

21 August 2015



The Companies Officer
ASX Limited
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Perth WA 6000

Dear Sir or Madam

FORTESCUE ORE RESERVES AND MINERAL RESOURCES UPDATE

Fortescue Metal Group (ASX:FMG, Fortescue) presents the Ore Reserves and Mineral Resources statement for its Hematite and Magnetite properties at 30 June 2015, including a maiden Magnetite Ore Reserve.

Ore Reserves and Mineral Resources are reported in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, December 2012 (the JORC Code) as required by the Australian Securities Exchange. The annual summary will be included in Fortescue's 2015 Annual Report and should be read in conjunction with the enclosed supporting technical information (Attachment 1 – Hematite Ore Reserve and Resources Report and Attachment 2 – Magnetite Ore Reserve and Resources Report).

Chief Executive Officer Nev Power said the increase in Ore Reserves indicated the sustainability of the company's cost performance.

"With our C1 cost of producing ore onto the ship guided to \$18/wmt for FY16, we are clearly at the lower end of the global cost curve and today's report demonstrates that we have maintained our mine lives while sustainably lowering costs," Mr Power said.

Hematite Ore Reserve and Mineral Resource – Operating Properties

	Reporting	30 June, 2015		30 June, 2014	
	Basis	Bt	Fe%	Bt	Fe%
Ore Reserves	(Dry Product)	2.40	57.3	2.37	57.3
Mineral Resources	(Dry In-Situ)	5.42	56.2	5.44	56.5

Operating properties include the Chichester and Solomon Hubs. Ore deposit types include bedded iron (BID), Channel Iron (CID) and Detrital Iron (DID) mineralisation. The Chichester Hub includes the Cloudbreak and Christmas Creek BID deposits. The Solomon Hub includes the Firetail (BID) and Kings and Queens (principally CID) deposits.

Mr Power said the announcement of the maiden magnetite ore reserve for the Iron Bridge Project demonstrated Fortescue had attractive, low-cost growth options within its portfolio should the market incentivise additional tonnages.

“At 5.5 billion tonnes, Fortescue’s Magnetite resource is now Australia’s largest JORC-2012 compliant resource and forms an important future growth option for the company should the market incentivise such a low cost high quality project.”

Magnetite Ore Reserve and Mineral Resource

	Reporting	30 June, 2015		30 June, 2014	
	Basis	Bt	Fe%	Bt	Fe%
Magnetite Ore Reserve	(Dry In-Situ tonnes, prior to processing, product grades)	0.70	67.2	-	-
Magnetite Mineral Resource	(Dry In-Situ tonnes and grade)	5.50	31.4	4.68	31.8

The construction of the Iron Bridge Stage 1 processing plant has been completed and a Stage 2 feasibility study is complete. The joint venture has not sanctioned further development at this time and the maiden reserve is based on optimal pit design over the North Star deposit.

Further infill drilling around the main North Star and Glacier Valley deposits, as well as inclusion of a new West Star deposit have added to the resource.

The Iron Bridge Magnetite project is an Unincorporated Joint Venture (UJV) between 69% FMG Iron Bridge Limited (an 88% owned subsidiary of Fortescue and 12% Baosteel) and 31% Formosa Steel IB Pty Ltd (a 100% owned entity of Formosa Plastics Group).

Yours sincerely

FORTESCUE METALS GROUP LTD

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Attachment 1

Hematite Ore Reserve and Resources Report

Attachment 2

Magnetite Ore Reserve and Resources Report

Attachment 1 - Hematite Ore Reserve and Resources Report

FMG Hematite Mineral Resource Reporting as of June 30th, 2015

Chichester Deposits (Christmas Creek & Cloudbreak)

Geology

The Cloudbreak and Christmas Creek deposits lie within the Chichester Ranges, in northern Western Australia. Iron mineralisation is hosted by the Nammuldi Member which is the lowest member of the late Archaean aged Marra Mamba Iron Formation (MMIF). The Nammuldi Member is characterised by extensive, thick and podded iron rich bands, separated by equally extensive units of siliceous and carbonate rich chert and shale. The Nammuldi Member in the Chichester Range is interpreted to be up to 60 metres in true thickness. Underlying the Nammuldi Member rocks are black shales and volcanic rocks belonging to the Jeerinah Formation. Extended periods of tectonic activity have variably folded and faulted these rocks, together with weak metamorphism. Subsequent erosion and hardcapping or lateritic processes have altered these rocks, and present outcrop of Nammuldi Member represents a ridge of low-lying hills (relief up to 30 metres) throughout the prospect areas. These ridges are recognised as the Chichester Ranges.

Drilling within the prospects has proved that the Nammuldi target horizon extends below cover away from the hills. In these regions (recognised mineralisation has been intersected more than 6 kilometres from the outcrop) the target iron formation can be overlain by Tertiary age colluvium and alluvium (younger than 65 Million years). This colluvium can contain both cemented and un-cemented detrital products of iron enriched material, BIF, chert and shale within a matrix of finer grained sediments (including clays). Percolation of groundwater through the weathering profiles has resulted in precipitation of both calcrete and ferricrete creating resistant horizons within the extensive regolith. More proximal to the Fortescue Marsh to the south, the Tertiary sediments become finer grained and more clay dominant, with some recognised calcareous zones. A simplified geological cross section through the Chichester Ranges is shown in Figure 1. A typical stratigraphic section of the Chichester Ranges is shown in Figure 2.

Figure 1

Simplified Schematic geological section through Chichester Ranges

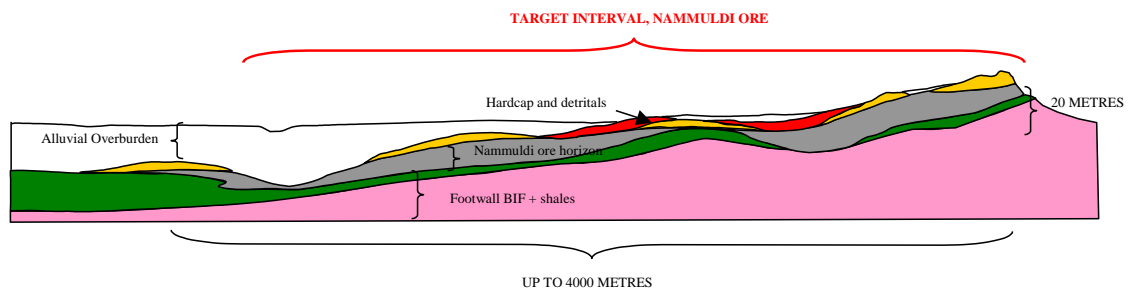
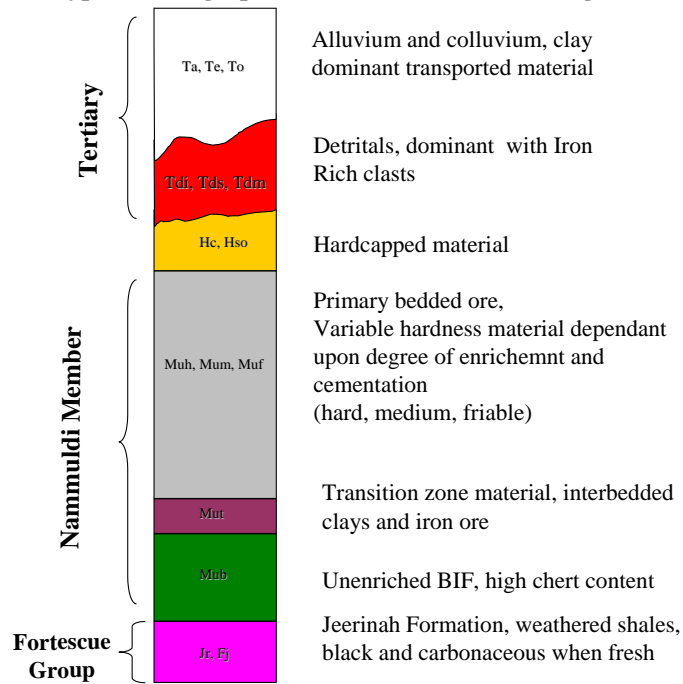


Figure 2

Typical stratigraphic section of Chichester Ranges ore intersection



Structure

The structural geology of the area is predominantly concealed with limited outcrop exposure. However, small scale faulting and folding (metre offsets) can be observed in some outcrops, and larger-scale faults are interpreted from aeromagnetism and regional mapping, plus drilling results. There is currently no evidence to suggest that the faulting or folding crosscuts the mineralisation. In places faults may be the conduit for the mineralisation (hypogene model).

Iron Mineralisation Styles

The ore minerals are characteristically hematite and goethite (with variable degrees of alteration between these minerals). Main gangue minerals are kaolinite, quartz and gibbsite, with minor gangue including carbonates, either calcite or dolomite.

Iron is enriched from the parent rock (Banded Iron Formation, BIF) by processes of supergene and, or hypogene enrichment. In both processes, the original iron is present as magnetite bands within the BIF (iron banded with cherts and lesser carbonates), and oxidation of the magnetite to hematite and goethite occurs. Contemporaneous with the iron enrichment, the original gangue minerals are partially to fully leached out or replaced by iron minerals, giving an overall increasing content of iron minerals depending upon the degree of enrichment. A volume loss of up to 35% can occur with enrichment due to loss of gangue minerals.

Microplaty hematite (MplH) is recognised in varying degrees throughout FMG's Chichester Range deposits. This is interpreted to occur due to hypogene enrichment of the MMIF in proximity to tectonic structures (faults or tight folds), which have allowed upward fluid flow, and low-grade metamorphism of the parent rock, resulting in extensive hematite mineralisation.

The majority of the iron within the prospects is a martite-goethite ore resulting from supergene enrichment of a BIF substantially rich with magnetite (oxidised to martite) in the parent rock.

Hardcapping (ferricrete development) of portions of the ore resources has been identified in mapping and drilling. This process, formed at latter stages of geological development (Tertiary), has changed the

physical and geochemical properties of the upper portions of the ore (up to 10 metres thickness). Hardcapped material has a higher density being pervasively cemented by goethite, commonly has vitreous goethite included in the matrix, and can be quite vuggy. An associated increase in gangue content may be seen in hardcap due to the near surface processes of ferricretisation.

Current Drainage

Ephemeral drainages dissect the Chichester Ranges, generally in a southerly draining direction and commonly display alluvial sediments characterised by silt and sand sized sediments. These shallow drainages become more meandering and braided on the shallower topography towards the Fortescue March. The Fortescue Marsh is a wide shallow basin (up to 13 kilometres wide) associated with a widening of the Fortescue River, which during flood events fills with water and can remain filled for extended periods. The surface of this feature is Quaternary clay rich sediments.

Data and Resource Estimation

The resource estimate for each deposit is based solely on reverse circulation (RC) drilling (in addition, 236 diamond drill holes were drilled, 37 twinned with RC drill holes to check geological and grade continuity, the remainder to provide material for metallurgical test work or as downhole geophysical calibration holes). Drill hole spacing ranges from 800 x 200m to a staggered 50 x 50m pattern, in the area of the test pit at Cloudbreak this was reduced to 12.5 x 12.5m (with some areas at 6.25 x 6.25m). For Grade Control (GC) drilling, holes are drilled on a 25m x 25m pattern. Drill hole collar locations were surveyed using a base station differential GPS with collar accuracies to within 5cm (laterally and vertically).

Exploration RC samples were collected over 1m intervals (GC samples over 0.5m and 1m intervals) using cone splitters from which ~3kg of material was pulverised to produce a sub-sample for analysis. Field quality control procedures involved assay standards and duplicates, standards at a rate of 1 in 50 samples (Exploration and GC drilling) and duplicates at a rate of 1 in 33 samples (Exploration and GC drilling). Sample pulps were analysed for Fe, Al₂O₃, SiO₂, TiO₂, CaO, MgO, Na₂O, K₂O, Mn/MnO, P, S, As, Pb, Zn, and Cl by XRF and 3 point LOI (at 370, 650 & 1,000°C) by thermogravimetric methods. This is considered to be close to "a total analysis".

Geochemical and geological logging data were used to define four geological domains within each deposit (Tertiary overburden, hanging wall, mineralised zone and footwall), 3-D wireframes were used to code the drilling data and define samples within each geological domain. Model limits were controlled by drill hole data extents and Mining Lease boundaries. Statistics were determined for each analyte within each domain, this confirmed that each domain was statistically discrete and justified the use of hard boundaries in statistical analysis and modelling.

An indicator method was used to define high grade zones within each stratigraphic unit. The Resource Models were constructed using a 25mE x 25mN x 1mRL parent block size with sub-celling to 12.5mE x 12.5mN x 1mRL to aid in following the folded domains and to allow integration of Grade Control Models. Grade Control Models were constructed with a parent block size of 12.5mE x 12.5mN x 1mRL and no sub-celling. All estimation was undertaken using Ordinary Kriging (OK) at parent cell scale. Multiple estimation search passes were used for each domain. Hard boundaries were applied between all estimation domains. Validation of the block models (using visual, statistical and trend analysis methods) shows good correlation of the input data to the estimated grades.

The mineralised domains have demonstrated sufficient geological and grade continuity to support the definition of Mineral Resource and Reserves and the classification applied under the JORC Code. Drill spacing and data integrity, geological complexity, estimation risk and mineralisation continuity based on the semi-variogram ranges of influence were used to determine Mineral Resource classifications.

For Resource reporting purposes the Resource Models were regularised to a 12.5mE x 12.5mN x 1mRL block size prior to the GC Models being merged. The resulting combined Resource/GC Models were then

flagged with the mined out surface (as at April 30th 2015) and mined out exclusion zones. Adjustments were then made to the measured resource to subtract the mining Tonnage (assumed at average grade) for May and June, and to add in the stockpiled Tonnes.

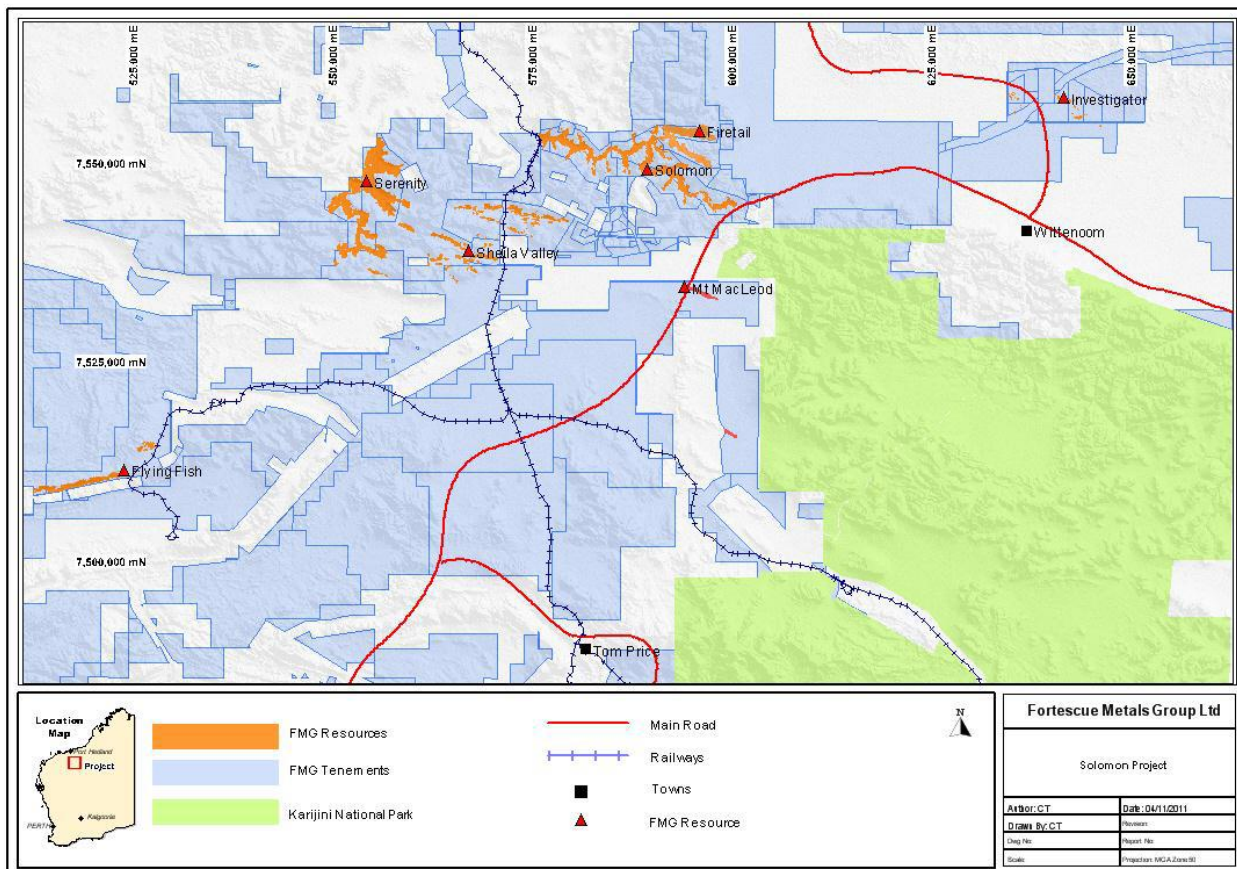
Solomon Deposits (Firetail, Kings & Queens)

Geological Setting

The Solomon Project area is situated approximately 60 kilometres to the north of the Tom Price township in the northern Hamersley ranges (Figure 3). Outcropping geology in the project area is dominated by the Dales Gorge, Whaleback Shale and Joffre Members of the Brockman Iron Formation which hosts large BID throughout the Hamersley Province. The Firetail deposit contains the major tonnages of BID at Solomon, where geological favourable environments have allowed for the formation and preservation of large tonnages of iron mineralisation.

