

**Not for Release in the United States**



5 March 2015

The Companies Officer  
Australian Securities Exchange Ltd  
2 The Esplanade  
Perth WA 6000

Dear Sir

**Fortescue announces multi-billion dollar refinancing**

Fortescue Metals Group (ASX:FMG) has announced the launch of a new US\$2.5 billion Senior Secured debt issue and an offer to holders of its 2017, 2018 and 2019 Senior Unsecured Notes (“the Notes”) to tender their Notes for repurchase, subject to a cap on the 2019 Notes.

Fortescue also intends to extend the maturity on its existing US\$4.9 billion Senior Secured Credit Facility resulting in the majority of its debt maturing beyond mid 2021, further strengthening Fortescue’s balance sheet.

Chief Executive Officer Nev Power said, “The refinancing will extend Fortescue’s debt maturity profile while maintaining flexibility and minimising interest cost. This initiative complements the great work done in reducing costs and improving productivity and efficiency across all of Fortescue’s operations.”

The Terms and Conditions of the new Senior Secured debt issue will be consistent with the company’s existing debt facilities.

Chief Financial Officer Stephen Pearce noted that the refinancing and liability management exercise is commonplace in the US debt capital market and will be finalised over the next few weeks, subject to satisfactory pricing and terms for the refinancing.

The attached release sets out details of the tender process for the 2017, 2018 and 2019 Notes.

Yours sincerely  
**Fortescue Metals Group Ltd**

**Ian Wells**  
Company Secretary

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Dear Sir

**FORTESCUE ANNOUNCES INVITATIONS TO TENDER FOR SALE IN EXCHANGE FOR CASH CERTAIN OF ITS DEBT SECURITIES**

FMG Resources (August 2006) Pty Ltd (the “Company”), a direct wholly-owned subsidiary of Fortescue Metals Group Ltd (“Fortescue”) (ASX: FMG), announced today that it is inviting holders of certain of its debt securities to tender for sale in exchange for cash (i) any and all of the Company’s 6.000% Senior Notes due 2017 (the “2017 Notes”), (ii) any and all of its 6.875% Senior Notes due 2018 (the “2018 Notes”) and (iii) its 8.25% Senior Notes due 2019 (the “2019 Notes” and, together with the 2017 Notes and the 2018 Notes, the “Notes”) for an aggregate purchase price (not including accrued interest) of up to US\$700,000,000 (the “2019 Tender Cap”). The Company is also soliciting consents from the holders of the 2017 Notes and the 2018 Notes to amend the indentures governing those Notes to, among other things, eliminate or waive substantially all of the restrictive covenants contained in such indentures and Notes. The complete terms of the tender offers and consent solicitations are set forth in an Invitation to Make Offers to Purchase and Consent Solicitation Statement, dated as of today (the “Statement”), and the related Consent and Letter of Transmittal (the “Consent and Letter of Transmittal”) and any amendments or supplements thereto.

The Early Participation Date for the tender offers is 5:00 p.m., New York City time, on March 17, 2015, and the Expiration Date is 11:59 p.m., New York City time, on March 31, 2015. The “Total Consideration” payable to Holders that validly tender (and do not validly withdraw) their Notes on or prior to the Early Participation Date for each US\$1,000 principal amount accepted for purchase by the Company pursuant to the applicable tender offer shall be a price equal to the amount shown for such series of Notes in the table below. The Total Consideration includes the applicable Early Participation Payment.

Holders that validly tender their Notes after the Early Participation Date but at or before the Expiration Date, and provided they do not subsequently validly withdraw, will receive only the applicable Tender Offer Consideration, which is the applicable Total Consideration less the applicable Early Participation Payment. In addition to the Total Consideration or the Tender Offer Consideration, as applicable, Holders that validly tender (and do not subsequently validly withdraw) their Notes and whose Notes are accepted for purchase by the Company in the tender offers will receive accrued and unpaid interest from the last applicable interest payment date for the Notes up to, but excluding, the applicable settlement date.

