



Fortescue
The New Force in Iron Ore

Diggers and Dealers 2014

Nev Power, CEO



Disclaimer

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Additional Information

This presentation should be read in conjunction with the Annual Financial Report as at 30 June 2013, the half year financial statements as at 31 December 2013 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 resource estimations should be read in conjunction with Fortescue's 2013 Annual Report which is available on the Fortescue website. Fortescue confirms that it is not aware of any new information or data that materially affects the mineral resources and ore reserves statement included in the 2013 Annual Report.

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.





Fortescue Update

The journey continues



Building a world class company

Reliable and competitive supplier to Asia

- **First ore** 2008
- Over **390mt** shipped
- **155mtpa** production
- Large, **growing resource** base
- Unique **culture**





FY14 in review

Delivering 155mtpa

 **124.2mt YTD**
38.7mt June Qtr

 **\$US3.1bn**
debt reduction

155mtpa
Annualised run rate

- ✓ Infrastructure complete
- ✓ Mines and processing facilities ramped up

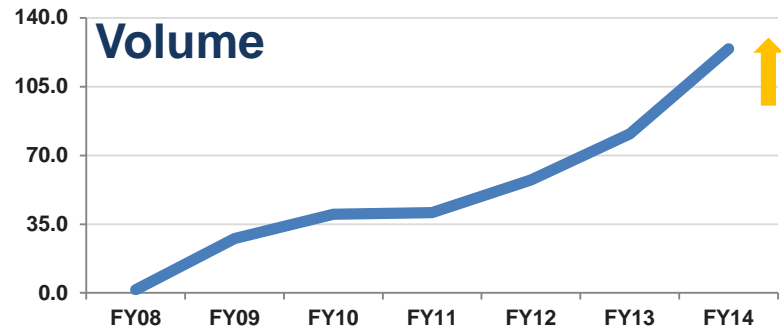
 **US\$2.4bn**
cash on hand

 **Costs 23%**
efficiency focus

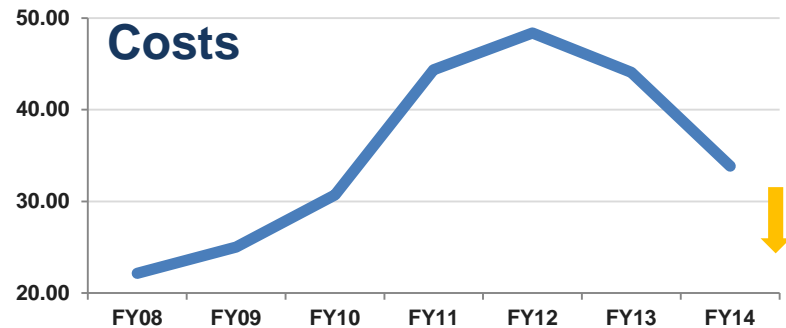
Fortescue overview

Vision to be the safest, lowest cost iron ore producer

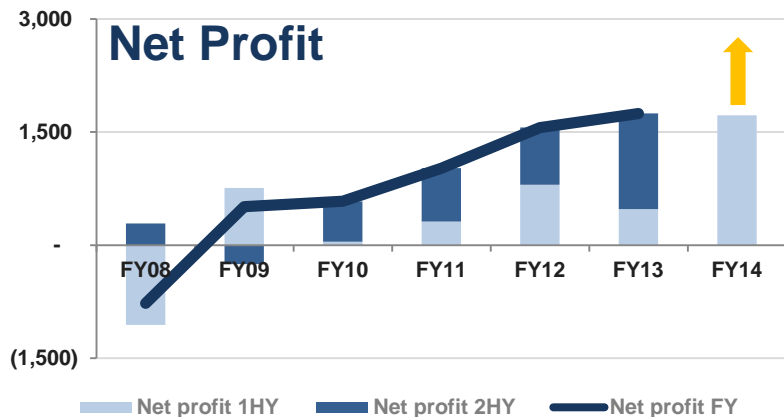
Volume



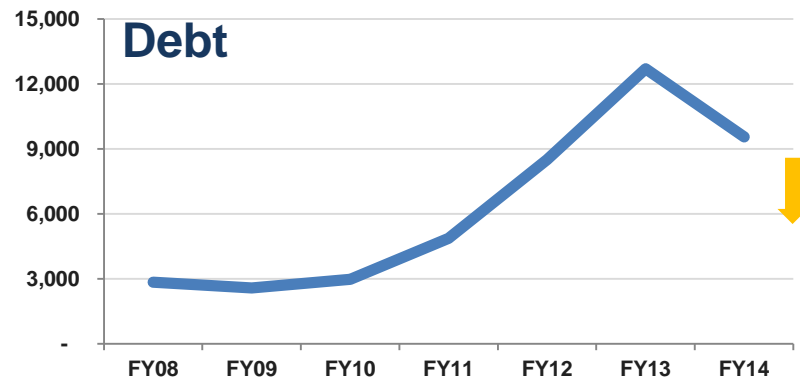
Costs



Net Profit



Debt



Building a world class company

World class infrastructure

- Over **10,000** jobs
- **5** mines; 5 processing plants
- **3** airports; 30,000 passengers/month
- **4 berths**; 75 ships/month
- **620km** rail; 45 locos, 3,384 ore cars





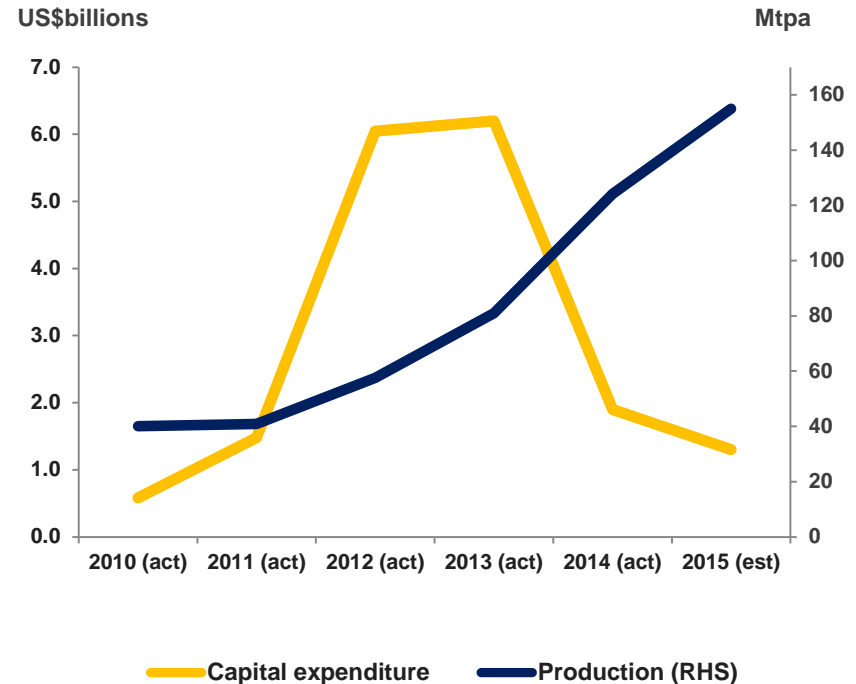
Foundation for the future



Disciplined capital management

Track record of debt repayment delivering investment grade metrics

- Increased **cashflow** and lower capex
- US\$2 - \$2.5bn** targeted **additional repayments**
 - Gearing ~40%
 - Net Debt to Equity ~50%
- Net debt (June 14) **\$7.2bn**



Ongoing Projects

- **Targeted exploration** continues to increase resource base
- **AP5 berth** adds 15 – 20mtpa outload capacity
- **Detrital processing plant** adds 5mtpa capacity at Solomon
- **Autonomous haulage** increases operational cost efficiencies
- **Ship construction** 250k dwt ore carriers

