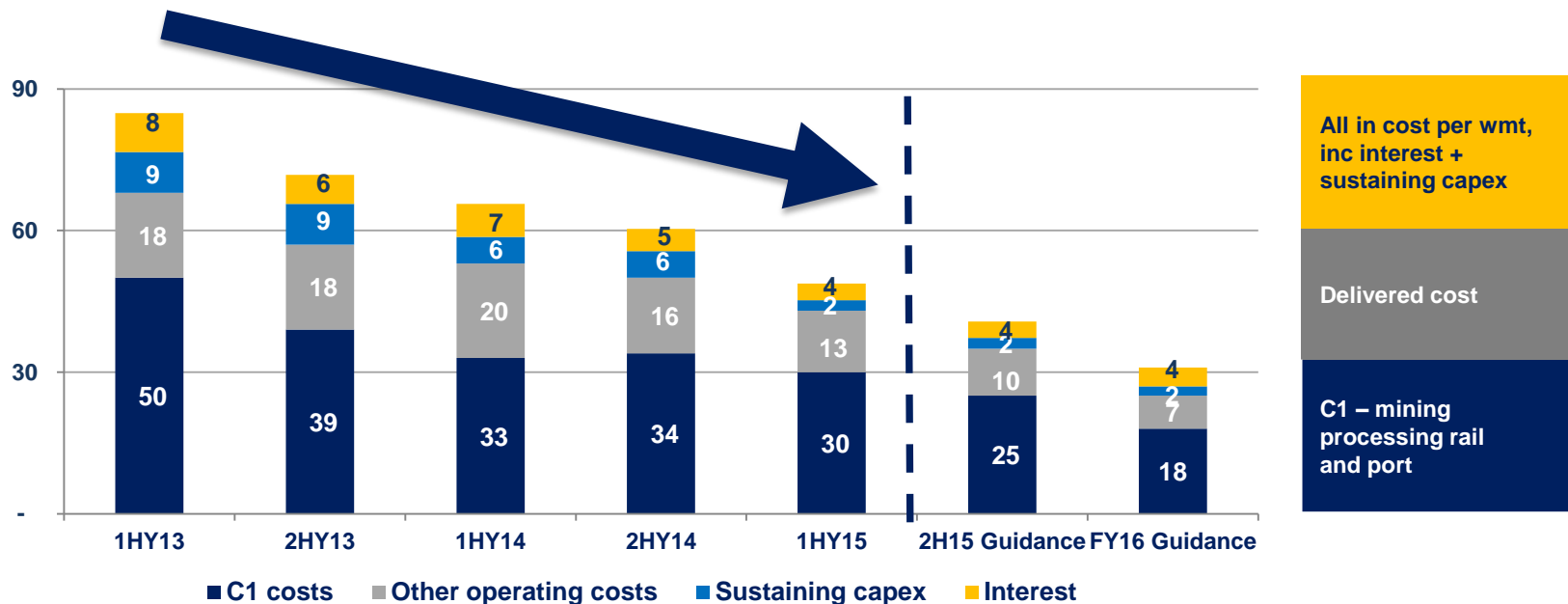
Post ramp up cost optimisation continuing

Initiative	Implementation	Cost savings /wmt
Consolidation of Christmas Creek mining contractors	End April 2015	US\$1.20
Roster changes	End May 2015	US\$0.90
Procurement initiatives	50% complete	US\$2.00
Mining initiatives	35% complete	US\$1.50
OPF upgrades	50% complete	US\$1.00
Initiative sub total		US\$6.60
Higher cost inventory outflows	July-August 2015	US\$2.00
Total		US\$8.60