The following table sets forth for each series of Notes the applicable securities identifiers, the aggregate principal amount outstanding, the Tender Cap (if any), the Tender Offer Consideration, the Early Participation Payment and the Total Consideration:

Title of Security	CUSIP	ISIN	Aggregate Principal Amount Outstanding	Tender Cap (Aggregate Purchase Price)	Tender Offer Consideration <sup>(1)</sup>	Early Participation Payment	Total Consideration <sup>(2)</sup>
6.000% Senior Notes due 2017	144A: 30251G AK3 Reg S: Q3919K AE1	144A: US30251GA K31 Reg S: USQ3919KA E12	US\$1,000,000,000	N/A	US\$1,002.50	US\$30	US\$1,032.50
6.875% Senior Notes due 2018	144A: 30251GAC1 Reg S: Q3919KAB7	144A: US30251GA C15 Reg S: USQ3919KA B72	US\$400,000,000 <sup>(3)</sup>	N/A	US\$1,007.50 <sup>(4)</sup>	US\$30 <sup>(4)</sup>	US\$1,037.50 <sup>(4)</sup>
8.25% Senior Notes due 2019	144A: 30251GAH0 Reg S: Q3919KAD3	144A: US30251GA H02 Reg S: USQ3919KA D39	US\$1,500,000,000	US\$700,000,000	US\$970.00	US\$30	\$1,000.00

(1) Per US\$1,000 principal amount of Notes tendered and accepted for purchase. All Holders whose Notes are accepted for purchase will also receive the applicable accrued and unpaid interest on the purchased Notes from the last interest payment date for the Notes up to, but excluding, the applicable Settlement Date.

(2) Total Consideration for the Notes includes the Tender Offer Consideration plus the Early Participation Payment, which is payable only to Holders that validly tender, and do not validly withdraw, their Notes on or prior to the Early Participation Date.

(3) For each US\$1,000 principal amount of the 2018 Notes originally issued, as a result of a partial redemption on October 17, 2014, US\$444.444444 remains outstanding.

(4) The Tender Offer Consideration, Early Participation Payment and Total Consideration per US\$1,000 principal amount of 2018 Notes originally issued are, respectively, US\$447.78, US\$13.33 and US\$461.11.

The tender offers are subject to various conditions, including a condition that the Company shall have completed one or more syndicated loan and/or capital markets transactions, which are expected to be secured, on terms satisfactory to the Company providing net proceeds that are at least sufficient to pay the aggregate purchase price (including accrued interest) of all Notes validly tendered (and not validly withdrawn) in the tender offers (the “Financing Condition”). Holders may not tender their 2017 Notes or 2018 Notes in the tender offers without delivering consents pursuant to the related consent solicitation. Consents may not be delivered separately and can only be delivered with the tender of 2017 Notes or 2018 Notes in the tender offers. Consents provided in connection with a tender of 2017 Notes or 2018 Notes cannot be revoked without a proper withdrawal of the related tendered Notes.

The tender offers are not conditioned on the consent solicitations, and no tender offer is conditioned on the other tender offers. The Company may modify or terminate any tender offer without modifying or terminating the other tender offers and may extend the Early Participation Date, Expiration Date or any payment date with respect to any tender offer without extending the Early Participation Date, Expiration Date or any payment date with respect to the other tender offers.

If the Financing Condition is satisfied prior to the Expiration Date, the Company reserves the right, in its sole discretion, at any point following the Early Participation Date and before the Expiration Date, to accept for purchase and pay for any Notes tendered on or prior to the Early Participation Date. Payment for Notes that are validly tendered by the Holders and accepted for purchase by the Company but not purchased prior to the Expiration Date will be made on the final settlement date, which is anticipated to occur on the business day after the Expiration Date.