Incised into this bedrock geology are regional palaeochannel systems, predominantly one to two kilometres in width, and stretching for tens of kilometres. During the Miocene period deep chemical weathering and erosion of the generally iron rich material into these fluvial channels formed CID. Through Fortescue’s interpretation of drill hole results, the CID can be subdivided into an upper ‘hard CID’ and a lower ‘ochreous CID’. Clay lenses are observed as semi-discrete bands often several meters thick, sometimes of a poddy nature although often traceable between drill holes. Approximately 40 km of buried CID is preserved in the Kings CID system, with a further 25 km of CID located in the Serenity deposit to the west. Other CID occurrences are also known throughout the Solomon project area. The material overlying the CID (and other areas) has been eroded from adjacent mineralised and un-mineralised bedrock. This clastic material is concentrated into horizons of elevated iron grade termed DID, which forms part of the sequence of overlying late Tertiary aged alluvial and colluvial deposits.

Figure 3 – Location of the Solomon Deposits



Data and Resource Estimation

The resource estimates for each deposit are based solely on Reverse Circulation (RC) drilling. Drill hole spacing includes areas at 400 x 100m, 200 x 100m, 100 x 50m and 50 x 50m, with some areas infilled at 25 x 25m. Drill hole collar locations were surveyed using a base station differential GPS with collar accuracies to within 10cm (laterally and vertically). In addition ~225 diamond drills holes were drilled, 9 of these were twinned with RC drill holes to check geological and grade continuity, the remainder to provide material for metallurgical test work. 133 RC/RC twins were also drilled, again to check geological and grade continuity. No major bias was identified.

Exploration RC samples were collected over 1m intervals using cone splitters from which ~3kg of material was pulverised to produce a sub-sample for analysis. Field quality control procedures involved assay standards and duplicates, 'field' standards were inserted at a rate of 1 in 100 samples, pulp standards at 1 per lab batch and duplicates at a rate of 1 in 30 samples. Sample pulps were analysed for Fe, Al₂O₃, SiO₂, TiO₂, CaO, MgO, Na₂O, K₂O, Mn/MnO, P, S, As, Pb, Zn, and Cl and 3 point LOI (at 370, 650 & 1,000°C) by thermogravimetric methods (note: for some samples only the 1,000°C LOI measurement was made). This is considered to be a total analysis.

Geochemical and geological logging data were used to define geological domains within each deposit (Table 2), 3-D wireframes were used to code the drilling data and define samples within each geological domain. Model limits were controlled by drill hole data extents and Mining/Exploration Lease boundaries. Statistics were determined for each analyte within each domain, this confirmed that each domain was statistically discrete and justified the use of hard boundaries in statistical analysis and modelling.

Table 2 – Geological Domains within the Models

Firetail	Kings East	Queens & Queens Extension
Detritals	Detritals	Detritals
Hardcap	Hardcap	Oakover
CID Lower	CID Upper	Hardcap
Joffre	CID Lower	CID Upper
Whaleback Shale	Bedded	CID Lower
D4		Peat
D3		Bedded
D2		Dolerite Dykes
D1		
McRae Shale		

An indicator method was used to define high grade zones within each stratigraphic unit. The block models were constructed using a parent block size appropriate for the drill hole spacing, in all areas sub-celling to 5.0mE x 5.0mN x 0.25mRL was used along domain boundaries to better define the domain interface. All estimation was undertaken using Ordinary Kriging (OK) at parent cell scale. Multiple estimation search passes were used for each domain. Hard boundaries were applied between all estimation domains. Validation of the block models (using visual, statistical and trend analysis methods) shows good correlation of the input data to the estimated grades.

The mineralised domains have demonstrated sufficient geological and grade continuity to support the definition of Mineral Resource and Reserves and the classification applied under the JORC Code. Drill spacing and data integrity, geological complexity, estimation risk and mineralisation continuity based on the semi-variogram ranges of influence were used to determine Mineral Resource classifications.

Hematite Operational Resources (as at 30th June 2015)

Category	Mineral Resources - at 30 June 2015						Mineral Resources - at 08 January 2015 & 30 June 2014					
	In-Situ Tonnes (mt)	Iron Fe%	Silica SiO ₂ %	Alumina Al ₂ O ₃ %	Phos P%	Loss on ignition LOI%	In-Situ Tonnes (mt)	Iron Fe%	Silica SiO ₂ %	Alumina Al ₂ O ₃ %	Phos P%	Loss on ignition LOI%
Cloudbreak												
Measured	386	57.2	5.25	3.29	0.052	8.6	274	57.5	4.86	3.06	0.054	8.7
Indicated	374	56.5	6.38	3.32	0.053	8.2	457	56.7	5.80	3.34	0.059	8.2
Inferred	280	56.0	6.82	3.60	0.052	8.1	499	56.3	6.11	3.36	0.057	8.3
Total	1,039	56.6	6.08	3.39	0.053	8.3	1,230	56.7	5.72	3.29	0.057	8.4
Christmas Creek												
Measured	499	57.0	6.11	3.09	0.047	8.1	516	57.3	5.93	2.97	0.047	8.0
Indicated	1,237	56.3	6.12	3.52	0.048	8.0	1,082	56.6	5.97	3.37	0.049	7.9
Inferred	505	55.9	6.92	3.35	0.059	7.3	500	56.4	6.55	3.21	0.059	7.2
Total	2,241	56.4	6.30	3.39	0.050	7.8	2,098	56.7	6.10	3.23	0.051	7.7
Sub-Total Chichester Hub												
Measured	885	57.1	5.74	3.18	0.049	8.3	790	57.4	5.56	3.00	0.049	8.2
Indicated	1,610	56.4	6.18	3.47	0.049	8.0	1,539	56.6	5.92	3.36	0.052	8.0
Inferred	785	56.0	6.88	3.44	0.056	7.6	999	56.3	6.33	3.28	0.058	7.8
Total	3,280	56.5	6.23	3.39	0.051	8.0	3,328	56.7	5.96	3.25	0.053	8.0
Firetail												
Measured	32	57.7	6.00	3.57	0.140	7.3	45	58.0	5.80	3.35	0.141	7.3
Indicated	152	59.0	6.09	2.54	0.110	6.4	155	58.9	6.11	2.64	0.107	6.4
Inferred	157	57.5	6.89	3.29	0.108	6.9	170	57.6	6.85	3.25	0.110	6.9
Total	341	58.2	6.45	2.98	0.112	6.7	371	58.2	6.41	3.00	0.112	6.7
Kings & Queens												
Measured	119	53.8	7.30	2.56	0.071	8.6	121	56.4	7.43	2.87	0.068	8.5
Indicated	817	55.7	7.75	3.21	0.065	8.8	818	55.7	7.75	3.22	0.065	8.8
Inferred	858	55.6	7.83	3.43	0.077	8.6	909	55.6	7.86	3.41	0.076	8.6
Total	1,794	55.5	7.76	3.28	0.071	8.7	1,848	55.7	7.78	3.29	0.071	8.7
Sub-Total Solomon Hub												
Measured	150	54.6	7.03	2.78	0.086	8.3	167	56.8	6.99	3.00	0.088	8.2
Indicated	970	56.2	7.49	3.11	0.072	8.4	973	56.2	7.49	3.12	0.072	8.4
Inferred	1,015	55.9	7.69	3.41	0.081	8.4	1,079	55.9	7.70	3.38	0.082	8.3
Total	2,135	55.9	7.55	3.23	0.078	8.4	2,219	56.1	7.55	3.24	0.078	8.3
Combined												
Measured	1,035	56.7	5.92	3.12	0.055	8.3	957	57.3	5.81	3.00	0.056	8.2
Indicated	2,580	56.3	6.67	3.34	0.058	8.2	2,512	56.5	6.53	3.27	0.059	8.1
Inferred	1,800	55.9	7.34	3.42	0.071	8.0	2,078	56.1	7.04	3.34	0.070	8.1
Total	5,415	56.2	6.75	3.32	0.061	8.1	5,548	56.5	6.60	3.25	0.063	8.1

Notes:

- Chichester Mineral Resources are compared with the Mineral Resource updated released in January 2015, Solomon Mineral Resources are compared with those at 30th June 2014.
- Chichester Mineral Resources are reported at a 53.5% Fe cut-off, Solomon Mineral Resources are reported at a 51% Fe cut-off
- Mineral Resources are inclusive of Ore Reserves and Stockpiles

Fortescue Hematite Ore Reserve Reporting as of June 30th, 2015

Ore Reserves

Fortescue Ore Reserves are based on integrating contributions from the various mine-sites and assembling bedded iron deposit (BID) and channel iron deposit (CID) into blended saleable products at the port.

Each of the BID and CID products includes a premium and a lower quality variety. The BID products are Fortescue Blend (FB) and Super Special Fines (SSF). The CID products are Kings CID (KCID) and Pilbara CID (PCID). Within the primary BID and CID product streams, controlled blending of non-primary ore types occurs on an opportunistic basis to optimise product outcomes.

Due to the deposit integration inherent in the Ore Reserve, the following supporting data is comprehensive and addresses the Reserve generation process collectively for all deposits.

Mining Models

Mining Models consist of regularised resource models overprinted with grade control models and application of reconciliation grade adjustment factors and OPF upgrade performance to incorporate historical mining losses and dilution into the in-situ estimates and estimate products generated by the ore processing facilities (OPFs). This process is summarised as

1. The Resource models are regularized to a block size consistent with the selective mining unit (SMU) that is appropriate to mining method that will be applied for each style of deposit.
2. Grade Control (GC) models – built to the same block dimension as the resource models are merged into the regularized resource models, creating the Merged Models
3. Factoring of in-situ grades based on reconciliation between the underlying models (Resource or GC) and actual diluted plant feed back-calculated from sales. At least one year of historical model performance is used to derive factored grades in the Mining Models. Grade adjustment factors for Fe and major impurities (SiO_2 and Al_2O_3) are typically minor. The Chichester operations utilise 2 years of historical data to derive these factors.
4. Application of respective OPF mass yield and upgrade factors. The Chichester OPF upgrade factors are based on a combination of actual OPF performance and metallurgical test-work. The Solomon CID mining models incorporate theoretical Kings OPF yields and upgrade factors based on metallurgical test-work and actual OPF performance. The Firetail OPF is operating in “dry” mode and therefore has no beneficiation factors applied.

Scheduling Inventory

Pit optimisation software is used to determine how mining inventory varies as a function of ore cut-off grade (Fe) and limiting strip-ratio for selected ultimate pit wall slopes.

A combination of selected Fe cut-off and limiting strip ratio is then used to identify the starting geometry for strip design. Higher strip-ratio peripheral shells are used to identify where ramps should be located without unnecessarily compromising value.

In the Chichester's, strip designs are at a nominal dimension of 600m x 150m to reflect the geometry required for efficient extraction by surface miners. Where feasible, orientation of the individual strip designs also reflects dewatering and strip ratio contours within the overall target mining geometry. Strip designs are then extracted using the 30 June, 2015 face positions and the selected optimisation shell.

Solomon mining is by conventional drill and blast followed by excavators, and the Life of Mine (LOM) ultimate pit designs are used as the bounding geometry.

In all cases, Inferred material is converted to waste, generating mining costs but contributing no revenue.

Mine Scheduling

Mine scheduling is integrated across all FMG properties to maximise value. Chichester mineralisation is combined with Solomon BID (principally from Firetail) to manufacture the two BID blended products, FB and SSF. The two CID products, KCID and PCID are predominantly sourced from the Kings and Queens deposits and will include a proportion of BID and detrital iron deposit (DID) mineralisation incidental to mining the CID channels.

Scheduling aims to maintain the target blended ore quality and maximise NPV. In general terms this equates to deferring higher strip ratio, higher mining cost mineralisation until later in the collective scheduled mine life. A commercial linear programming package, is used to identify the integrated mining sequence that will deliver the maximum NPV for the nominated constraints. Major constraints include the nominated ore tonnage and blend quality and the maximum OPF treatment rates that, in turn, are matched to the logistics capacity of the FMG rail and port system.

Blending between sites takes advantage of impurity synergies that maximise the ore supply relative to products being sourced from single sites. The proportion of each of the collective BID and CID products will change with time depending on the respective ore quality being delivered from individual deposits. The constituent products are manufactured at the port by blending individual trains onto port stockpiles.

The scheduling inventory is initially collected into ore “bins” based on Fe and impurity cut-offs. Since mineralisation distributions and presentation varies with time, so too may the shorter term effective ore cut-off grade. The Ore Reserve cut-off can be approximated by an Fe-only cut-off that closely approximates that portion of the scheduling inventory that is converted into product over the life of the Ore Reserve schedule (see below).

Financial Analysis

The scheduling programme utilises unit revenue (per product brand) and cost (per deposit per activity) information to allow a NPV to be targeted and to allow relative NPV values to be assigned to schedule alternatives, however these do not constitute a robust valuation. Further financial analysis to determine more realistic absolute financial indicators and sensitivity analysis is performed separately using the quantity and quality data extracted from the scheduler. This analysis is performed by the Finance team using audited business valuation models and assumptions.

A +/-30% sensitivity of the main financial drivers was carried out on the base case valuation and was demonstrated to be robustly NPV positive under all cases tested.

Ore Reserve Statement

The Fortescue hematite Ore Reserve is quoted on a dry product basis as of 30 June, 2015. Individual BID deposits included in the Ore Reserve include Cloudbreak, Christmas Creek and Firetail. The Kings and Queens reserves are principally CID mineralisation.