Costs reduction journey

C1 Cost in June of \$19/wmt, FY16 Forecast of \$18/wmt

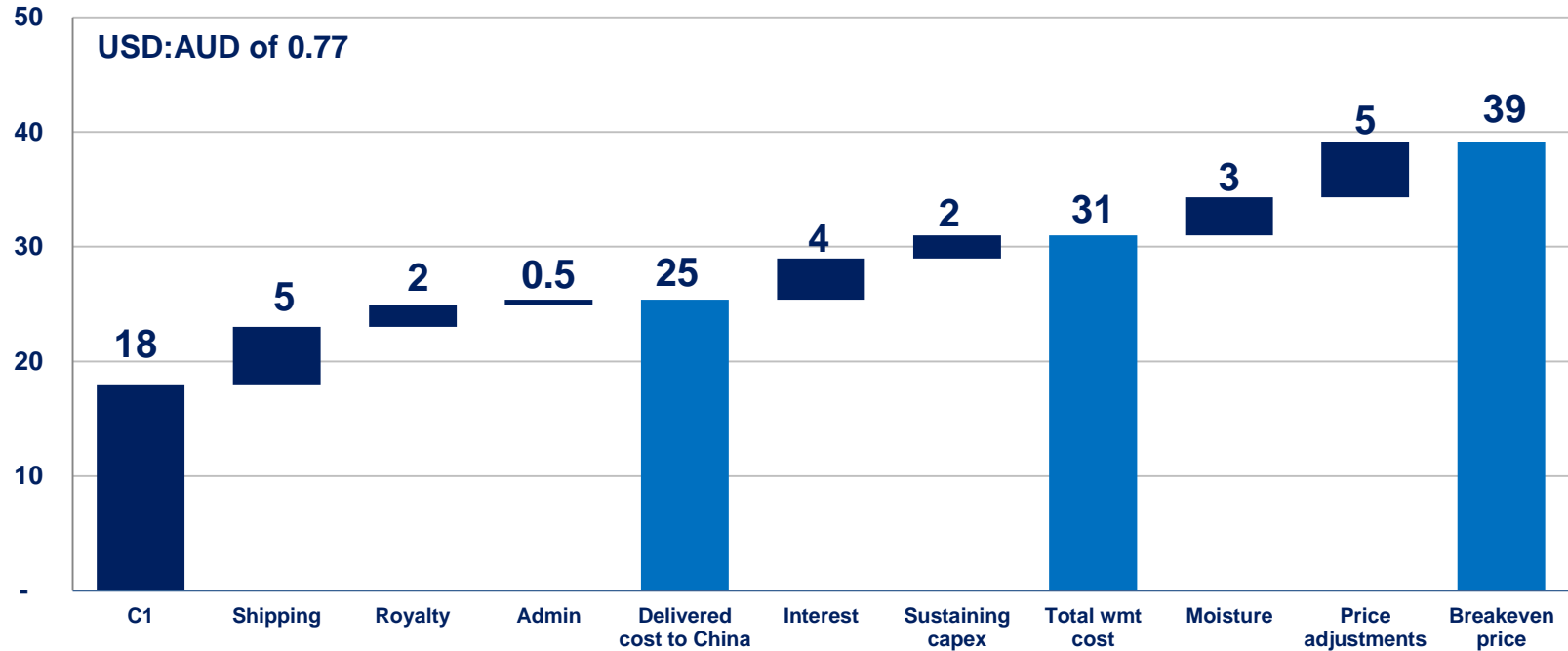


All in cost moving towards US\$31/wmt (US\$34/dmt)