Port – flexible design for future growth

Fifth berth under construction





Market



China's growth cities

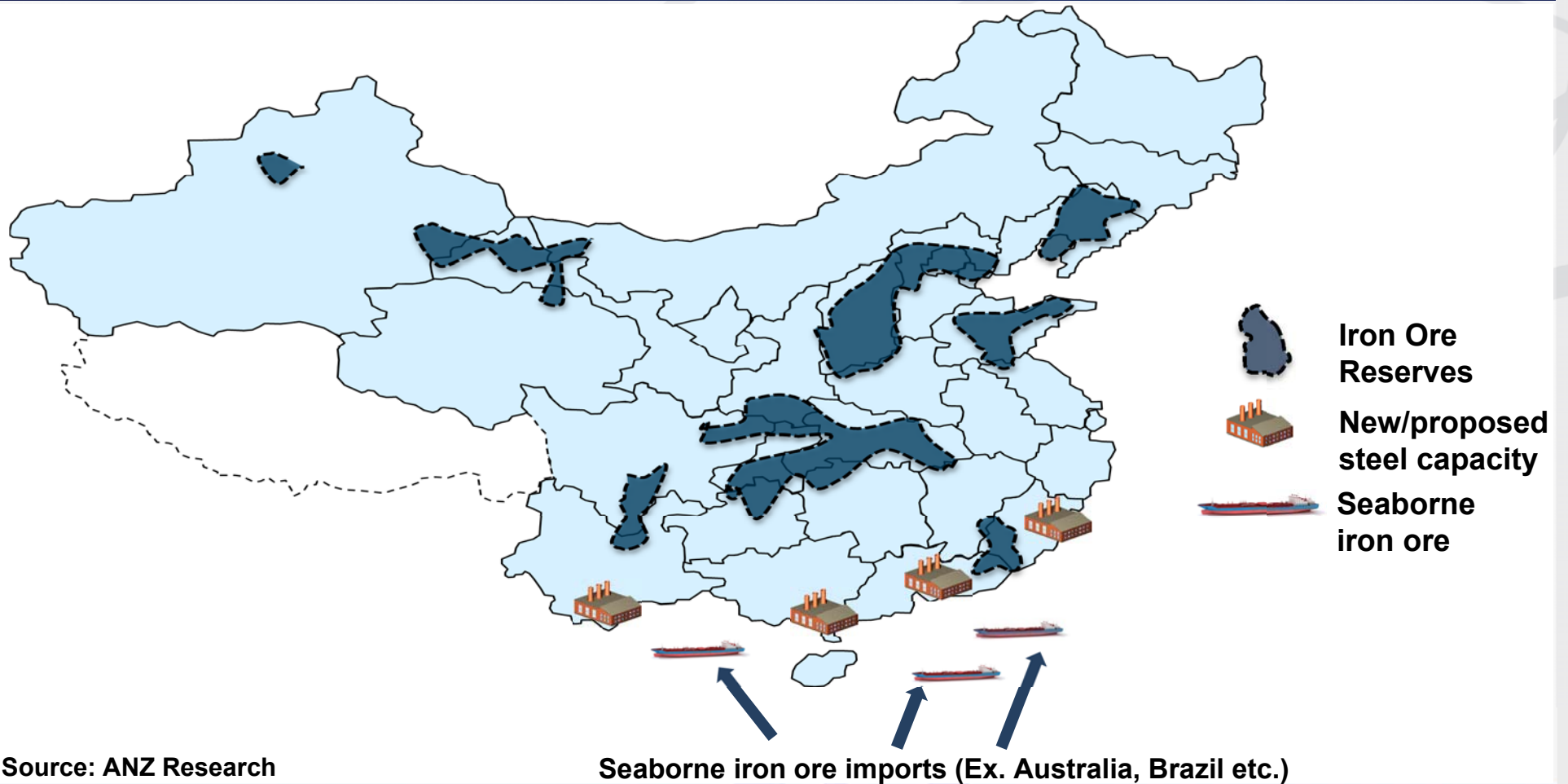
200m people to urbanise by 2020

- **GDP doubled** in 6 years
- China has just reached **steel consumption** levels of a developed country
- **Record** daily **steel production** 2.3mt
- Iron ore imports **+20%** YTD