Due to opportunistic blending and stockpiling, the Ore Reserve is not reported at a fixed cut-off. However, the reported Ore Reserve quantity and quality can be closely approximated by:

Cloudbreak	- 53.5% Fe in-situ cut-off
Christmas Creek	- 53.5% Fe in-situ cut-off
Firetail	- 51.0% Fe in-situ cut-off
Kings	- 51.0% Fe in-situ cut-off
Queens	- 51.0% Fe in-situ cut-off

Ore Reserves are summarised in Table 4.1

Table 4.1 Fortescue Hematite Ore Reserves as Of 30 June, 2015

Category	Hematite Ore Reserves- as at June 30 2015						Hematite Ore Reserves- as at June 30 2014					
	Product	Iron	Silica	Alumina	Phos	Loss On Ignition	Product	Iron	Silica	Alumina	Phos	Loss On Ignition
	Tonnes (mt)	Fe%	SiO2%	Al2O3%	P%	LOI%	Tonnes (mt)	Fe%	SiO2%	Al2O3%	P%	LOI%
Cloudbreak												
Proved	268	57.3	4.99	2.83	0.052	8.5	132	57.7	4.20	2.35	0.048	8.7
Probable	265	57.1	5.25	2.85	0.052	8.1	368	57.5	4.55	2.33	0.052	8.1
Total	533	57.2	5.12	2.84	0.052	8.3	500	57.6	4.46	2.33	0.051	8.3
Christmas Creek												
Proved	346	57.9	5.60	2.62	0.046	7.9	312	57.3	5.72	2.45	0.043	7.9
Probable	730	57.8	5.01	2.80	0.047	8.0	659	57.3	4.91	2.62	0.044	7.9
Total	1,076	57.8	5.20	2.74	0.047	8.0	970	57.3	5.17	2.57	0.044	7.9
Sub-Total Chichester Hub												
Proved	615	57.6	5.33	2.71	0.049	8.1	444	57.4	5.27	2.42	0.045	8.2
Probable	994	57.6	5.07	2.81	0.049	8.0	1026	57.4	4.78	2.52	0.047	7.9
Total	1,609	57.6	5.17	2.77	0.049	8.1	1470	57.4	4.93	2.49	0.046	8.0
FireTail												
Proved	23	58.2	5.99	3.22	0.142	6.8	39	59.2	5.66	2.66	0.133	6.4
Probable	118	58.7	6.42	2.46	0.109	6.4	136	58.5	6.84	2.63	0.106	6.2
Total	142	58.6	6.35	2.58	0.115	6.5	174	58.7	6.58	2.64	0.112	6.3
Kings & Queens												
Proved	89	56.6	7.23	2.29	0.067	9.0	105	57.6	6.14	2.22	0.061	8.5
Probable	561	56.2	7.09	2.80	0.064	8.9	624	56.7	6.57	2.67	0.064	8.9
Total	650	56.3	7.11	2.73	0.064	8.9	729	56.9	6.50	2.61	0.064	8.8
Sub-Total Solomon Hub												
Proved	111	57.0	6.96	2.49	0.084	8.5	143	58.0	6.01	2.34	0.081	7.9
Probable	680	56.7	6.97	2.74	0.072	8.4	760	57.1	6.61	2.66	0.072	8.4
Total	791	56.7	6.97	2.70	0.073	8.5	903	57.2	6.52	2.61	0.073	8.3
Combined												
Proved	726	57.5	5.58	2.68	0.054	8.2	587	57.6	5.45	2.40	0.053	8.1
Probable	1,674	57.2	5.84	2.78	0.058	8.2	1786	57.3	5.56	2.58	0.057	8.1
Total	2,400	57.3	5.77	2.75	0.057	8.2	2374	57.3	5.53	2.54	0.056	8.1

JORC Code, 2012 Edition – Table 1
FMG Chichester Deposits (Cloudbreak and Christmas Creek)
Section 1 Sampling Techniques and Data

Criteria	Commentary
<i>Sampling techniques</i>	<p>The deposits were sampled using Reverse Circulation (RC) and Diamond drill holes (DD). Drill hole spacing ranges from 800m x 200m to a staggered 50m x 50m pattern. In the area of the test pit this was reduced to 12.5m x 12.5m (plus some at 6.5m x 6.5m). Grade Control (GC) drilling uses a 25m x 25m pattern.</p> <p>RC samples only were used in resource estimation. For Cloudbreak this included 691,211 samples from 19,739 holes. For Christmas Creek this included 191,845 samples from 7,045 holes.</p> <p>Approximately 30% of holes were down hole geophysically logged.</p> <p>Initial exploration holes were assayed from collar to end of hole. Partway through the exploration program the sampling regime was modified and analysis was restricted to samples with visually higher Fe, infill GC holes are sampled in a similar manner. This may mean that not all potentially mineralised material has been analysed.</p>
	<p>All holes were surveyed by qualified surveyors using a Base station Differential GPS, with collar accuracies to within 5 centimetres (laterally and vertically). Analytical standards were used to assist in checking laboratory results. Field duplicates were used to assist with determining sampling quality at the rig. Geophysical probes were calibrated on a regular basis (using static methods and specific calibration holes).</p>
	<p>RC drilling, samples from 0.5m or 1m intervals pass through cyclone and cone splitter, 2-3kg sample collected in calico bag (~6-7% of samples total volume). Samples from mineralised zones (plus ~5m above and below), as selected, are sent for analysis.</p>
<i>Drilling techniques</i>	<p>Standard face sampling hammer drilling samples from ~130mm diameter RC drill holes used for Resource Estimation.</p> <p>201 vertical diamond drill holes were completed during the Exploration Phase. Some of these were drilled as twins to RC holes, the rest were drilled to provide samples for metallurgical test work. Limited analytical information located. Most holes were PQ size, core not oriented as holes drilled vertically. A further 23 diamond drill holes were completed during 2015, to provide additional material for metallurgical testwork</p> <p>Drilling of large diameter (Bauer) holes (0.78 or 1m) commenced during the Exploration phase and ceased in ~2010. These holes were limited to shallow parts of the deposit (by working depth of rigs). Samples were primarily used for metallurgical test work, data from these holes was not incorporated into updated resource models.</p>
<i>Drill sample recovery</i>	<p>The quality of each sample is recorded at the time of logging and categorised as either poor, moderate or good.</p>
	<p>No significant issues with sample collection system identified during Exploration drilling or subsequent infill programs. Minimal loss of fines was achieved through the use of an automated sample collection and splitting system.</p>
	<p>37 RC drill holes were twinned with diamond drill holes. In general there was good correlation between both grade and geology.</p>
	<p>There is assumed to be no expected relationship between sample recovery and grade.</p>
<i>Logging</i>	<p>Geological logging was completed by personnel experienced in iron mineralisation, logging considered to be adequate for resource estimation.</p>
	<p>Quantitative – chemical analysis of samples logged as mineralised, down hole geophysical surveys of approximately 30% of drill holes.</p> <p>Qualitative – texture logging completed over the whole drill hole, based on this 'ore' +/- 3-4m surrounding waste is submitted for analysis. Some risk of material being mis-logged and therefore not analysed.</p>
	<p>Effectively 100% for RC during Exploration, limited to mineralised intersections +/- 3-4m surrounding waste during infill programs.</p>

Criteria	Commentary
<i>Sub-sampling techniques and sample preparation</i>	The majority of diamond holes were drilled to provide material for metallurgical testwork. No assays from diamond holes were used in the estimate.
	Samples are collected in labelled bags from each 1m of drilling, which are stored onsite or sent for analysis. These samples are collected using a cone splitter installed directly beneath the cyclone. Wet samples are collected using the same technique as dry samples, with thorough cleaning of gear between samples. Wet samples are allowed to dry before being processed. For drill rigs using riffle splitters, once wet samples are encountered, the splitter is changed to a chisel splitter. Larger samples are collected and later split.
	All sub-sample preparation undertaken by the laboratory performing the sample analysis
	Field QC procedures involved the use of certified reference material as assay standards together with the collection of duplicate samples.
	During Exploration drilling, field (rig) duplicates were collected at a rate of 1 in 20 samples. Analysis of duplicates did not indicate that there were any issues. QA/QC reports are available. For Grade Control drilling, field (rig) duplicates were originally collected every 50 samples, subsequently increased to every 33 samples. Sample numbers are pre-determined, therefore it is possible that not all duplicates will be analysed. Monthly QA/QC reports are now routinely prepared.
	No formal analysis of the appropriateness of sample size compared to grain size has been completed but the sampling regime is considered to be industry best practice.
<i>Quality of assay data and laboratory tests</i>	<p>Various laboratories have been used, including SGS (Christmas Creek and Perth), Ultratrace and Intertek (Cloudbreak, Solomon, and Perth) and Genalysis (Perth)). All laboratories have National Association of Testing Authorities, Australia (NATA) accreditation.</p> <p>All chemical analysis by XRF using 'standard iron ore suite' (reported as Fe, AL₂O₃, SiO₂, TiO₂, CaO, MgO, Na₂O, K₂O, MnO (Exploration) or Mn (Grade Control), P and S). Also three point LOI (370, 650 & 1,000°C) by thermogravimetric methods. This is considered to be close to "a total analysis". From early 2013 As, Pb, Zn, and Cl have also routinely been included in sample analysis</p>
	Details of geophysical tools used for down hole geophysical analysis are available in the drill hole database.
	<p>Exploration - Field (rig) duplicates collected 1 in 20 samples. Standards submitted at 1 in every 50 samples. Analysis of duplicates and standards did not indicate that there were any issues. QA/QC reports were prepared.</p> <p>Grade Control - Field (rig) duplicates collected 1 in 50 samples. Standards submitted at 1 in every 100 samples (historically). Since ~Q1 2009, field duplicates collected 1 in 33 samples and standards submitted 1 in 50. Sample numbers for duplicates & standards are pre-determined, if they occur in waste in a drill hole they may not end up being submitted to the laboratory for analysis. QA/QC is performed on laboratory analyses prior to accepting the data in the acQuire database. Monthly QA/QC reports are now routinely prepared.</p> <p>Concerns over the quality of a few of the historical standards have been raised. Through investigation it appears that this is due to standard preparation methods, size of standards, and homogenisation issues (similar problems have not been noted in newer standards). Also issues with inadequate round-robin testing resulting in over-precise certified values.</p>
<i>Verification of sampling and assaying</i>	Significant intersections have been visually inspected by senior Fortescue personnel and by independent consultants.
	37 RC drill holes were twinned with diamond drill holes. In general there was good correlation between both grade and geology.

Criteria	Commentary
	<p>Several different methods/systems have been used to store samples data (including GBIS and an 'in-house' system). The sample data is now stored in customised acquire drill hole databases, which include a series of automated electronic validation checks. Fortescue data entry procedures are documented. Only trained personnel perform further manual data validation.</p> <p>Conversion of MnO% to Mn% for grade estimation has been made where necessary (mainly exploration data). Samples reporting below detection limits were given the value of half the detection limit.</p>
<i>Location of data points</i>	<p>All holes were surveyed by qualified surveyors using a Base station Differential GPS, with collar accuracies to within 5 centimetres (laterally and vertically).</p> <p>During creation of the updated resource models it was noted that some of the selected drill holes had not been surveyed (99 at Cloudbreak, 35 at Christmas Creek). These holes were subsequently excluded from resource estimation.</p> <p>Grade Control Drilling – holes are occasionally missed during survey (observed when modelling commences, re-surveys requested. If holes cannot be re-located then they are omitted from modelling).</p> <p>Grid coordinates given for each point are Map Grid of Australia (GDA94) and heights are in the Australian Height Datum. The project area lies inside UTM zone 50. Drill hole collar elevations are also validated against local topographic data.</p> <p>The topography was created from 1 metre contours from LIDAR data. Vertical accuracy of the LIDAR data is +/-0.2 metres.</p>
<i>Data spacing and distribution</i>	<p>NOTE: No Exploration Results Reported. Data spacing reported below is for reported Mineral Resources.</p> <p>Exploration Drilling - Ranges from 800 x 200m down to staggered 50 x 50m. In the area of the test pit this was reduced to 12.5 x 12.5m (plus some at 6.5 x 6.5m).</p> <p>Grade Control Drilling - Infill commences at 100 x 100m (where Exploration drilling missing), with subsequent infill at 50 x 50m and 25 x 25m.</p> <p>All holes were drilled vertically.</p> <p>Considered adequate for Resource Modelling. Studies demonstrated that Resource Classification is closely related to drill hole spacing.</p> <p>Samples are not composited prior to analysis.</p>
<i>Orientation of data in relation to geological structure</i>	<p>Sampling considered unbiased in terms of possible geological structures.</p> <p>Drilling is perpendicular to (ie vertical) main geological structure controlling mineralisation (bedding, horizontal).</p> <p>No sampling bias is apparent.</p>
<i>Sample security</i>	<p>Consignment notes (sample submission information) generated for each batch of samples. Samples trucked to Perth laboratories, samples delivered directly to site laboratories.</p>
<i>Audits or reviews</i>	<p>Several audits have been undertaken with varying recommendations. Those relating to Exploration drilling concluded that there were no major risk factors relating to the sampling and assaying of the Exploration data.</p> <p>An audit of grade control drilling at Cloudbreak highlighted the lack of routine formal QA/QC reporting. Preparation of monthly QA/QC reports is now standardised and implemented across all operational sites.</p> <p>An independent audit of the CB resource model has been conducted and found no fatal flaws, in process or output.</p>

Section 2 Reporting of Exploration Results

Criteria	Commentary
<i>Mineral tenement and land tenure status</i>	<p>The Cloudbreak deposit is located within the following 100% owned Fortescue Exploration and Mining Leases: M45/1102, M45/1103, M45/1104, M45/1105, M45/1106, M45/1107, M45/1082, M45/1083, M45/1124, M45/1125, M45/1126, M45/1127, M45/1128, M45/1138, M45/1139, M45/1140, M46/356, M46/357, M46/401, M46/407, M46/408, M45/409, M46/410, M46/411, M46/453.</p> <p>The Christmas Creek deposit is located within the following 100% owned Fortescue Exploration and Mining Leases: E46/566, E46/612, M46/320, M46/321, M46/322, M46/323, M46/324, M46/325, M46/326, M46/327, M46/328, M46/329, M46/330, M46/331, M46/332, M46/333, M46/334, M46/335, M46/336, M46/337, M46/338, M46/339, M46/340, M46/341, M46/342, M46/343, M46/344, M46/345, M46/346, M46/347, M46/348, M46/349, M46/350, M46/351, M46/352, M46/353, M46/354, M46/355, M46/402, M46/403, M46/405, M46/406, M46/412, M46/413, M46/414, M46/415, M46/416, M46/417, M46/418, M46/419, M46/420, M46/421, M46/423, M46/424.</p> <p>The Cloudbreak and Christmas Creek project areas are within the external boundaries of the Niyaparli, Palyku and Wunna Niyaparli registered native title claims. In 2005, Fortescue entered into comprehensive Land Access Agreements (LAA) with the Niyaparli and Palyku traditional owners. The LAA's facilitate the certain grant of all required Fortescue tenure and related approvals. In consideration, Fortescue provides the traditional owners with: training, employment, business opportunity, and consultation on a range of project-related matters including regular on-country meetings, comprehensive Aboriginal heritage identification and management procedures, and cash compensation.</p> <p>The Wunna Niyaparli native title claim was registered in 2013. Its boundaries overlap a small portion of the Niyaparli People's native title claim and covers precisely the area described by the Roy Hill pastoral lease. While Fortescue does not intend entering into an agreement with the overlapping claim, it has secured all tenure required to access and develop the Chichester Resource and Reserve through the processes provided under the <i>Native Title Act 1993</i> (Cth) and is confident that this will continue into the future.</p> <p>The tenure is currently in good standing and no impediments are known to exist.</p>
<i>Exploration done by other parties</i>	Both BHP and Hancock Prospecting Pty Ltd (HPPL) have undertaken exploration for iron within the project boundaries. No historical data has been used by Fortescue.
<i>Geology</i>	Iron mineralisation is hosted by the Nammuldi Member which is the lowest member of the late Archaean aged Marra Mamba Iron Formation (MMIF). The Nammuldi Member is characterised by extensive, thick and podded iron rich bands, separated by equally extensive units of siliceous and carbonate rich chert and shale. The Nammuldi Member in the Chichester Range is interpreted to be up to 60 metres in true thickness. Underlying the Nammuldi Member rocks are black shales and volcanic rocks belonging to the Jeerinah Formation
<i>Drill hole information</i>	Collar details of the RC holes used in the Cloudbreak and Christmas Creek estimates are not reported here.
<i>Data aggregation methods</i>	No exploration results are being reported. For methods used in the estimation of Cloudbreak and Christmas Creek please refer to: <i>Section 3 Estimation and Reporting of Mineral Resources</i>
<i>Relationship between mineralization widths and intercept lengths</i>	No exploration results are being reported. Please refer to: <i>Orientation of data in relation to geological structure in Section 1 Sampling Techniques and Data</i> for the geometry of mineralisation with respect to drill hole angle.
<i>Diagrams</i>	The mineral resource extents are shown in the release.