Break-even Price

Continuing to reduce breakeven price on 62% Platts equivalent basis

US\$/dmt





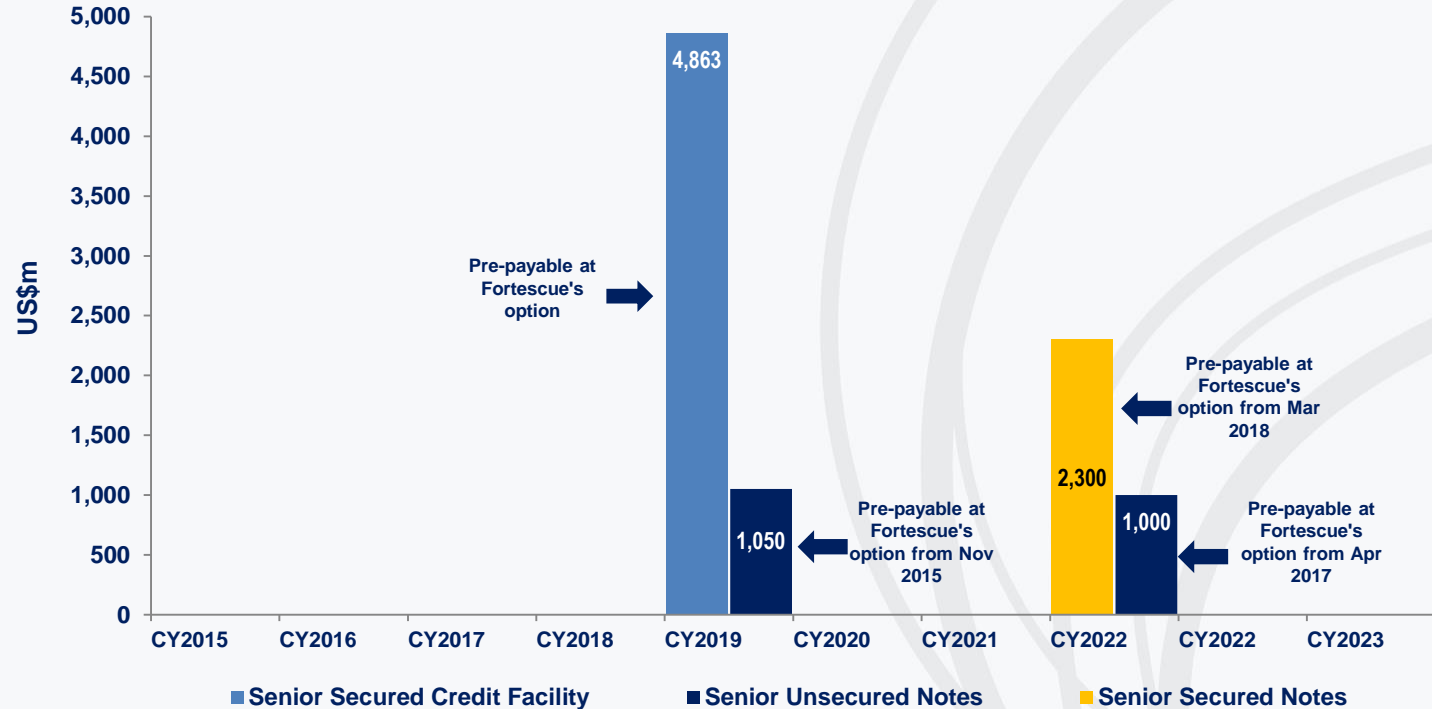
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Balance Sheet



Debt Maturity Profile

No repayments until June 2019 with flexibility for early repayments



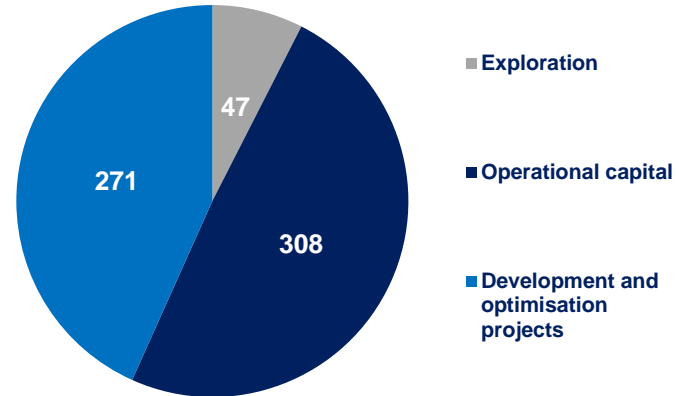
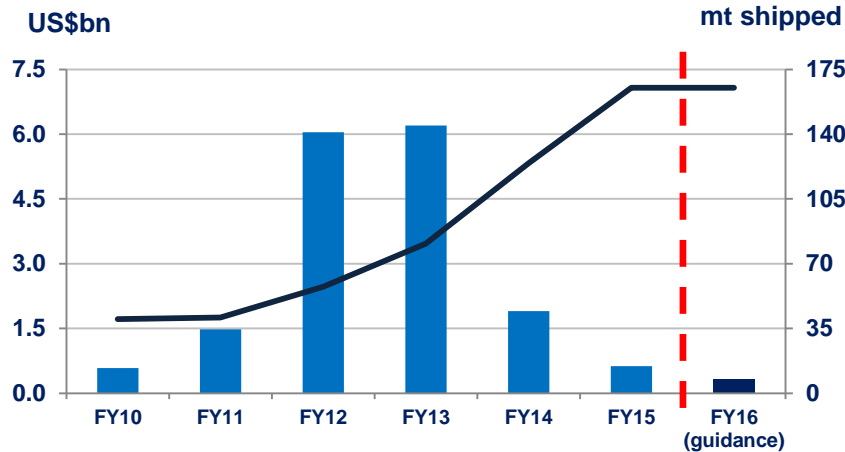
US\$2.4bn cash on hand

