

**13 November 2017**

The Companies Officer  
Australian Stock Exchange Ltd  
Level 40, Central Park  
152 – 158 St Georges Terrace  
Perth WA 6000

Dear Sir/Madam

**TERMINATION OF AGREEMENT FOR SOUTH HEDLAND POWER STATION**

Fortescue Metals Group Ltd (ASX: FMG, Fortescue) refers to its announcement on 1 August 2017, regarding TransAlta Corporation's (TAX:TA, NYSE:TAC) obligations under the South Hedland Power Purchase Agreement.

Discussions between Fortescue and TransAlta have failed to reach a satisfactory outcome. Fortescue is not satisfied that the performance conditions under the South Hedland Power Purchase Agreement have been met and accordingly, Fortescue has today issued a notice of termination to TransAlta and its related entities.

The security of power supply to Fortescue's Port Hedland operations is critical. Satisfaction of the performance conditions under the South Hedland Power Purchase Agreement is key to ensuring the continued performance of those operations.

Fortescue continues to obtain full power supply from other suppliers for its operations in Port Hedland.

**Fortescue Metals Group Ltd**

**Alison Terry**  
Company Secretary

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