Criteria	Commentary
<i>Balanced reporting</i>	No exploration results are being reported
<i>Other substantive exploration data</i>	No exploration results are being reported.
<i>Further work</i>	Further infill drilling is planned for Cloudbreak and Christmas Creek. Extensions to known mineralisation may exist in the Cloudbreak and Christmas Creek areas.

Section 3 Estimation and Reporting of Mineral Resources

Criteria	Commentary
<i>Database integrity</i>	<p>All drill hole data from the last 4 years has been captured and stored in an acQuire drill hole databases. Field (texture) logging data is captured electronically, assay and down hole geophysical data are uploaded directly from source files. Sample numbers are unique to each site and pre-numbered and barcoded sample bags are used. These methods are all aimed at minimising data errors.</p> <p>Exploration data older than this has been transferred between a number of different data storage systems, there is a risk that some of it may have been lost or compromised in the process.</p> <p>All drill hole data used to update the resource models were reviewed by FMG geologists. Complete drill holes and individual samples were excluded if any problems with the data were noted (eg erroneous drill hole co-ordinates, suspect assays, missing texture data etc). Data exclusion is considered to have been minimal.</p> <p>The acQuire drill hole databases include semi-automated validation procedures designed to minimise data errors.</p>
<i>Site visits</i>	Site visits were undertaken by senior Fortescue personnel and by independent consultants during Exploration drilling programs. Site visits by the current CP are undertaken on a semi-regular basis to discuss drilling/modelling progress and any other issues.
<i>Geological interpretation</i>	<p>For the updated resource models, four geological zones were interpreted on the basis of geochemistry: overburden, hanging wall, ore zone and footwall. There is some risk of mis-interpretation in areas of wider spaced drilling where assay data is limited, this is not considered to be material. In future model updates texture logging from the wider spaced drilling should also be reviewed to refine definition of the overburden/hanging wall contact.</p> <p>For the Grade Control models, eight geological zones are interpreted on the basis of geochemistry and down hole geophysical logging: overburden, U8, U7U, U7I, U6, U6I, U5 & U5I. The U7U, U7I, U6, U6I & U5 correspond to the ore zone of the Resource Models.</p> <p>Interpretation based on geochemistry of RC drill samples and down hole gamma logging.</p> <p>The updated resource models are an alternative interpretation of the drill hole data used to create earlier resource models and incorporate additional drill hole data.</p> <p>All samples are flagged with their host geological zone, only samples with the same geological zone as the block to be estimated can be used in grade estimation.</p> <p>There are a number of factors which have an impact of geological and grade continuity:</p> <ul style="list-style-type: none"> • Faults (geology and grade) – minor impact • Creeks (grade and to a lesser extent geology) – slightly more significant impact (evidenced by a reduction of iron grades at both sites and erosion of the ore body, primarily at Christmas Creek but also locally at Cloudbreak) • Late stage hardcapping/weathering of mineralisation

Criteria	Commentary
	<ul style="list-style-type: none"> Localised late stage supergene Mn mineralisation
<i>Dimensions</i>	<p>Up to ~80km along strike and up to 5km plan width. Upper limit of mineralised domain is located between 0m to 125m below the surface. Lower limit of mineralised domain is located between 1m and 130m below the surface. The average thickness of the mineralised domain is 7.0m and the range of thickness is 1m to 28m.</p>
<i>Estimation and modelling techniques</i>	<p>Grade estimation using Ordinary Kriging (OK) was completed using Micromine™ (V12) or Vulcan™ (V8.2) software for 14-18 analytes (see above) and 50 texture codes. Drill hole sample data was flagged using three dimensional wireframes provided by FMG.</p> <p>Variography undertaken on 1m drill hole composites in unfolded space. Initial variography on Fe indicator values (<48% Fe = 0, >48% Fe = 1), was used to create wireframe solids of areas within the ore zone with indicator values >0.4 (note 48% Fe was selected after substantial testing to get the 'best' fit of block grade Fe distribution vs the composite data distribution). The drill hole composites were re-flagged using these solids to give 'high grade' and 'low grade' data sets. Additional variography was then undertaken for Fe, SiO₂, Al₂O₃, P and LOI on these data sets. Variograms were generally robust (low nuggets, long horizontal ranges and short Z ranges), 'low grade' variography was used for waste domains. A separate Mn indicator was also created (at 1%) and used to control estimation of Mn.</p> <p>Quantitative kriging neighbourhood analysis used to establish optimum search and estimation parameters.</p> <p>Each geological domain was interpolated separately, the ore zone domain was separately interpolated for high and low grade areas. Mn modelled separately with no geological domaining.</p> <p>Reconciliation of previous model against production showed a loss of tonnage, decreased iron grade and increased contaminant grades. Preliminary reconciliation of the updated models against historic production shows a marked improvement.</p> <p>No assumptions regarding the recovery of by-products have been made</p> <p>The iron ore suite of Fe, Al₂O₃, SiO₂, TiO₂, CaO, MgO, Na₂O, K₂O, Mn/MnO, P, S, LOI 370, LOI 650 and LOI 1000 has been estimated.</p> <p>A program of selected analysis of waste material for potentially deleterious elements (eg Se, As) has commenced (these are not currently included in the Resource Models). Routine analysis for arsenic (by Intertek) is now part of the grade control drilling program, this data will be included in future models when sufficient information is available to allow interpolation.</p> <p>Following kriging neighbourhood analysis, statistical investigations and discussions with FMG staff, a parent block size of 25m x 25m x 1m was selected (drill hole spacing varies from 800mx 200m to 6.25m x 6.25m in some small areas). To allow for integration of grade control block models and to aid in following the folded geometry of the geological domains, sub-celling to 12.5m x 12.5m x 1m was allowed.</p> <p>For the GC Models a block size of 12.5m x 12.5m x 1m is used (drill hole spacing nominally 25m x 25m).</p> <p>No selective mining units were assumed in these estimates.</p> <p>No assumptions about correlations between variables were made in these estimates.</p> <p>Drill hole samples were geologically flagged using the interpreted domain wireframes. These domains were used as hard boundaries to select samples populations for variography and estimation.</p> <p>No grade cutting was applied to any variable in any domain for the Christmas Creek Resource Model.</p> <p>For the Cloudbreak Resource Model, some element grades were top-cut during estimation based on coefficient of variation values higher than 1.2.</p>

Criteria	Commentary
	<p>The updated resource models were validated as follows:</p> <ul style="list-style-type: none"> • Block geology vs geological surfaces; • Visual comparison of block grades vs drill hole data (all analytes, 50m sections); • Review of average grades by geology (blocks vs composites); • Grade Trend plots on eastings, northings and rl for all analyses (100m slices); • Block total assay check; • Un-estimated block check; • Reconciliation against production.
<i>Moisture</i>	The tonnages are estimated on a dry basis.
<i>Cut-off parameters</i>	Cut-offs were not used to define domains, they are used to report Mineral Resources.
<i>Mining factors or assumptions</i>	It has been assumed that current mining methods (surface miner) will continue to be used in the future, the block size in the models is appropriate for this.
<i>Metallurgical factors or assumptions</i>	It has been assumed that current OPF's will continue to be used in the future.
<i>Environmental factors or assumptions</i>	A program of waste characterisation sampling is now in place as part of the requirements allowing mining. No significant concentrations of environmentally deleterious elements have been identified to date.
<i>Bulk density</i>	<p>Christmas Creek: Densities are average above water table (AWT) down hole geophysical strand (stratigraphic) densities. Although the current down hole geophysical density data has not been calibrated with diamond core measurements, reconciliation against historic production data is very good.</p> <p>Cloudbreak: Density has been calculated from down-hole geophysical measurements throughout the deposit. Mean above water table densities by stratigraphic and mineralisation units were compiled. A study concerning the calibration of geophysical reference holes was completed by an external consultant in 2015. From this report, a formula to correct down-hole density data to a dry bulk density equivalent was recommended. This formula was applied to the mean above water table density values and coded to the model.</p> <p>Densities in both resource models are dry.</p>
	Down hole geophysical probes measure the in-situ bulk density which accounts for void spaces. The measurements are grouped by geological domains.
	The densities used are similar to known densities of other deposits in the region.
<i>Classification</i>	<p>Overall Resource Model limits were designed to minimise extrapolation of drilling data, all material within the model boundaries could at least be classified as Inferred. The following range of criteria were considered in determining the final resource classification over each model:</p> <ul style="list-style-type: none"> • Geological and mineralisation continuity; • Data quality; • Drill hole spacing; • Modelling technique; • Estimation properties including search strategy, number of informing data and average distance of data from blocks; • Geostatistical volume-variance confidence calculations. <p>The resource classification methodology used also incorporated a number of parameters derived from the kriging algorithms in combination with drill hole spacing and continuity and size of mineralised domains.</p>

Criteria	Commentary
	Appropriate account has been taken of all these factors in creation of the updated resource models. Block model validations show good correlation of the drill hole data to the estimated grades.
	The Mineral Resource classification reflects the views of the Competent Person.
<i>Audits or reviews</i>	An external audit of the CB resource model has been conducted and no fatal flaws were identified. Several external audits of the Grade Control modelling process have been undertaken.
<i>Discussion of relative accuracy/confidence</i>	Statistical/geostatistical procedures have not been used to quantify the relative accuracy of the resources. However, comparisons with local grade control models show that on average tonnage and grades are similar (in some areas grade control models show reduced tonnages when compared with the resource models, in other areas the opposite is the case).
	Resource models are global in that they include as much of each deposit as is covered by sufficient drilling to support geological and grade continuity.
	Comparisons with production data are available for mined areas. Currently these only cover limited areas of the resources. The updated resource models show an improved reconciliation against production data.

Competent Person's Statements

The information in this report that relates to Cloudbreak and Christmas Mineral Resources is based on information compiled Mr David Frost-Barnes, a Competent Person who is a Member of Institute of Materials, Minerals and Mining, and Christopher Counsell and Lynn Widenbar who are members of The Australasian Institute of Mining and Metallurgy. Mr Frost-Barnes and Mr Counsell are full time employees of Fortescue Metals Group Limited. Mr Frost-Barnes, Mr Counsell, and Mr Widenbar have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Both Mr Frost-Barnes, Mr Counsell, and Mr Widenbar consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1
FMG Solomon Deposits (Firetail, Kings and Queens)
Section 1 Sampling Techniques and Data

Criteria	Commentary
<i>Sampling techniques</i>	<p>The deposits were sampled using Reverse Circulation (RC) and Diamond drill holes (DD). Approximate drill hole spacings are as follows: Firetail – 200m x 100m and 50m x 50m. Kings – 400m x 100m, 200m x 100m, 100m x 100m, 100m x 25m and 25m x 25m. Queens – 400m x 50m and 100m x 50m. Grade control drilling uses a 25m x 25m pattern.</p> <p>RC samples only were used in resource estimation. For Firetail this included 60,291 samples from 1,892 holes. For Kings this included 213,445 samples from 6,166 holes. For Queens this included 66,401 samples from 1,565 holes.</p> <p>Where possible, all holes undergo down hole geophysical logging.</p>
	<p>All holes were surveyed by qualified surveyors using a Base station Differential GPS, with collar accuracies to within 3-10 centimetres (laterally and vertically). Analytical standards used to assist in checking laboratory results. Field duplicates used to assist with determining sampling quality at the rig. Geophysical probes calibrated on a regular basis using static methods and specific calibration holes.</p>
	<p>RC drilling, samples from 1m intervals pass through cyclone and cone splitter, 2-3kg sample collected in calico bag (~6-7% of samples total volume). Samples from mineralised zones (plus 5m above and below), as selected by a geologist, are sent for analysis, all other samples are moved to a bag farm.</p>
<i>Drilling techniques</i>	<p>Standard face sampling hammer drilling samples from ~130mm diameter RC drill holes used for Resource Estimation. All holes are drilled vertically with the exception of 12 inclined holes at Firetail targeting Joffre mineralisation.</p> <p>Diamond drill holes were drilled as twins to reverse circulation holes and for metallurgical test work, they were not incorporated into resource models. Core size was predominantly PQ with some 6 inch holes. All diamond holes were drilled vertically, the core was not oriented.</p> <p>Large diameter (Bauer) holes drilled in the shallow parts of the deposit (limited due to working depth of rigs). Data used for metallurgical test work and not incorporated into resource models. Approximately 1meter diameter holes.</p>
<i>Drill sample recovery</i>	<p>The quality of each sample is recorded at the time of logging and categorised as either poor, moderate or good.</p>
	<p>No major issues with sample collection system identified during drilling. Minimal loss of fines was achieved through the use of an automated sample collection and splitting system.</p>
	<p>Twin holes were drilled to compare grades, no significant sample bias occurred.</p>
<i>Logging</i>	<p>Geological logging was completed by geologists experienced in iron mineralisation, logging considered to be adequate for resource estimation.</p>
	<p>Detailed geological logging captured the following qualitative and quantitative information: mineralogy, sample quality, colour and numerous physical characteristics. This data is relevant for both mineral resource estimation and future mining and processing.</p>
	<p>100% of drilled meters logged.</p>
<i>Sub-sampling techniques and sample preparation</i>	<p>Majority of diamond holes drilled to provide material for density determinations and for metallurgical testwork. For DDH whole core was sampled.</p>
	<p>Samples are collected in labelled bags from each 1m of drilling, which are stored onsite or sent for analysis. These samples are collected using a cone or multi-tier riffle splitter of dry cuttings installed directly beneath the cyclone. Wet samples are collected using the same technique as dry samples, with thorough cleaning of gear between samples. Wet samples are allowed to dry before being processed. For drill</p>