Capital expenditure

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

Capital profile

FY15 Capital – US\$626m



- **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 17% 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

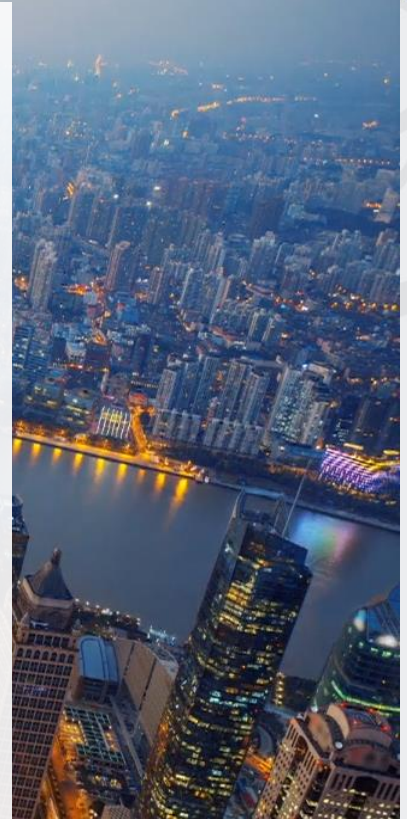
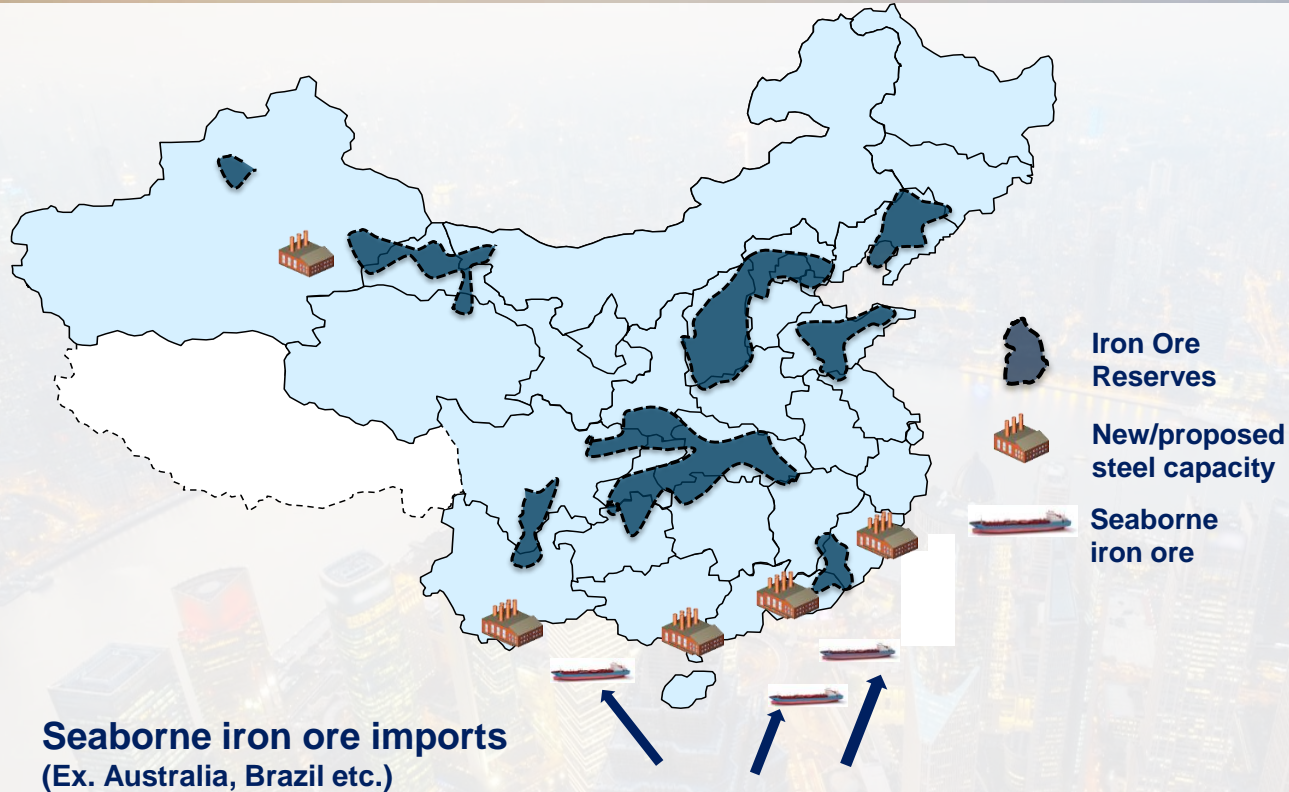
Long term fundamentals remain positive