Demand for seaborne supply

New coastal steel capacity moving away from domestic iron ore





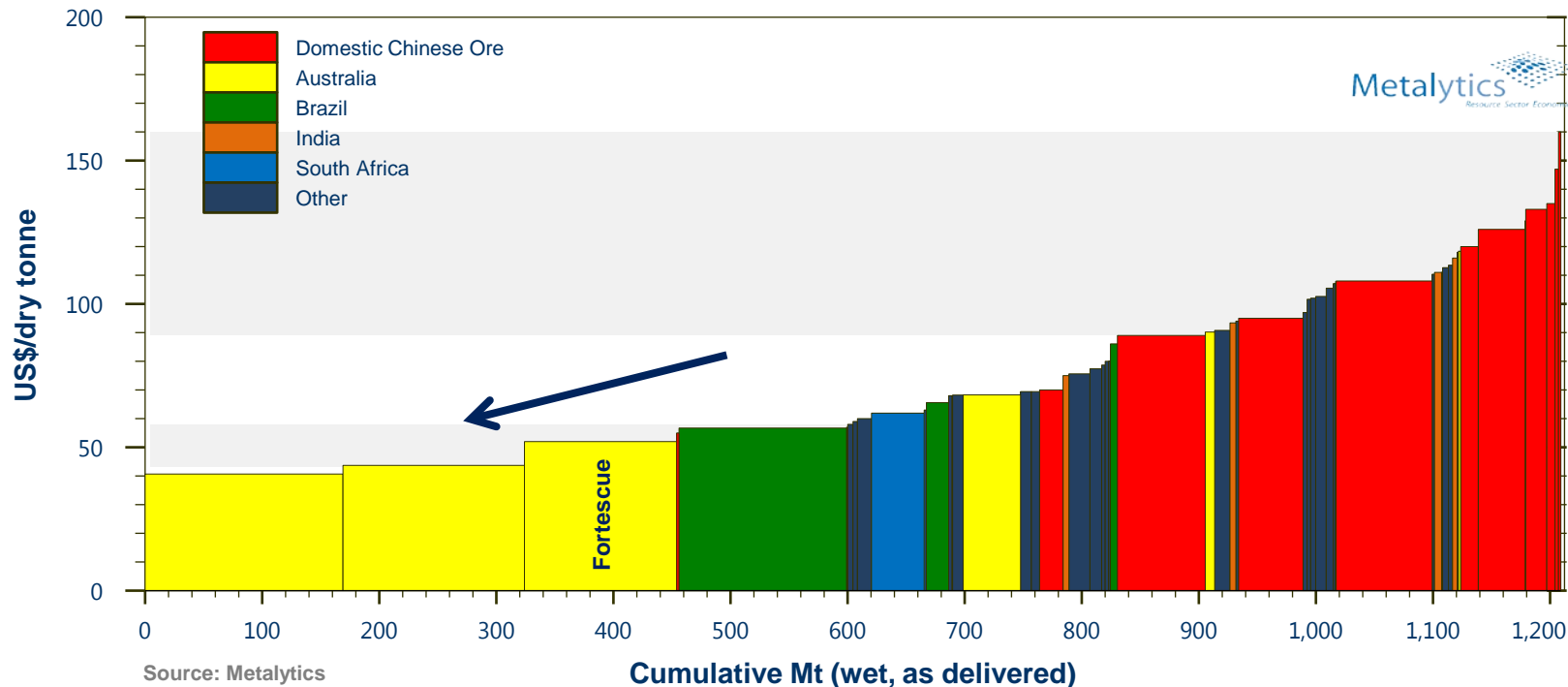
Clear strategy



Moving down the global cost curve

Targeting bottom quartile

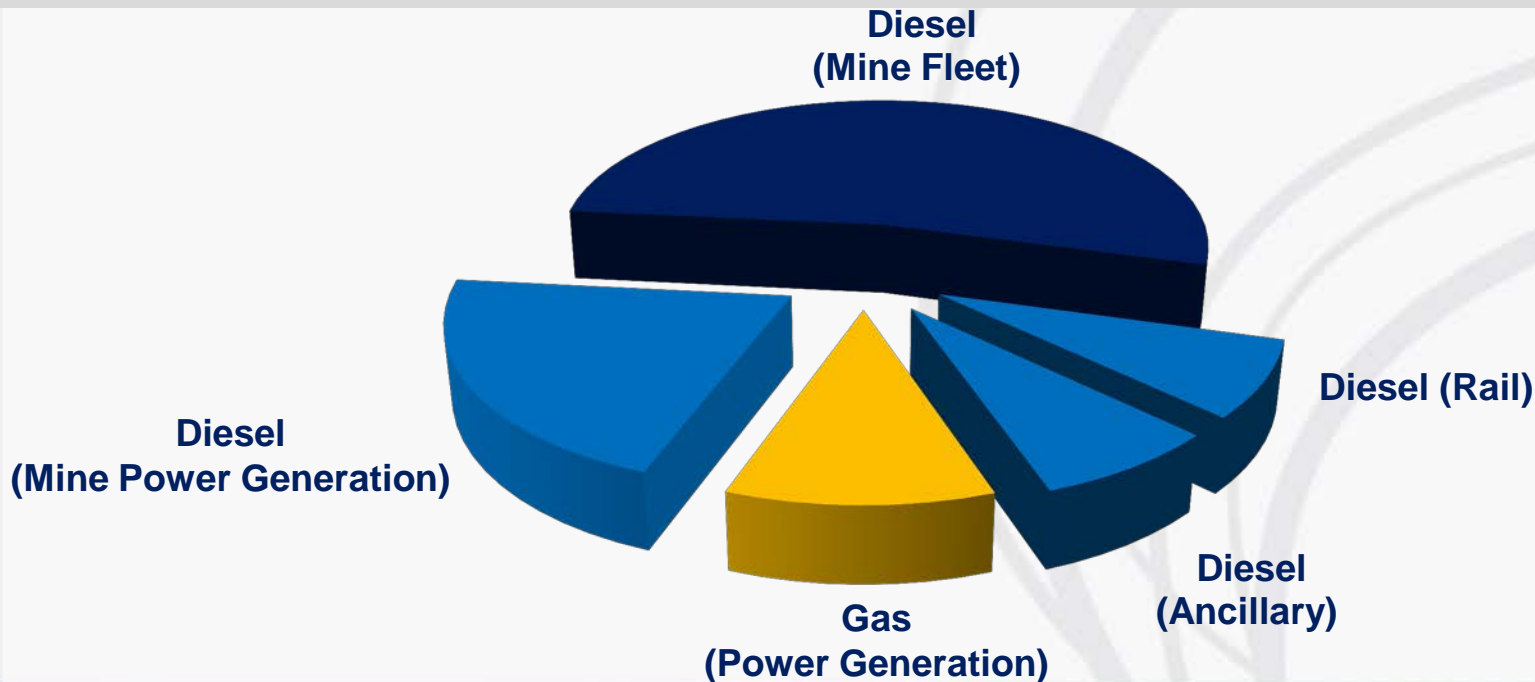
China Iron Ore Supply CFR Costs – May 2014 (including royalties & freight)