Criteria	Commentary
	<p>rigs using riffle splitters, once wet samples are encountered, the splitter is changed to a chisel splitter. Larger samples are collected and later split.</p> <p>All sub-sample preparation was undertaken by SGS Perth laboratory.</p> <p>Coarse standards were inserted at rates of 1 per 50 samples.</p> <p>Field (rig) duplicates were collected at a rate of 1 in 33 samples.</p> <p>No formal analysis of the appropriateness of sample size compared to grain size has been completed but the sampling regime is considered to be industry best practice.</p>
<p><i>Quality of assay data and laboratory tests</i></p>	<p>All samples were sent to SGS Perth laboratory for analysis. This laboratory has National Association of Testing Authorities, Australia (NATA) accreditation. The standard elements tested were Fe, SiO₂, Al₂O₃, P, MnO/Mn, MgO, CaO, TiO₂, Na₂O, S and K₂O by X Ray Fluorescence (XRF) and a three point LOI thermo gravimetric analysis at 371, 650 and 1000 degrees Celsius. The three point LOI was not undertaken for all samples with only the LOI 1000 being completed. A three point LOI was subsequently carried out on all samples with a Fe grade greater than 50%. This is considered to be close to “a total analysis”.</p> <p>Details of geophysical tools used for down hole geophysical analysis are available in the drill hole database.</p> <p>Field duplicates were collected 3 in 100 samples. Standards submitted at 1 in every 50 samples. Analysis of duplicates and standards did not indicate there any major issues. QA/QC reports were prepared for the project areas.</p> <p>Concerns over the quality of a few of the historical standards have been raised. Through investigation it appears that this is due to standard preparation methods, size of standards, and homogenisation issues (similar problems have not been noted in newer standards). Also issues with inadequate round-robin testing resulting in over-precise certified values.</p>
<p><i>Verification of sampling and assaying</i></p>	<p>Significant intersections have been visually inspected by senior Fortescue personnel and by independent consultants.</p> <p>Over 70 twin holes have been completed to check the variance of the ore body and sampling. Results show good correlation between the original RC hole and the twin hole.</p> <p>Sample data is now stored in customised acQuire drill hole databases, which include a series of automated electronic validation checks. Fortescue data entry procedures are documented. Only trained personnel perform further manual data validation.</p> <p>Conversion of MnO% to Mn% for grade estimation has been made where necessary (mainly exploration data). Samples reporting below detection limits were given the value of half the detection limit.</p>
<p><i>Location of data points</i></p>	<p>Drill hole collar locations have been surveyed using a differential GPS (by Navaid Pty Ltd and VEKTA Pty Ltd), with an accuracy of better than +/- 10 cm for Easting and Northing and RL for the majority of drill holes.</p> <p>No down hole surveys are available as the majority of drill holes are vertical and less than 200m in total depth, therefore any deviations from vertical would be negligible.</p> <p>Collar survey data is validated against planned coordinates and dtm surface.</p> <p>Grid co-ordinates are Map grid of Australia (GDA94), heights are in Australia Height Datum. Area is within UTM zone 50, AusGeoid98 used to obtain separation between GDA94 spheroid and the Geoid.</p> <p>The topography was created from 1 metre contours from LIDAR data. Vertical accuracy of the LIDAR data is +/-0.2 metres.</p>

Criteria	Commentary
<i>Data spacing and distribution</i>	<p>Firetail: Drill hole data on nominal 200m x 100m spacing for assays and geology with 100m x 50m, 50m x 50m and 25m x 25m sections of infill and some more sparsely drilled 400m x 100m areas.</p> <p>Kings: Drill hole data on nominal 200m x 100m spacing for assays and geology with 100m x 50m and 50m x 50m sections of infill and some more sparsely drilled 400m x 100m areas. The drilling is on an imprecise grid spacing with three different grid orientations.</p> <p>Queens: Drill hole data on nominal 200m x 50m spacing for assays and geology with 100m x 50m sections of infill and some more sparsely drilled 400m x 100m areas. The drilling is on an imprecise grid spacing with two different grid orientations.</p> <p>For all deposits Grade Control (GC) drilling is on a 25m x 25m grid.</p>
	<p>This level of data density is sufficient to define geological and grade continuity for a mineral resource estimate. Locally, the drilling pattern may be inadequate to fully define bedded mineralisation. In some areas, there are also uncertainties in detritals/bedded interface.</p> <p>In the area of closer spaced drilling (50m by 50m) in Kings, estimates have been made of the resource using only 100m by 50m holes. The results show that with increased drilling, tonnes remain the same, iron grades increased slightly and contaminant grades decreased slightly.</p>
	No sample compositing was conducted for this estimation.
<i>Orientation of data in relation to geological structure</i>	<p>Firetail: Drilling grid oriented perpendicular to the local bearing of mineralisation, all but 12 holes are vertical (the inclined holes were drilled to test for mineralisation in the Joffre, they were not down hole surveyed). This results in no significant sampling bias.</p> <p>Kings & Queens: Drill hole data have been drilled as vertical holes in grid orientations sub-parallel to the local bearing of the orebody, and thus the mineralisation (paleochannel). This results in no significant sampling bias.</p>
	No sampling bias is apparent.
<i>Sample security</i>	Use of consignment notes (sample submission information), direct delivery to site laboratories.
<i>Audits or reviews</i>	FMG has had a sampling audit by Snowden (in the Chichester's), there were no major risk factors relating to the sampling and assaying of the data. Similar rigs and splitter systems were utilised in this area.

Section 2 Reporting of Exploration Results

Criteria	Commentary
<i>Mineral tenement and land tenure status</i>	<p>The Firetail deposit is located within the following 100% owned Fortescue Exploration and Mining Leases: M47/1413, M47/1431</p> <p>The Kings deposit is located within the following 100% owned Fortescue Exploration and Mining Leases: E47/1011, E47/1333, E47/1334, E47/1532, M47/1409, M47/1411, M47/1431, M47/1453, M47/1434.</p> <p>The Queens deposit is located within the following 100% owned Fortescue Exploration and Mining Leases: E47/1333, E47/1821, M47/1410, M47/1411.</p>
	<p>The Solomon project area is within the external boundaries of the Eastern Guruma and Yindjibarndi registered native title claims. In 2009, Fortescue entered into a comprehensive Land Access Agreement (LAA) with the Eastern Guruma traditional owners. The LAA facilitates the certain grant of all required Fortescue tenure and related approvals. In consideration, Fortescue provides the Eastern Guruma People with training, employment, business opportunity, consultation on a range of project-related matters including regular on-country meetings, comprehensive Aboriginal heritage identification and management procedures, and cash compensation.</p>

Criteria	Commentary
	<p>Fortescue has developed an excellent working relationship with the majority of the Yindjibarndi People through their Wirlu-Murra Yindjibarndi Aboriginal Corporation (WMYAC). In partnership with the WMYAC Fortescue has delivered significant training, employment, business development opportunity to Yindjibarndi people and the highest levels of heritage protection to areas identified as being important to Yindjibarndi People. Fortescue has secured all tenure required to access and develop the Solomon Resource and Reserve through the processes provided under the <i>Native Title Act 1993</i> (Cth), and is confident that this will continue into the future.</p> <p>The tenure is currently in good standing and no impediments are known to exist.</p>
<i>Exploration done by other parties</i>	Both BHP and Hamersley Iron have undertaken exploration for iron within the project boundaries. No historical data has been used by Fortescue.
<i>Geology</i>	Mineralisation within the Solomon area is hosted by buried Channel Iron Deposits (CID), Bedded mineralisation (BID and Detrital mineralisation (DID). Outcropping geology in the area is the Dale Gorge, Whaleback Shale and Joffre Members of the Brockman Iron Formation which contain the BID mineralisation. Incised into this bedrock geology are the large Channel systems which contain the DID and CID mineralisation.
<i>Drill hole information</i>	Collar details of the RC holes used in these estimates are not reported here.
<i>Data aggregation methods</i>	No exploration results are being reported. For methods used in the estimation of these deposits please refer to: <i>Section 3 Estimation and Reporting of Mineral Resources</i>
<i>Relationship between mineralization widths and intercept lengths</i>	No exploration results are being reported. Please refer to: <i>Orientation of data in relation to geological structure</i> in <i>Section 1 Sampling Techniques and Data</i> for the geometry of mineralisation with respect to drill hole angle.
<i>Diagrams</i>	The mineral resource extents are shown in the release.
<i>Balanced reporting</i>	No exploration results are being reported and this is not pertinent to the reporting of Mineral Resources.
<i>Other substantive exploration data</i>	No exploration results are being reported and this is not pertinent to the reporting of Mineral Resources.
<i>Further work</i>	Further infill drilling is planned for all deposits. Extensions to known mineralisation may exist in all deposit areas.

Section 3 Estimation and Reporting of Mineral Resources

Criteria	Commentary
<i>Database integrity</i>	<p>Sample data is stored using a customized acQuire database (a secure and industry standard system), which includes a series of automated electronic validation checks.</p> <p>Only trained personnel perform further manual validation which passes on the data in order to confirm results reflect field collected information and geology. In order to ensure integrity of the database, any changes to the database only occur after a review of the suggested changes are authorised, and these changes can only be performed by a single person. Prior to modelling, further validation was performed on the dataset being used. No issues were uncovered in this final validation step.</p>
<i>Site visits</i>	Site visits, by both the CP and resource modelling/estimation geologist(s), were undertaken on a semi-regular basis to discuss drilling/modelling progress and issues.

Criteria	Commentary
<i>Geological interpretation</i>	<p>Logging and geological interpretation was completed by geologists experienced in iron mineralisation. Geology over the majority of the deposit is relatively straight forward. There is some risk of misinterpretation in areas of wider spaced drilling with limited assay data, this is not considered to be material.</p>
	<p>Geological interpretation based on geological logging and geochemistry of RC drill samples.</p>
	<p>The stratigraphy of the deposits is well known and it is envisaged that any alternative geological interpretation, with or without further drilling, would not have a material impact on the resource estimate. Further close spaced drilling may improve the confidence in the stratigraphic interpretation of the BID mineralisation in the Kings & Queens deposits.</p>
	<p>All samples are flagged with their host geological zone, only samples with the same geological zone as the block to be estimated can be used in grade estimation.</p>
	<p>Kings & Queens: The major source of error is at detrital/bedded and detrital/CID interface. The structure and stratigraphy is unknown in the bedded material.</p>
<i>Dimensions</i>	<p>Firetail: The bedded mineralisation has a strike length of 7km and outcrops on the north and south limbs of an anticline. Mineralisation is strata bound, has an average thickness of 20m and extends to a depth of 100m below surface in places.</p> <p>Kings: The CID mineralisation has a strike length of 20 km and a width of 1 - 2km. Though the CID mineralisation outcrops in the southeast corner of the deposit, the majority of the CID mineralisation is buried and occurs at depths of up to 40m below surface and the defined mineralised units are between 1m and 65m thick</p> <p>Queens: The CID mineralisation has a strike length of 10km and a width of 0.5 - 1km. The CID mineralisation is buried and occurs at depths of up to 60m below surface and the defined mineralised units are between 1m and 65m thick.</p>
<i>Estimation and modelling techniques</i>	<p>Ordinary Kriging was used to estimate grades. Estimation was done using Vulcan™ software. The model areas extend half the distance of drill spacing away from the drilling. Kriging parameters were derived from semivariograms using Supervisor software. The deposit was domained by stratigraphy, local orientation of the paleochannel, and mineralised/un-mineralised zones.</p>
	<p>Comparison with previous resource estimates generally showed an increase in tonnes with slight decrease in Fe grades together with a slight increase in contaminant grades. Insufficient production data to date (Firetail and Kings) for reconciliation.</p>
	<p>No assumptions regarding the recovery of by-products have been made</p>
	<p>The iron ore suite of Fe, Al₂O₃, SiO₂, TiO₂, CaO, MgO, Na₂O, K₂O, Mn/MnO, P, S, LOI 370, LOI 650 and LOI 1000 has been estimated.</p> <p>A program of selected analysis of waste material for potentially deleterious elements (eg Se, As) has commenced (these are not currently included in the Resource Models. Routine analysis for As, Zn, Pb, and Cl is now part of the grade control drilling program, this data will be included in future models when sufficient information is available to allow interpolation.</p>
	<p>Firetail: Ordinary kriging into parent cells of 25mE x 25mN x 1mRL. Sub blocking down to 5m x 5m x 0.25m was used along domain boundaries to better define the domain interface.</p> <p>Kings: Ordinary kriging into parent cells of 50mE x 100mN x 1mRL, 100mE x 200mN x 1mRL, and 50mE x 100mN x 1mRL. Sub blocking down to 5m x 5m x 0.25m was used along domain boundaries to better define the domain interface.</p> <p>Queens: Ordinary kriging into parent cells of 100mE x 50mN x 1mRL. Sub blocking down to 5m x 5m x 0.25m was used along domain boundaries to better define the domain interface.</p> <p>For the GC Models a parent block size of 12.5m x 12.5m x 1m sub-blocked to 6.25m x 6.25m x 1, is used.</p>

Criteria	Commentary
	<p>No selective mining units were assumed in these estimates.</p> <p>No assumptions about correlations between variables were made in these estimates, however significant correlation between certain variables was noted during statistical analysis of the drilling data</p> <p>The definition of mineralised zones within each stratigraphic unit was accomplished using an indicator approach. The probability of any zone being mineralised was estimated using appropriate geochemical indicator cut-offs for Fe, SiO₂ and Al₂O₃ for the individual stratigraphic units. These cut-offs were based on data population statistics and visual validation. A 'geozone' code was assigned to each sample, defined by the stratigraphic unit and mineralisation.</p> <p>Grades were top cut for estimation based on high coefficient of variation values as well as other statistical characteristics of the distributions. Grade cutting is not used in GC models.</p> <p>Visual validation of the block model coding of the geozones was completed prior to estimation. Once estimated, the grade of all elements was also visually validated. Visual validation of both the geozones and grade were completed in Vulcan™ by comparing section and plan slices of the block model against the drill holes.</p> <p>Statistics for the mean grade of the mineralised blocks within each stratigraphic unit were compared to the mean grade of the mineralised samples within each stratigraphic unit. Overall, the mean values between the model and samples are well within an acceptable range.</p> <p>Trend analysis graphs have been created for each of the mineralised geozones. These have been generated in Northing, Easting and RL, for all elements. The trend analysis graphs show the modelled grade vs. the raw data grade at a particular slice in space. The trend analysis charts show that overall, the model grade is consistent with the raw data. Areas with a large number of samples correlate much better with the model grade than do areas with few samples.</p>
<i>Moisture</i>	The tonnages are estimated on a dry basis.
<i>Cut-off parameters</i>	Cut-offs were not used to define domains, they are used to report Mineral Resources.
<i>Mining factors or assumptions</i>	It has been assumed that current mining methods will continue to be used in the future, the block size in the models is appropriate for this.
<i>Metallurgical factors or assumptions</i>	It has been assumed that current OPF's will continue to be used in the future.
<i>Environmental factors or assumptions</i>	It has been assumed that current OPF's will continue to be used in the future.
<i>Bulk density</i>	<p>Kings: Density has been calculated from physical diamond core measurement throughout the deposit. Average densities by geological unit and mineralisation have been applied globally to the model.</p> <p>Physical density measurements are measured from diamond PQ core. Density measurements are taken at least 4 weeks after the core has been drilled to drive off any excessive moisture. Although the core has not been oven dried the core has been dried in the high temperatures, high evaporation rates and low humidity of the Pilbara would have driven off any free moisture. No good quality down hole geophysics density is available in the Kings area, therefore no comparisons could be made with the diamond measurement.</p> <p>Firetail & Queens: Density has been calculated from physically measured diamond core and down hole geophysical gamma-gamma measurements conducted at Firetail & Queens. Average densities by geological unit and mineralisation have been applied globally to the model.</p>