- **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
- Real estate shows signs of **improvement**



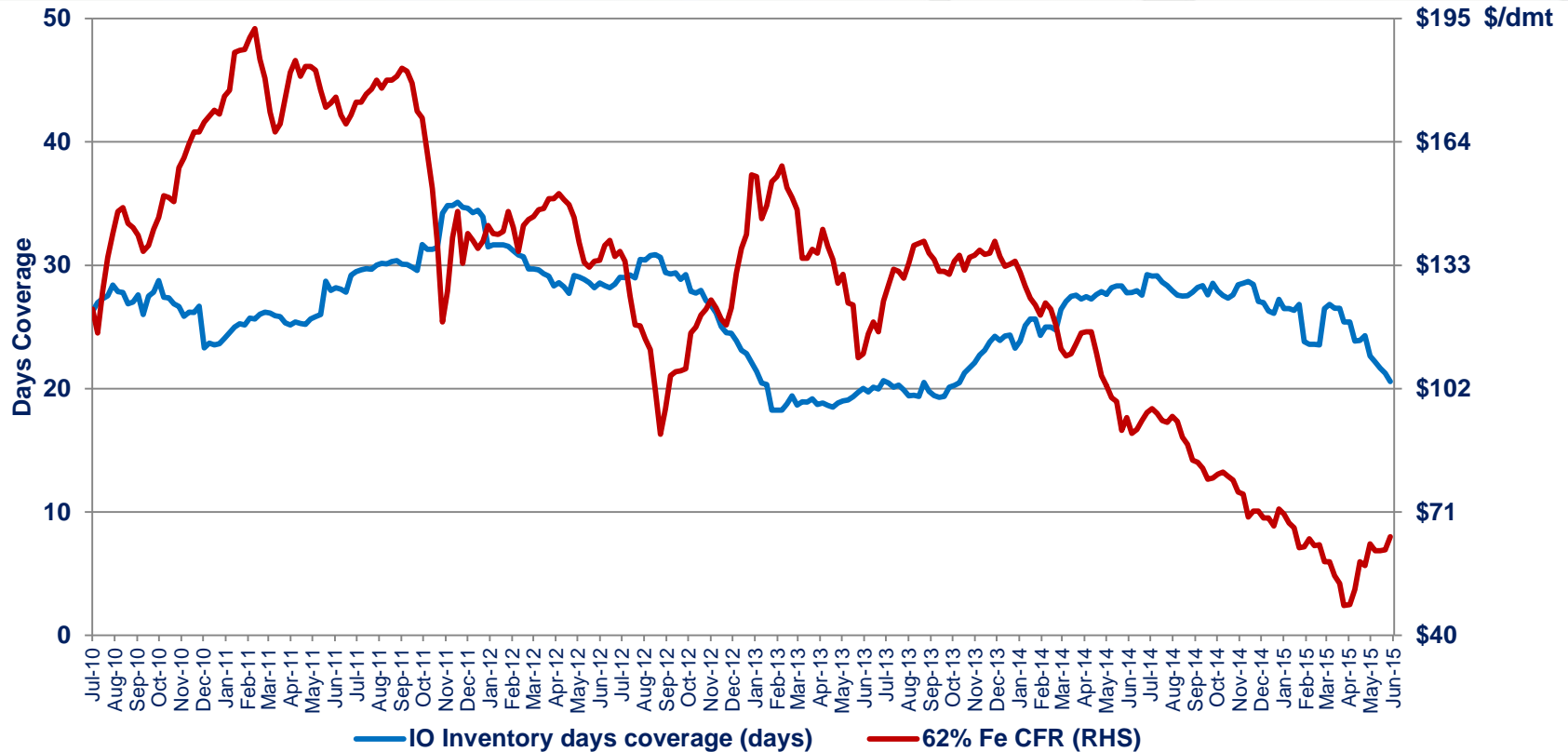
Demand for seaborne supply