The Company’s acceptance for purchase of the 2019 Notes is subject to the 2019 Tender Cap. If the aggregate purchase price of 2019 Notes (not including accrued interest) that are validly tendered and not withdrawn would exceed the 2019 Tender Cap, the amount of 2019 Notes accepted for purchase may be subject to proration with the proration factor

depending on the aggregate purchase price of the 2019 Notes validly tendered. If the aggregate purchase price of 2019 Notes tendered on or prior to the Early Participation Date equals, or exceeds, the 2019 Tender Cap, holders who tender 2019 Notes after the Early Participation Date will not have any of their 2019 Notes accepted for purchase. If the aggregate purchase price of 2019 Notes tendered on or prior to the Early Participation Date does not exceed the 2019 Tender Cap, Holders who validly tender 2019 Notes after the Early Participation Date may be subject to proration, but Holders who validly tender 2019 Notes on or prior to the Early Participation Date and whose 2019 Notes are accepted for purchase will not be subject to proration. The Company reserves the right, in its sole discretion, subject to applicable law, to increase the 2019 Tender Cap without extending the withdrawal rights; however, there can be no assurance the Company will do so.

The proposed amendments to the indentures governing the 2017 Notes and the 2018 Notes would eliminate or waive substantially all of the restrictive covenants, eliminate certain events of default, modify covenants regarding mergers and consolidations and modify or eliminate certain other provisions. In order to be adopted, the proposed amendments to the 2017 Notes must be consented to by the holders of a majority of the outstanding principal amount of the 2017 Notes and the proposed amendments to the 2018 Notes must be consented to by the holders of a majority of the outstanding principal amount of the 2018 Notes. The Company currently intends, but is not obligated, to redeem any 2017 Notes and 2018 Notes that are not accepted in the tender offer. **The Company is not soliciting consents in connection with the tender offer for the 2019 Notes.**

This press release, including the following, is qualified in its entirety by the Statement and, where applicable, the Consent and Letter of Transmittal.

The Company and Fortescue have retained Credit Suisse Securities (USA) LLC (“Credit Suisse”) as the Dealer Manager for the tender offers and as the Solicitation Agent for the consent solicitations. Ipreo LLC (“Ipreo”) is acting as the Information Agent and Depositary for the tender offers. For additional information regarding the terms of the tender offers and consent solicitations, please contact Credit Suisse at (800) 820-1653 (toll-free) or (212) 538-2147 (collect). Requests for documents and questions regarding the tendering of Notes may be directed to Ipreo by telephone at (888) 593-9546 (toll-free) or (212) 849-3800 or by email at [tenderoffer@ipreo.com](mailto:tenderoffer@ipreo.com).

This news release does not constitute an offer or an invitation to participate in the tender offers or consent solicitations nor does it constitute a notice of redemption under the optional redemption provisions of any indenture. The tender offers and consent solicitations are being made pursuant to the Statement and the Consent and Letter of Transmittal, copies of which will be delivered to holders of the Notes, and which set forth the complete terms and conditions of the tender offers and consent solicitations. Holders are urged to read the Statement and the Consent and Letter of Transmittal carefully before making any decision with respect to their Notes. The tender offers and consent solicitations are not being made to, nor will the Company accept tenders of Notes or delivery of consents from, holders in any jurisdiction in which it is unlawful to make such an offer or solicitation. None of Fortescue, the Company, the Dealer Manager, the Information Agent and Depositary or the trustee for the Notes makes any recommendation as to whether holders should tender Notes in response to the tender offers or deliver consents pursuant to the consent solicitations. Neither the Statement nor any related documents have been filed with, and have not been approved or reviewed by any federal or state securities commission or regulatory authority of any country. No authority has passed upon the accuracy or adequacy of the Statement or any related documents, and it is unlawful and may be a criminal offense to make any representation to the contrary.

Certain statements in this press release, including those describing the completion of the tender offers and the Company’s intention to redeem certain untendered Notes following such completion, constitute forward-looking statements. These statements are not historical facts but instead represent only Fortescue’s belief regarding future events, many of which, by their nature, are inherently uncertain and outside Fortescue’s control. It is possible that

actual results will differ, possibly materially, from the anticipated results indicated in these statements.

Yours sincerely

**Fortescue Metals Group Ltd**

**Ian Wells**

Company Secretary

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