Criteria	Commentary
	<p>Physical density measurements are measured from diamond PQ core. Density measurements are taken at least 4 weeks after the core has been drilled to drive off any excessive moisture. Although the core has not been oven dried the core has been dried in the high temperatures, high evaporation rates and low humidity of the Pilbara would have driven off any free moisture. Geophysical density data is collected and validated with caliper data to ensure down hole data integrity.</p> <p>Where used, the down hole geophysical probes measure the in-situ bulk density which accounts for void spaces. The measurements are grouped by geological domains.</p> <p>The densities used are similar to known densities for current and historic mines, of similar geology and mineralisation, across the Pilbara.</p>
<i>Classification</i>	<p>Firetail & Kings: The resources are classified as Measured, Indicated and Inferred. This takes into account drill spacing and data integrity, geological complexity, and estimation risk and mineralisation continuity based on the semi-variogram ranges of influence.</p> <p>Queens: The resource is classified as Indicated and Inferred. This takes into account drill spacing and data integrity, geological complexity, and estimation risk and mineralisation continuity based on the semi-variogram ranges of influence.</p> <p>Appropriate account has been taken of all these factors in creation of the updated resource models. Block model validations show good correlation of the drill hole data to the estimated grades.</p> <p>The Mineral Resource classification reflects the views of the Competent Person.</p>
<i>Audits or reviews</i>	<p>No external audits of the updated resource models have been undertaken, however internal peer reviews have been completed. Several external audits of the Grade Control modelling process have been undertaken.</p>
<i>Discussion of relative accuracy/confidence</i>	<p>Statistical/geostatistical procedures have not been used to quantify the relative accuracy of the resources. However, comparisons with local grade control models show that on average tonnage and grades are comparable (in some areas grade control models show reduced tonnages when compared with the resource models, in other areas the opposite is the case).</p> <p>Resource models are global in that they include as much of each deposit as is covered by sufficient drilling to support geological continuity.</p> <p>FMG has a resource estimation audit by Optiro for the Solomon Project. Overall, Optiro considers the methods used to categorise the Kings and Firetail Mineral Resource estimates to be fair, reasonable and consistent with industry standards in the iron ore sector. Recommendations include further twin hole drilling; deeper drill holes to be down hole surveyed; statistical comparison to use de-clustered sample data; additional bulk density measurements required using other techniques.</p>

Competent Person's Statements

The information in this report that relates to Solomon Mineral Resources is based on information compiled by Mr Stuart Robinson who is a Fellow of The Australasian Institute of Mining and Metallurgy, and Mr David Frost-Barnes who is a Member of Institute of Materials, Minerals and Mining. Mr Robinson and Mr Frost-Barnes are full time employees of Fortescue Metals Group Limited. Mr Robinson and Mr Frost-Barnes have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Robinson and Mr Frost-Barnes consent to the inclusion in this report of the matters based on this information in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1
Combined Fortescue Hematite Deposits
Section 4 Estimation and Reporting of Ore Reserves

Criteria	Commentary
<i>Mineral Resource estimate for conversion to Ore Reserves</i>	The Chichester and Solomon individual resource models described in Section 3, depleted by mining to 31 April 2015, are the basis for the conversion to Ore Reserves (which are subsequently adjusted for 2 months depletion). These models are regularised, merged with Grade Control Models and adjusted based on reconciliation history to create the Mining Models that form the basis for Reserve reporting. The Ore Reserves reported are a component of the Mineral Resources.
<i>Site visits</i>	Periodic site visits are undertaken by the Competent person to monitor on-going mining and processing operations relevant to estimation of Ore Reserves.
<i>Study status</i>	Cloudbreak and Christmas Creek Ore Reserves relate to operating properties that have been established for > 5 years. The Firetail deposit has been mined and processed for approximately two years while mining and processing has occurred at the Kings CID deposit for just over one year. Routine integrated short, medium and long term planning activities are carried out according to a company planning calendar, including annual life-of-mine (LOM) and Reserve plans. The technical feasibility of mining and processing activities is well understood based on the operating history for both the Chichester and the Solomon deposits. Where possible, material Modifying Factors are derived from actual operating history to maximise the confidence in plan and Reserve outcomes. The LOM and associated Reserve plans include an ore sales product strategy, ore definition and cut-offs, mine and waste designs and schedules, infrastructure designs including roads, drainage, remote crushing, dewatering, tails dams and the like, closure designs and schedules, fleet and manpower requirements, operating and capital costs and financial analysis. Due to the site operating history and the 165Mt per annum installed infrastructure, the Chichester and Solomon Ore Reserve investigations are considered to be equivalent or better than a “definitive” feasibility study standard. Shorter term plans (1 to 3 years) are supported by a detailed budgeting process.
<i>Cut-off parameters</i>	The company produces a number of standard BID and CID blended products that are delivered by rail and assembled at the Fortescue Port Hedland ore stockyards from contributions from each mine-site. A linear programming approach is adopted where “ore bins” are created and the maximum tonnage of blended ore is assembled that meets the collective BID and CID product specification. Since the quality of mineralisation varies with time at each deposit and site, the cut-off grade(s) can also vary with time to achieve the required product outcome. Due to the methodology, and opportunistic blending, a fixed cut-off is not used for Ore Reserve reporting. However, Fe cut-off for each major ore type deposit can be applied to approximate the Ore Reserve outcome. The Fe grade that most closely approximates the Ore Reserve for BID deposits is 53.5% Fe in-situ while the equivalent Fe cut-off for CID deposits is 51.0% Fe in-situ.
<i>Mining factors or assumptions</i>	Both the Chichester and Solomon resource models are estimated into parent block and sub-cells and are regularised to the parent block size to simulate the expected mining selectivity, dilution and ore loss. After regularisation, the resource models are merged with Grade Control models to reflect the greatest level of information available for each deposit. The resulting models are compared with sales data over at least the prior twelve months to derive reconciliation factors (for both the Resource and GC modelled areas) that are applied to the in-situ regularised tonnage and quality attributes to create the adjusted in-situ tonnage and grade in the “Mining Model”. Ore processing facility (OPF) upgrade factors (predicted based on test-work and/or reconciled from actual OPF upgrade performance) are then applied to the adjusted in-situ data to create a “product” data set. There is no beneficiation associated with ore directed to the Firetail OPF at Solomon, so the in-situ values constitute the product data

Criteria	Commentary
	<p>set. It is this product dataset that is used as the basis for both LOM and Reserve plans and Ore Reserve reporting.</p> <p>At the Chichester's, pits are generally shallow with an average overall slope angle (including ramp access) of approximately 30 degrees. Inventory used in mine planning is constrained within designed strips and pits with dimensions based on operating history. A typical Chichester strip design is 600m x 150m with smaller strips allowed around the margin of pits to better match theoretical pit limits from pit optimisation analysis.</p> <p>Solomon pits are fully designed geometries with dimensions consistent with the scale of mining equipment employed, and geotechnical and operational considerations made.</p> <p>The LOM plan fully includes Inferred mineralisation. For the Ore Reserve plan, only Measured and Indicated resources are considered. Inferred mineralisation is treated as waste for the purposes of scheduling and reporting of the Ore Reserve, and of pit limit analysis at the Chichester's. The fully designed LOM pit geometries are used at Solomon deposits.</p>
<i>Metallurgical factors or assumptions</i>	<p>Cloudbreak (CB) and Christmas Creek (CC) mineralisation is all treated through 3 existing wet processing plants at a collective Reserve design rate of 90 Mt per annum of (wet) product. Processing consists of primary and secondary crushing and screening, and downstream beneficiation based on particle sizing and density. Low grade reject is directed to wet tailings disposal facilities. The processes are well tested and the sites have developed an operating history for both mass yield and element upgrades for typical OPF feed to supplement historical test-work.</p> <p>Specifically, CB OPF yields and upgrades are based on the average of the previous nine months operating history. This period is considered to reflect the latest steady-state operation of the plant under the current operating philosophy.</p> <p>CC1 and CC2 yields and upgrades are based on the design parameters for the plants. The last 12 months operating history demonstrates a continual and sustained trend of approaching these factors over the longer term.</p> <p>Kings OPF factors were refined this year to reflect the last 12 months operating history and additional recent testwork.</p> <p>Firetail OPF is a dry plant with 100% yield and no upgrading.</p>
<i>Environmental</i>	<p>The CB and CC mines and associated infrastructure were initially approved under the <i>Iron Ore (FMG Chichester Pty Ltd) Agreement Act 2006</i> (State Agreement) per CB Ministerial Statement 721 and CC Ministerial Statement 707 and subsequent amendments. Scope of these approvals included mine pits, ore processing facilities, tailings storage facilities, above ground landforms, rail, conveyors, camps, roads, water abstraction and injection infrastructure and other infrastructure associated with mining. Changes relative to these primary approvals are subject to assessment by both State and Commonwealth entities including the WA Environmental Protection Authority (EPA) and other State authorities and the Department of Sustainability, Environment, Water, Population and Communities (DSEWPC). Operating licences (L8199/32007/2 for CB and L8454/2010/1 for CC) and various Works Approvals issued by the WA Department of Environment and Regulation (DER) are in place for both sites.</p> <p>The Solomon project was referred to the EPA under Part IV of the Environmental Protection Act (EP Act) in July 2010 and State ministerial approval was granted in April 2011 subject to the conditions of Ministerial Statement (MS) 862. Subsequent project amendments to MS 862 addressed an increase to the railway footprint (2011) and additional bore field clearing (2013). The project was also assessed and approved by the Commonwealth Department of the Environment (DoE) under the Environmental Protection and Biodiversity and Conservation Act 1999 (EPBC Act). The Solomon project is also subject to regulation by the DER through Part V of the EP Act and Fortescue holds a number of Works Approvals and a Licence for the site. Construction of the mine(s) and associated infrastructure has been the subject of assessment and approval by way of Mining Proposals as required under Section 82A(2) of the Mining Act 1978 administered by the Department of Mines and Petroleum. Fortescue also holds a number of licences under the Rights in Water and Irrigation Act 1914 for the abstraction of groundwater.</p>

Criteria	Commentary
	<p>Future amendments to existing approvals and licences will be sought on a routine basis as more information is gathered during the course of normal mining and processing operations.</p>
<i>Infrastructure</i>	<p>All mine sites are well established with all required infrastructure and services already in place. As the centre of gravity of ore mining operations moves further away from existing OPF's, additional remote crushing and ore conveying facilities and associated infrastructure will be established on an as-needed basis to offset higher ore haulage costs.</p>
<i>Costs</i>	<p>The majority of planned capital costs to support operations are sunk. Future capital costs, including sustaining capital are subject to normal annual budget financial analysis standards.</p> <p>Operating costs are derived based on operating history and executed contract agreements, where applicable.</p> <p>Forecast metal prices and exchange rates are based on analysis of internal and external sources.</p> <p>Rail freight and port handling costs are internal costs and are forecast based on operating history. Sea freight rates are forecast based on operating history and external sources.</p> <p>OPF treatment costs are based on contract rates or operating history.</p> <p>An iron ore fines royalty of 7.5% is payable for non-beneficiated product. For that portion of OPF product that meets the beneficiation criterion the lower royalty of 5% is allowed. No private royalties are payable.</p>
<i>Revenue factors</i>	<p>The individual Cloudbreak, Christmas Creek and Firetail BID OPF products are blended at the port to create Fortescue Blend (FB) and Super Special Fines (SSF). These products are sold based on Fe content at a discount to the 62% Fe benchmark price.</p> <p>The Kings OPF treats Channel Iron Deposit (CID) plus minor detrital and bedded (DID and BID) ore to produce Kings (KCID) and Pilbara (PCID) CID products. The KCID product is sold based on Fe content at a discount to the 62% Fe benchmark price. The Fortescue PCID product is untested in the market.</p> <p>Forecast sales prices and discounts used to determine Reserves consider market prices for equivalent products, value-in-use assessment plus global industry capacity and consumption trends. The forward price profile is commercially sensitive and is not disclosed.</p>
<i>Market assessment</i>	<p>The majority of current and future FMG iron ore sales are expected to be to Chinese customers with an increasing proportion to other Asian customers. Demand in this market is driven by internal consumption, with further support expected during periods of lower prices by a slowdown in expensive local ore supply.</p> <p>Fortescue has demonstrated it can compete successfully with other suppliers and adapt products to match changing market requirements.</p>
<i>Economic</i>	<p>Economic analysis is based on discounted cash flow assessment to derive the Net Present Value (NPV) of the Reserves plan. The NPV robustness is tested by carrying out a +/-30% sensitivity analysis of the major financial drivers (price, foreign exchange rate, opex, capex and discount rate). These sensitivity analyses demonstrate that the Ore Reserves meet the required internal Fortescue investment criterion and deliver positive NPV outcomes. The details of the economic inputs are commercially sensitive and are not disclosed.</p>
<i>Social</i>	<p>The Cloudbreak and Christmas Creek project areas are within the external boundaries of the Niyiyaparli, Palyku and Wunna Niyiyaparli registered native title claims. In 2005, Fortescue entered into comprehensive Land Access Agreements (LAA) with the Niyiyaparli and Palyku traditional owners. The LAA's facilitate the certain grant of all required Fortescue tenure and related approvals. In consideration, Fortescue provides the traditional owners with: training, employment, business opportunity, and consultation on a range of project-related matters including regular on-country meetings, comprehensive Aboriginal heritage identification and management procedures, and cash compensation.</p>

Criteria	Commentary
	<p>The Wunna Nyiyaparli native title claim was registered in 2013. Its boundaries overlap a small portion of the Nyiyaparli People's native title claim and covers precisely the area described by the Roy Hill pastoral lease. While Fortescue does not intend entering into an agreement with the overlapping claim, it has secured all tenure required to access and develop the Chichester Resource and Reserve through the processes provided under the <i>Native Title Act 1993</i> (Cth) and is confident that this will continue into the future.</p> <p>The Solomon project area is within the external boundaries of the Eastern Guruma and Yindjibarndi registered native title claims. In 2009, Fortescue entered into a comprehensive Land Access Agreement (LAA) with the Eastern Guruma traditional owners. The LAA facilitates the certain grant of all required Fortescue tenure and related approvals. In consideration, Fortescue provides the Eastern Guruma People with training, employment, business opportunity, consultation on a range of project-related matters including regular on-country meetings, comprehensive Aboriginal heritage identification and management procedures, and cash compensation. Fortescue has developed an excellent working relationship with the majority of the Yindjibarndi People through their Wirlu-Murra Yindjibarndi Aboriginal Corporation (WMYAC). In partnership with the WMYAC Fortescue has delivered significant training, employment, business development opportunity to Yindjibarndi people and the highest levels of heritage protection to areas identified as being important to Yindjibarndi People. Fortescue has secured all tenure required to access and develop the Solomon Resource and Reserve through the processes provided under the <i>Native Title Act 1993</i> (Cth), and is confident that this will continue into the future.</p>
<i>Other</i>	<p>Blending of BID ores from multiple mines and assembling the blended products at the Port into saleable products is fundamental to the on-going FMG operations.</p> <p>Approvals status is addressed under the environmental section. There are reasonable grounds to assume that required Government approvals will continue to be granted within the timeframes anticipated in the mine schedules supporting the Reserve reporting.</p> <p>There are no material legal agreements or marketing agreements that are anticipated to impact on the Reserve.</p>
<i>Classification</i>	<p>Proven Ore Reserves stated are all derived from Measured mineral resources. The majority of Measured Resource and Proved Reserve is located in areas that have been infill drilled on a close-spaced 25m x 25m grade control (GC) pattern.</p> <p>Probable Ore Reserves are all derived from Indicated Mineral Resources.</p> <p>No Measured mineral resource is downgraded to a Probable Ore Reserve.</p> <p>The Competent Person agrees that the classification properly represents the risk associated with the Ore Reserve estimate.</p>
<i>Audits or reviews</i>	<p>An Ore Reserve Estimation Process Review has been carried out by external AMC Consultants in June 2015. The final report of this review has been submitted to the FMG Audit and Risk Management Committee (ARMC) for reporting to Board. The review forms part of an ongoing program of review and audit agreed with the ARMC.</p> <p>No issues were identified with the Ore Reserves Estimation process during this review.</p> <p>The internal Fortescue Ore Reserve process includes progressive multi-disciplinary technical peer review and is a sub-set of the annual LOM planning process.</p>
<i>Discussion of relative accuracy/ confidence</i>	<p>The Fortescue Chichester sites have been active for a number of years at full mining and processing rates with production data collected and reconciled against Reserve model predictions. The reconciliation data is used to measure against and, when necessary, recalibrate the mining models that the Reserves are estimated from.</p> <p>The direct reconciliation supersedes, and is superior to, any theoretical procedures that might be used to assess confidence for Reserves that have no production history.</p> <p>Initial assessment of reconciliation performance at Solomon (Firetail BID mining and processing) indicates that planned tonnage and quality outcomes are being met. CID mining and processing at the Kings deposit has just completed ramp-up to full</p>

Criteria	Commentary
	production, operating data at full production rates is limited. OPF factors for Kings have been amended to reflect most recent observations and testwork.