New coastal capacity moving away from domestic iron ore



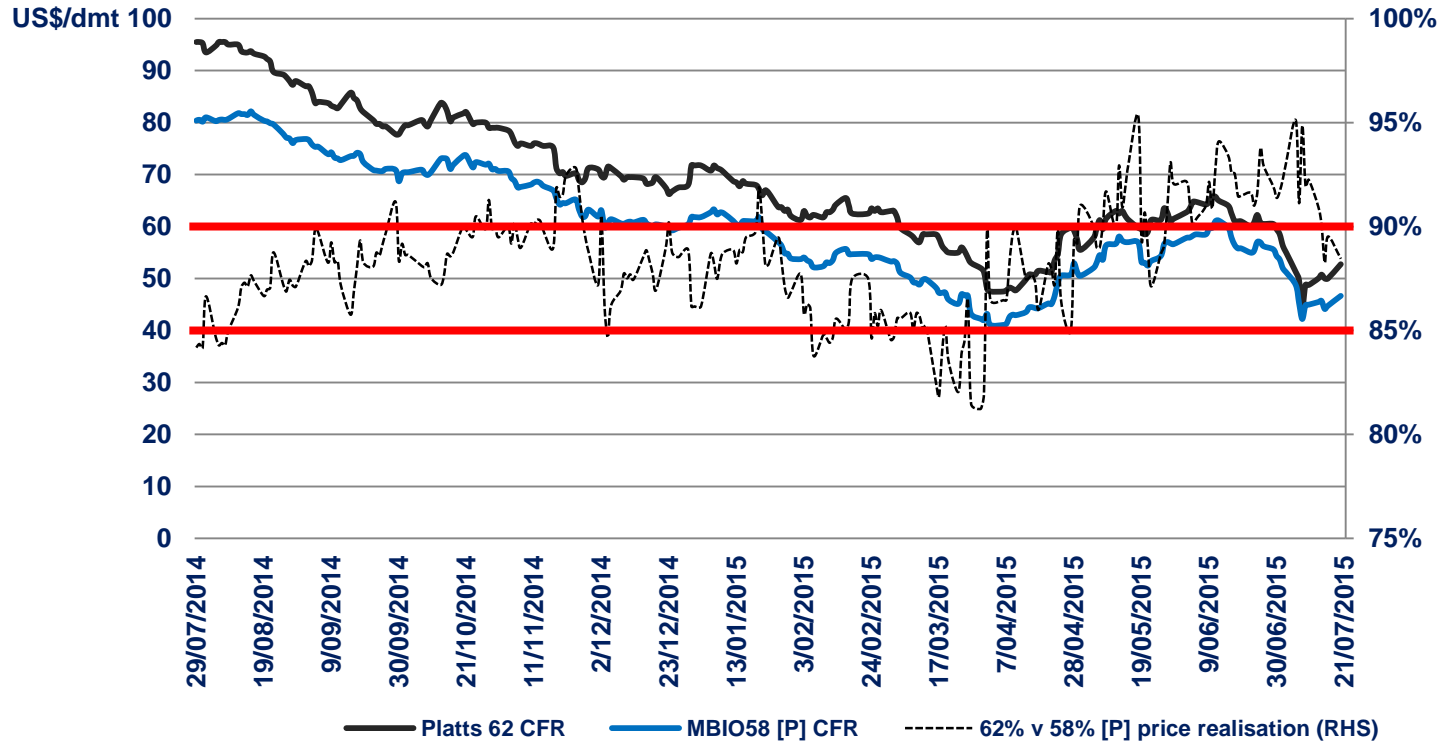
Iron ore supply in balance...sentiment driving price