Significant reliance on diesel fuel

Driven by remote power and mobile fleet consumption

Total energy spend >US\$800 million



Fortescue River gas pipeline

Stage 1 – to Solomon Hub



Competitive energy powering the future

Unlocking Australia's energy advantage

- Transparent Retention Leases enforce “**Use it or lose it**” policy
- **Competitively priced** energy for our economy
- **Reducing** carbon **emissions**
- Gross State Product **+\$2.5 billion** in 2020





Supporting our local community



VTEC

Creating opportunities through training and employment

1100

Aboriginal employees

12%

Aboriginal people in
Fortescue workforce

\$1.5bn+

Contracts to Aboriginal
companies and JV's

VTEC
Training Centres

Roebourne,
South Hedland



Building our economy

Unlocking the potential of WA's North West

15,000
employed

AU\$800m*
wages p.a.

AU\$2.1bn
taxes and royalties p.a.

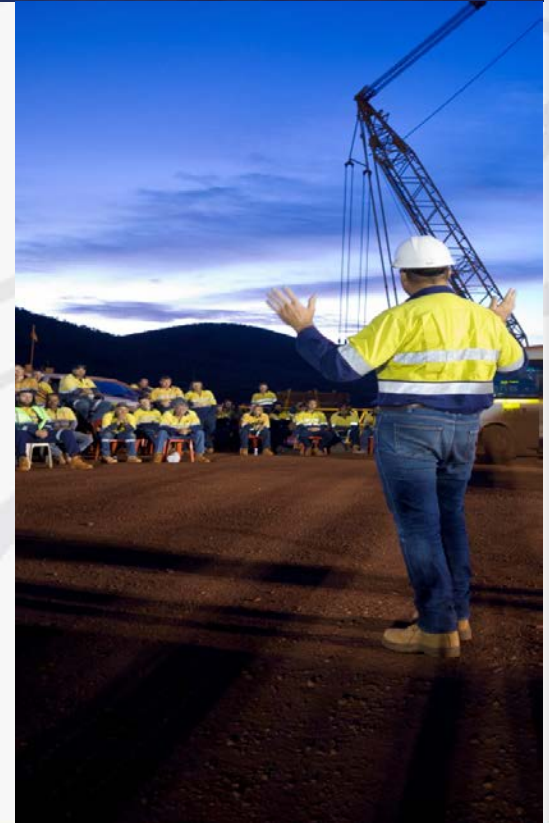
AU\$490m
localised spend FY14



Delivering on targets

Focused on shareholder value

- **155mt** production rate **achieved**
- Innovative: **Have a Crack!**
- Low **cost**, low **capex**, high **cashflow**
- Vision: **Safest, lowest cost producer**
- Unique and **strong culture**





Fortescue

The New Force in Iron Ore

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