Competent Person's Statements

The information in this report that relates to the Fortescue Ore Reserve is based on information compiled and reviewed by Mr Martin Slavik, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Slavik is a full time employee of Fortescue Metals Group Limited. Mr Slavik has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Slavik consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Attachment 2 - Magnetite Ore Reserve and Resources Report

Iron Bridge Magnetite Mineral Resources Reporting

As at June 30th, 2015

Magnetite Mineral Resources

An updated Mineral Resource estimate has been produced for the Iron Bridge Project, incorporating the North Star, Glacier Valley and West Star deposits. This incorporates the completion of a total of 670 Reverse Circulation (RC) drill holes totalling 106,836 metres.

Drilling activity has been carried out in conjunction with the Stage 1 Mine Development, and ongoing Feasibility Studies.

The operation is a Joint Venture between FMG Iron Bridge (69%) and Formosa Steel IB (31%), and covers granted mining leases M45/1226 (North Star) and M45/1244 (Glacier Valley).

The Mineral Resource Estimate is reported in compliance with the 2012 Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves (JORC 2012). Only Mineral Resources are being reported, including material in the Measured, Indicated and Inferred Categories.

Project location

The project area is located approximately 110 km south of the town of Port Hedland in the Pilbara region of Western Australia (Figure 1), where FMG's port facility is located. The project is also located within 25km of the existing FMG rail line.

Access to the project region is via the Great Northern Highway sealed road southerly from Port Hedland, and then via well maintained gravel roads to the Project area.

Currently Stage 1 mine development is complete at North Star with target production of 1.5 Mt per annum of magnetite concentrate, targeting high grade (64%+ Fe) blast furnace grade pellet feed. This incorporates a mine, processing plant and slurry pipeline to the great northern highway, with trucking of ore to Port Hedland and export through Fortescue's Port facilities.

A Stage 2 feasibility study has been completed which expands on the production of the Stage 1 mining, increasing to 10 Mt per annum of concentrate, targeting high grade (66%+ Fe) blast furnace grade pellet feed. Expanded facilities will include larger mining operations, a larger processing plant, a slurry pipeline direct to Port Hedland, and shipping of ore through Fortescue's port facilities.

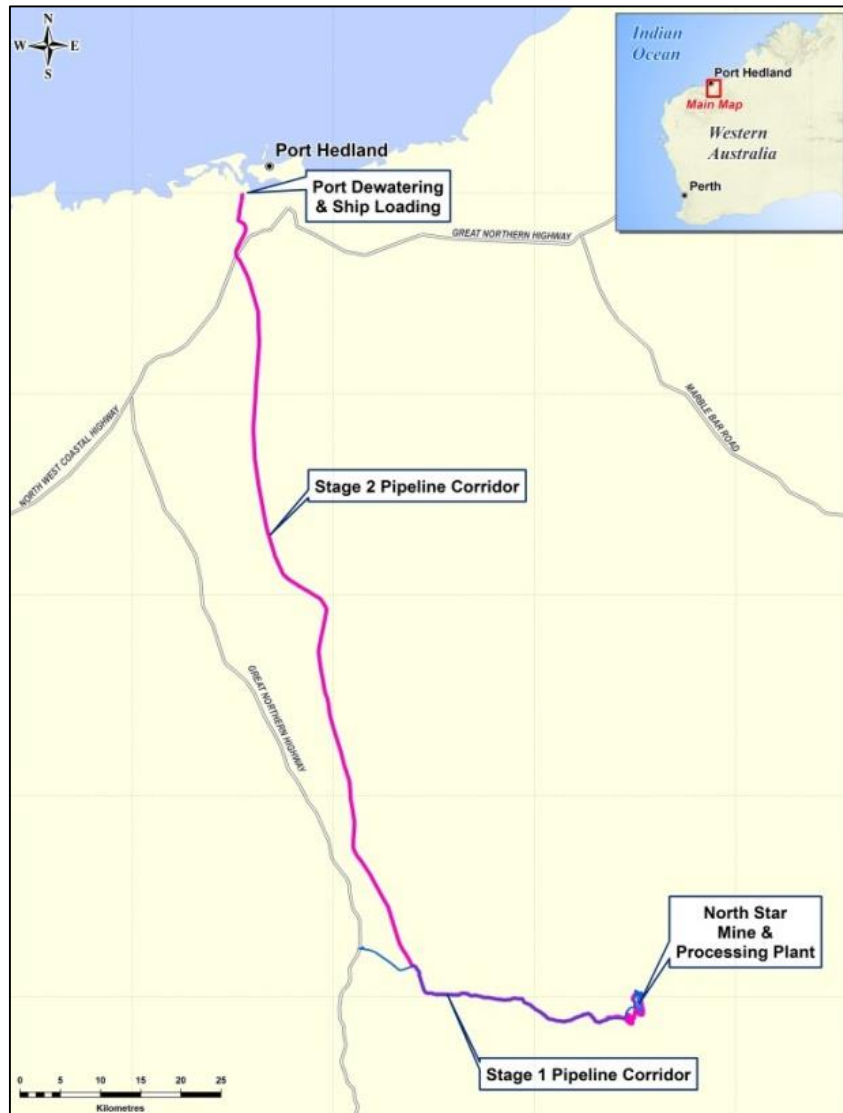


Figure 1 – Project location and projected infrastructure

Geology

The project lies within the northern part of the Pilbara Craton, which is an Archaean Granite-Greenstone Terrane (2940-3515Ma). The magnetite resources are hosted by Banded Iron Formations (BIF's) in the Pincunah Member of the Soanesville Group which forms large north-south trending arcuate strike ridges up to 1,000m wide. Drilling has established resource continuity to a depth of more than 600m over a strike length of more than 15 km. The main mineralised zone is sub-vertical, dipping at a high angle to the West.

There are three main areas of focus within the project, the central North Star deposit, Glacier Valley to the south and West Star to the west (Figure 2). The South Star deposit (further south from Glacier Valley) is an exploration target and is not incorporated in these Mineral Resources.

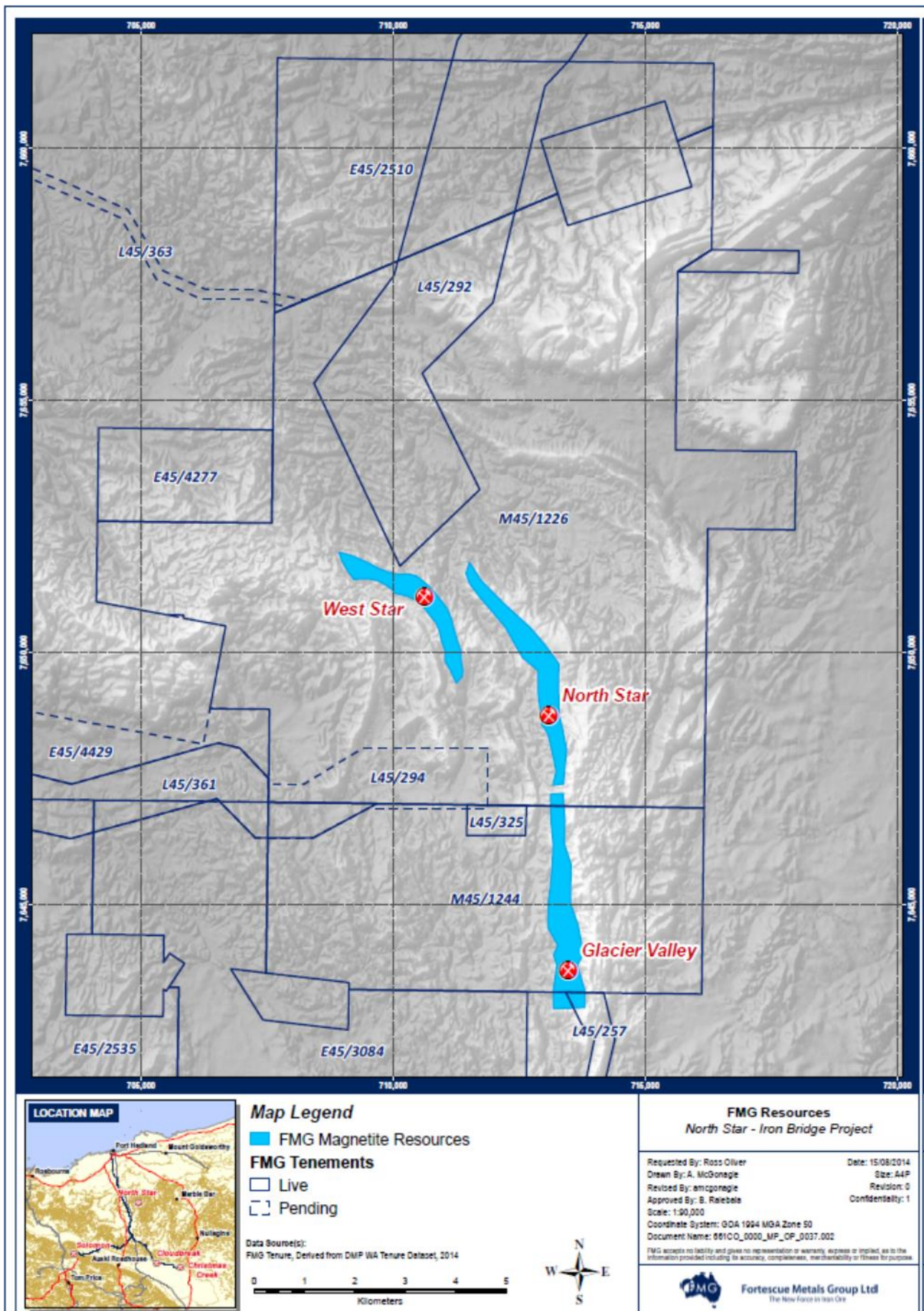


Figure 2 – Deposit location and tenements

Data used for Mineral Resource Estimation

Data used for Resource Estimation is largely derived from RC drilling, using boosted high pressure air and cone splitters to maximise sample recovery and integrity. Diamond drill holes have also been drilled to provide geological control on RC drill hole logging, as well as metallurgical and geotechnical samples.

RC drilling at North Star has been completed to a 25m x 25m pattern in the Stage 1 mining area, with 50m x 50m spacing in the main South Core domain. Other areas generally have broader 200m x 100m spacing with 400m x 100m towards the Northern extremities of the project. Drilling has confirmed the continuity of the BIF and mineralisation to depths of 450m below surface.

Drilling at Glacier Valley is spaced at 200m x 100m with the extremities at 400m x 100m, and a small area of infill at 100m x 100m. Drilling has confirmed the continuity of the BIF and mineralisation to depths of 450m below surface.

Drilling at West Star was completed with holes spaced 100 metres along lines separated 200 to 300 metres apart. Drilling has confirmed the continuity of the BIF and mineralisation to depths of over 300 m below surface.

All data is logged electronically to ensure data integrity and protection, and FMG follows stringent QAQC procedures in data handling and testing, including validation of drill hole coordinates, assay samples and lab standards, field duplicates, twin holes, and round robin laboratory audits. To date, no issues of sample bias or assay precision or accuracy have been encountered.

The Mineral Resource estimate includes all validated drill holes and available assay data that has passed QAQC checks. Stratigraphy and mineralisation domains have been produced from geological mapping and drill hole logging, and validated by geochemical data and geophysical down-hole logging data.

Deposit areas and drill spacing are shown in Figure 3.

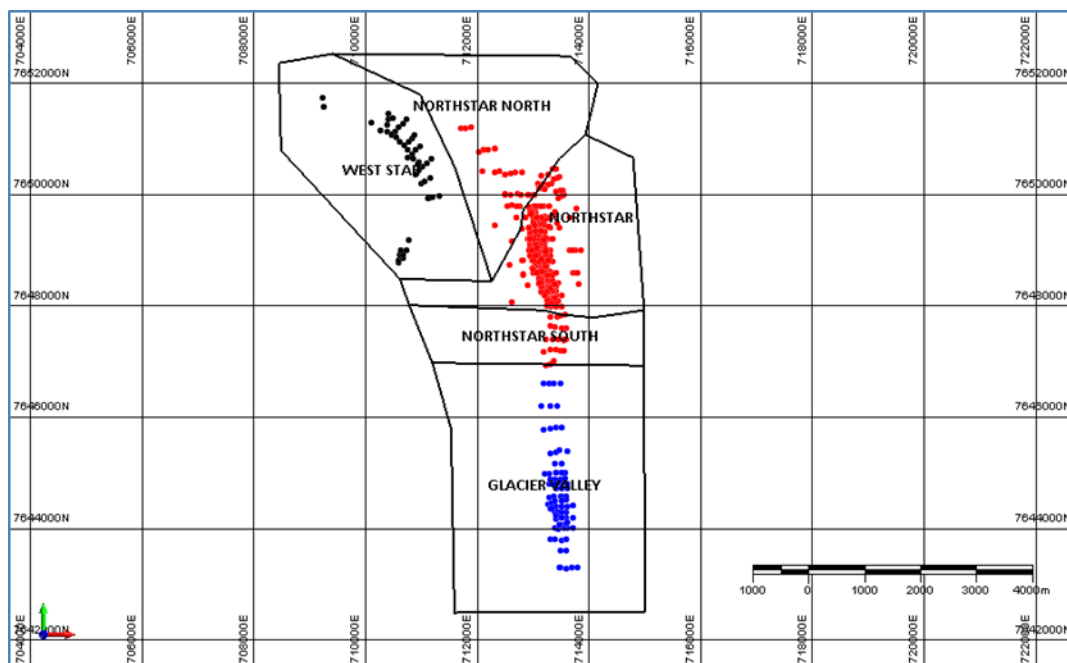


Figure 3 – Deposit areas and drilling

Mineral Resource Estimation Methodology

The primary data estimated initially is Mass Recovery, which is a combination of Davis Tube Recovery (DTR) composite data and downhole geophysical measurement of Magnetic Susceptibility (MagSus).

The geological interpretation has been used to guide the definition of mineralisation domains, which are based on an Ordinary Kriging Indicator estimate of Mass Recovery. The central part of North Star has a wide, clearly defined higher grade core of magnetite mineralisation, with multiple, less continuous lenses in the footwall and hangingwall. Areas to the north and south, plus Glacier Valley and West Star, tend to have a less well-developed core, but several quite continuous magnetite zones.

Logging of weathering and geochemistry have been used in combination to define a sub-horizontal Oxide domain, with Fresh material below.

Only data in each mineralised domain is used to estimate that domain. Search ellipse orientations are based on a combination of variography and drill spacing. An unfolding methodology based on the geological interpretation was used to account for variations in dip and strike.

Search ellipse dimensions varied depending on drill hole spacing and were also related to anisotropy observed in the variography.

A multiple search pass strategy was adopted, whereby the search was expanded if a first search failed to find enough samples to estimate blocks. In the first search pass, a minimum of eight composites and two drill holes was required to estimate a block, with relaxed parameters in the expanded second search.

The standard suite of iron ore XRF analyses has also been estimated as both in-situ head grades and recovered concentrate grades.

Parent block size varied depending on drill hole spacing.

Oxide domain (25m x25m spacing): 10m x 12.5m x 3m blocks (East, North, RL).

Measured and Indicated (Fresh) domains: 10m x 25m x 12m.

Inferred (Fresh) domains: 20m x 50m x 12m.

Tonnage estimates are based on dry bulk density values derived from physical measurements and down hole geophysical survey data.