Port stocks continuing to decline, currently at 80mt



Price Realisation

Realising consistently at 85-90% of Platts 62%





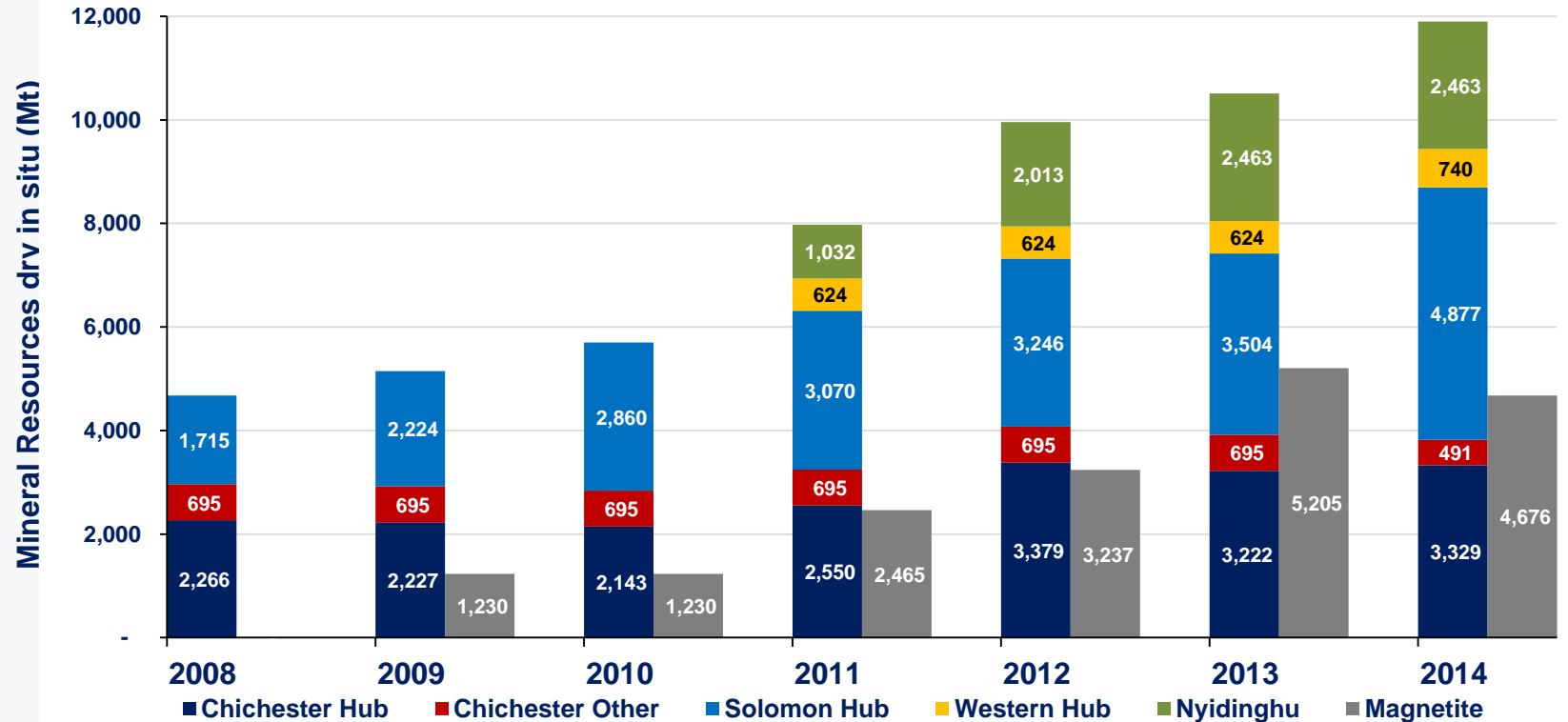
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Reserves and resources



Resource portfolio supports asset base

Drilling as required and extend through near mine exploration





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Supporting our local community



Ending Aboriginal disparity in the Pilbara

Creating opportunities through training, employment and business opportunity

982

Total Aboriginal employees

13%

Aboriginal people directly employed in Fortescue workforce

+A\$1.8bn

Contracts to Aboriginal companies and JV's

VTEC

Training Centres

Roebourne,
South Hedland





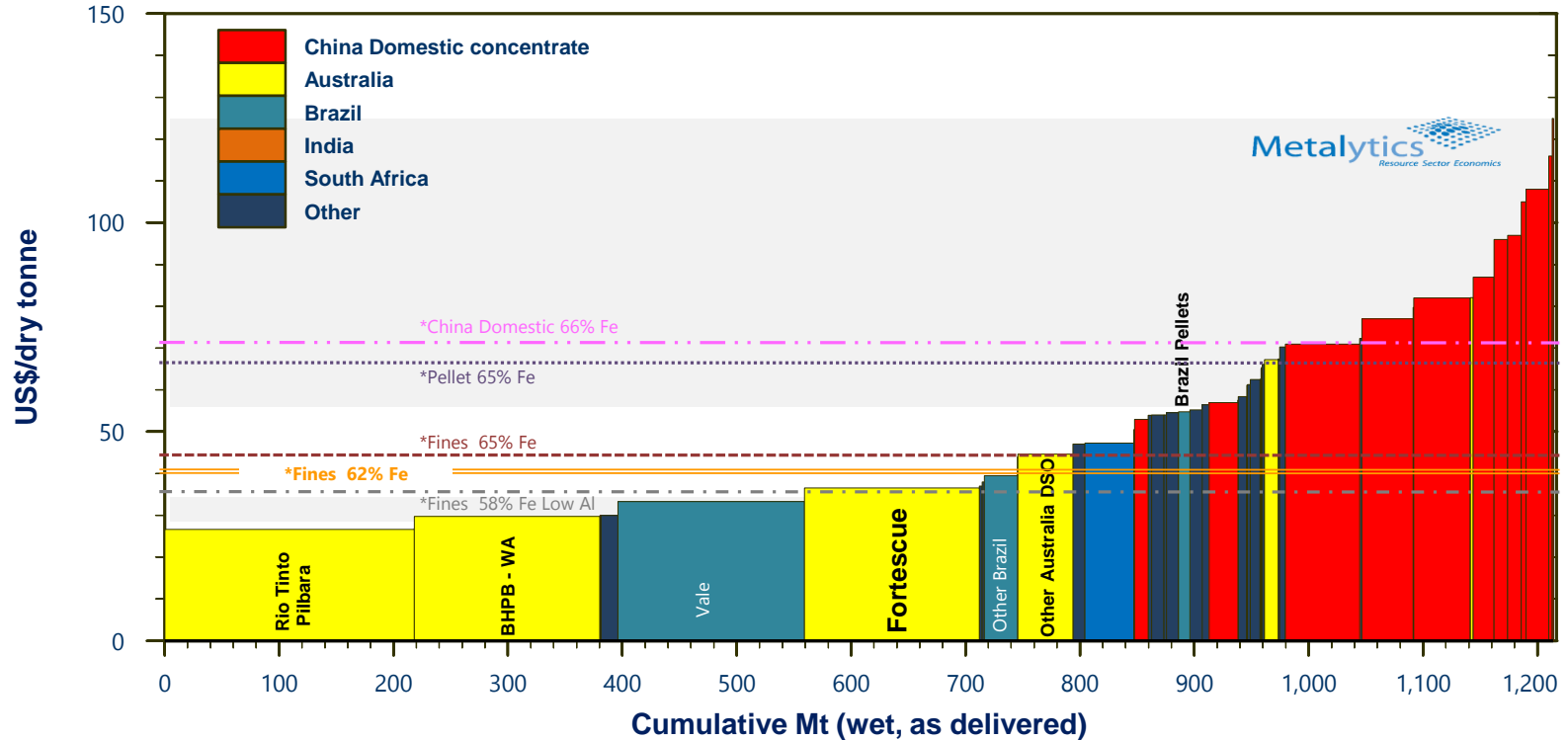
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Clear strategy



Moving down the global cost curve

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



Metalytics
Resource Sector Economics

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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