A range of criteria has been considered in determining this classification including geological continuity, data quality, drill hole spacing and estimation properties such as number of informing data and kriging variance. Measured resources are based on close spaced drilling and no extrapolation. Indicated resources use limited extrapolation and are confined to areas with 200m x 100m drill spacing or better. Inferred resources are based on wider drill spacing and/or areas extrapolated at depth.

Typical section of lithology which drives Mass Recovery in the resource model is illustrated in Figure 4.

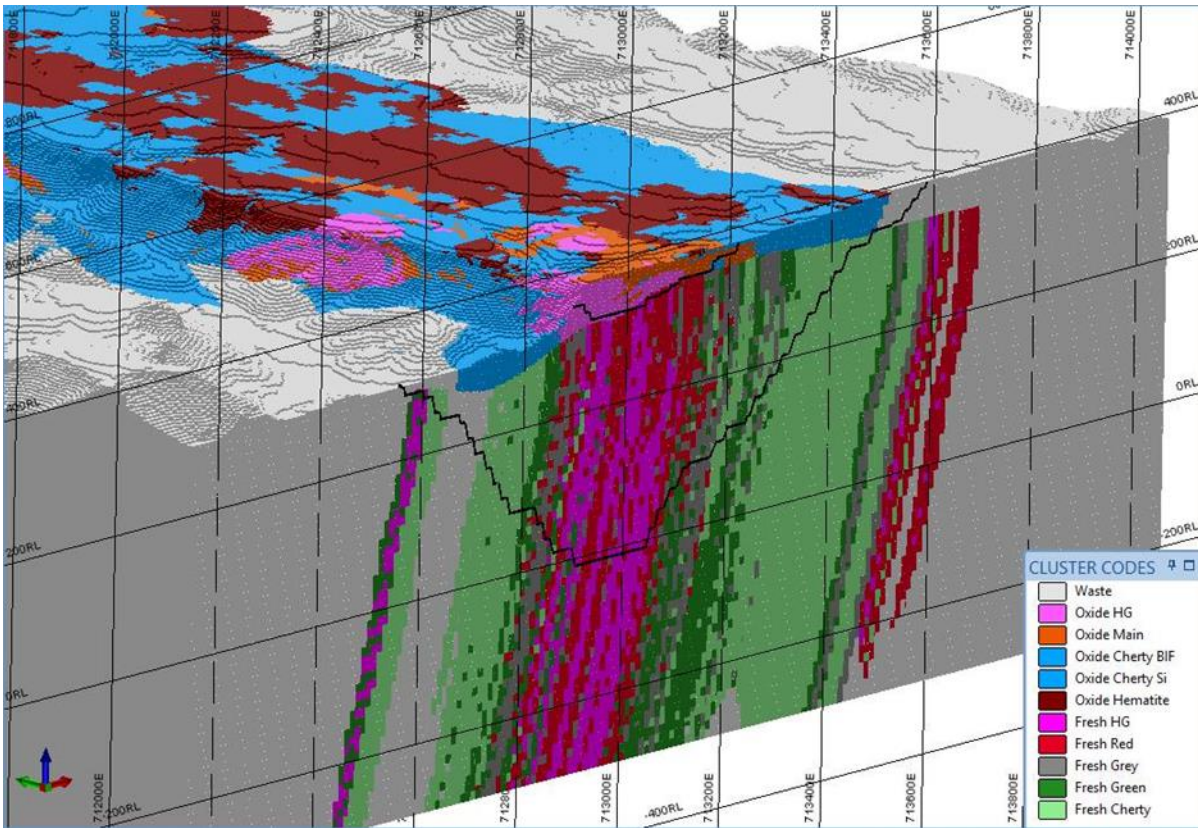


Figure 4 –Example North Star cross section showing lithology types and feasibility pit designs

Magnetite Mineral Resource Statement

Drilling and re-estimation of the North Star deposit in 2015 has confirmed the tonnage of higher confidence Measured and Indicated Mineral Resource, which can potentially be converted to an Ore Reserve. Mineralisation peripheral to the centrally drilled area is classified as Inferred.

The Glacier Valley estimate was also updated in 2015 using additional drilling data. This has confirmed a central area classified as an Indicated Mineral Resource. Peripheral Mineralisation is classified as Inferred.

Infill drilling upon the West Star deposit has allowed improved confidence in mineralization continuity. This resource has now been estimated as an Inferred Mineral Resource.

All Mineral Resource estimations utilize a 9% Mass Recovery cut off.

Table 1 – Magnetite Mineral Resources of the North Star, Glacier Valley and West Star deposits as at June 2015

Magnetite Mineral Resources					
- as of 30 June 2015					
Category	In-situ Tonnes (mt)	DTR Mass Recovery %	In-situ Iron Fe%	In-situ Silica SiO2%	In-situ Alumina Al2O3%
North Star (60.72% Fortescue)					
Measured	77	28.5	32.4	39.45	1.90
Indicated	708	26.6	31.7	39.85	2.02
Inferred	1,877	23.6	30.5	40.97	2.52
Total	2,663	24.5	30.9	40.63	2.37
Glacier Valley (60.72% Fortescue)					
Measured	-	-	-	-	-
Indicated	343	24.3	32.6	39.10	1.72
Inferred	2,238	21.5	32.2	39.26	1.78
Total	2,581	21.9	32.2	39.24	1.77
West Star (60.72% Fortescue)					
Measured	-	-	-	-	-
Indicated	-	-	-	-	-
Inferred	261	21.7	28.3	43.35	3.40
Total	261	21.7	28.3	43.35	3.40
Total Magnetite Mineral Resource					
Measured	77	28.5	32.4	39.45	1.90
Indicated	1,051	25.9	32.0	39.61	1.92
Inferred	4,376	22.4	31.2	40.23	2.19
Total	5,504	23.2	31.4	40.10	2.14
a) Magnetite Mineral Resource estimates, including the North Star, Glacier Valley and West Star deposits, are reported according to JORC 2012 standards					
b) All reporting is based on Mass Recovery expressed as a 9% Davis Tube Recovery (DTR) cut-off.					
c) All Mineral Resources are reported on a dry-tonnage basis					
d) See Ore Reserves for product grades representing processing plant performance					

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	Commentary
Sampling techniques	<p>Combined data from the North Star, Glacier Valley and West Star deposits utilised 670 Reverse Circulation (RC) drill holes (106,836 m), producing 53,129 drill chip samples, have been analysed, taken at 2m intervals down the drill hole, and this sampling was from top to bottom of the drill hole. Sample weights of 3-5kg were sent to the laboratories for standard Fe suite analysis.</p> <p>Laboratories used for this work have been Ultra Trace and Bureau Veritas. Diamond core drill holes have not been systematically assayed, instead being subject to bulk sample metallurgical test work.</p> <p>17,664 DTR assay samples made from 2m and 4m composites of the 2m RC chip samples in the magnetite mineralization zones have been used in the model. DTR (Davis Tube Recovery) analysis was carried out using the Povey method, with grinding to a nominal -53 micron grind size with p80 of 35 microns, and concentrates and tails were assayed by XRF to establish elemental abundances and metal concentrations.</p> <p>DTR assay work was conducted at Spectrolab in Geraldton, and Bureau Veritas in Perth (approximately 70% of samples).</p> <p>The 2m RC samples were dried and crushed to 3.35mm and sub-sampled with one 150g sub-sample used for standard XRF sample on the 2m interval, and a second 150g sub-sample taken and composited with an adjacent sample for DTR analysis and controlled Povey method pulsed pulverising to a nominal p100 of 53 microns for DTR and sizing analysis.</p> <p>Rig duplicates and Industry lab standards were included in each sample submission for checking lab and rig sampling QAQC. Results for standards and duplicates are analysed using Acquire software and proprietary statistical software programs, for precision and accuracy checks of laboratory processes and possible sampling bias.</p> <p>Samples outside of acceptable tolerances are rejected, and rig duplicates which are highly variable are re-assayed and where the variability is unacceptable the entire batch may be rejected.</p> <p>A number of metallurgical samples were taken from DD core for analysis of rock properties and comminution characteristics.</p>
Drilling techniques	<p>RC drilling was carried out using Schramm T685W drill rigs with boosted high pressure air capacity to maximize sample quality and recovery. McKay Drilling Pty Ltd have been contracted to carry out the RC Drilling. The drill hole diameter is approximately 140mm, and uses standard facing sampling hammer. Holes were drilled according to target and were drilled with azimuth 090 or 270, and dip -60, and for shallower infill pit drilling vertical holes were drilled.</p> <p>PQ3 Diamond drilling (DD) was also carried out for metallurgical sampling and geotechnical investigation and Core Drilling Services have been used for diamond drilling work using a UDR 200 rig.</p> <p>These drill holes were orientated according to target and all core was drilled with some degree of dip and has been orientated by site geologists and geologically logged and structurally/geotechnically logged prior to being used for metallurgical test work.</p>
Drill sample recovery	<p>RC sampling is monitored by rig geologists at all times, and sample logging includes an estimate of chip percentage as a measure of sample return and quality, and the amount of sample recovered for each 2m of drilling is also assessed for significant variations in sample quantity.</p> <p>Any large fluctuations in sample quantity is discussed with the drillers and continuously monitored.</p> <p>Rig duplicates are used to assess any sample bias which may results from rig sampling methods. Results of duplicate assays show some variation in elemental abundance between primary and duplicate samples, but the variability is random and cannot be attributed to rig sampling methods.</p> <p>Samples with high variance are rejected from the database if the variance is limited to a minor number of elements, and the entire batch maybe rejected if the rig duplicate results are outside of acceptable limits. Where this occurs the lab is requested to re-analyse the samples.</p> <p>RC drilling is carried out with the use of boosted high pressure air to maximise sample quality and quantity.</p>

Criteria	Commentary
	<p>Analysis of sample duplicates shows that sample size is not a factor in assay quality. Diamond core is logged by geologists and the recovery of core recorded.</p>
<p>Logging</p>	<p>Trained geologists with experience in iron ore and magnetite mineralisation have been employed to perform the geological logging of RC chip samples. Geological logs are recorded for each 2m sample interval.</p> <p>Logging is both quantitative and qualitative with measurement of mineral and lithological abundances, as well as recording physical properties of grain size and shape, recovery, moisture level, and some general properties derived from rig performance (hard slow drilling, easy drilling, difficult sampling due to clay etc).</p>
<p>Sub-sampling techniques and sample preparation</p>	<p>Diamond core is not used for systematic sample assay, but is used for metallurgical test work including DTR and ore processing test work, as well as comminution and rock property characterization.</p> <p>RC sampling is carried out using cone splitters on the rig. Two samples are taken for each 2m of drilling, one is dedicated to assay work and one is reserved if required for QAQC or additional test work.</p> <p>Sample size is monitored by rig geologists for inconsistency, as is cyclone cleaning and sampling by drill crews.</p> <p>Samples collected from the cone splitter are equivalent to approximately 6-7% of the total sample for each 2m interval. Cone splitters are the preferred rig sampling splitter and provide a good quality sample in both dry and wet. Drilling is generally dry with very little ground water encountered, and only sufficient water for dust suppression is injected in drilling.</p>
<p>Quality of assay data and laboratory tests</p>	<p>All RC samples were assayed at either Ultra Trace or Bureau Veritas (with Ultra Trace doing the actual XRF analysis), and these are NATA accredited laboratories. Fortescue carries out blind audits of all laboratories for comparison of assay results, and Ultra Trace has demonstrated acceptable results in these tests.</p> <p>Both a standard and extended Fe suite has been used, with the extended suite used in post 2012 sample assays.</p> <p>The following elements have been assayed and are recorded within the block model: Fe, SiO₂, Al₂O₃, P, MnO/Mn, MgO, CaO, TiO₂, Na₂O, S, K₂O, As, Ba, Cl, Co, Cr, Cu, Ni, Pb, Sn, Sr, V, Zn, Zr, FeO, Satmagan/magnasat (Fe₃O₄), and three LOI's at 371°C, 650°C, and 1000°C, plus total LOI.</p> <p>DTR concentrate and tails samples collected from Davis Tube process, and then assayed using XRF, and reported analyses include all of the above listed elements for each of concentrate grades and tailings grades.</p> <p>Concentrate grades are not available from low grade areas where there is insufficient sample recovered during the DTR for XRF analysis. Additional data reported for DTR assays includes, concentrate grade (weight%) tails grade (weight%), sizing analyses, p100 weights for each pass of pulverizing, as well as the overall p80 sizing</p> <p>Rig duplicates are taken every 30 samples, and a laboratory standard or FMG coarse reference standard is included for each sample batch (approximately 1 per 100 samples). FMG CRM standards have not been used in the assay work in 2014 due to lack of suitable standard material. A replacement standard is being prepared.</p> <p>Each laboratory also carries out internal checks and sample assays, including the use of standards. Results for these standards and duplicates are statistically validated as part of the QAQC of. assay results.</p> <p>Early drilling at both North Star and Glacier Valley not did have systematic DTR sampling composites analysed. A measure of DTR recovery or mass recovery is calculated for these intervals based on magnetic susceptibility measurements and satmagan assay values, to infill where DTR assay data is not available.</p> <p>The DTR MagSus relationship has been updated with additional data as part of the 2015 Mineral Resource Estimate.</p>
<p>Verification of sampling and assaying</p>	<p>Drill logging is validated against assay data and geophysical signals to verify intersections and interpretations by site geologists. Senior geologists then review the intersections and drilling in cross-section and 3D to verify targets and drilling effectiveness.</p> <p>DD holes are used as twin holes across the mineralisation to verify geological logging, and provide samples for petrographic and XRD work for mineral identification, and mineralisation characteristics.</p> <p>Data is logged into Toughbooks on the rig then directly loaded into an Acquire database to avoid transcription error.</p>

Criteria	Commentary
	There is no adjustment to assay data.
Location of data points	Down Under Surveys (DUS) were commissioned to pick up all drill collars to DGPS accuracy of 3cm Easting and Northing, and 5cm in elevation. Coordinates are given in Map Grid Australia format (GDA94) and heights are given in Australian Height Datum. The area lies within UTM Zone 50. Drill holes with a down hole gyro survey using gyro-smart tools has been carried out by DUS and Pilbara Wireline Services, to verify dip and azimuth of drilled holes.
Data spacing and distribution	Drill hole spacing for the Mineral Resource Estimate varies from 35m x 35m in the Stage 1 mining area of North Star, to 50m x 50m in the remainder of the central part of North Star. In the north of North Star drill spacing is 200m x 100m to 400m x 50m. In the south of North Star drill spacing is 200m x 100m. In Glacier Valley, drill; spacing varies from 50m x 50m in a limited area to typically 200m x 100m, with some areas of 400m x 100m. In West Star, drill spacing are nominally 100 m spaced holes along lines separated 200 to 300 metres apart. The Mineral Resource Estimate includes material in the Measured, Indicated and Inferred categories and the classification is considered to reflect the confidence in the continuity of geology and mineralisation. 2m drill hole samples have been composited to 4m for DTR analysis.
Orientation of data in relation to geological structure	The structure of the mineralisation is sub-vertical with an overall dip to the west of 70-80° and drill holes have been drilled at angles (-60°) which allow transection through the strata even at low angles to reduce the risk of bias. Check drilling in opposite directions is carried out to ensure there is a comparison of cross strata variability to assess any potential sampling bias. Analyses of drill core structures is also carried out to assess the attitude of the geological units to guard against significant down hole sample bias.
Sample security	Sampling and sample security is in accordance with FMG standard procedures. Samples are delivered from site to Linfox distribution Centre for dispatch to the assay laboratory, and samples are tracked during this process. Sample tracking is based on sample ID and this is monitored from drill site to laboratory via the Acquire database. Upon receipt of a sample dispatch at the laboratory, a sample quality check and inventory check is carried out and any missing or damaged samples is communicated and this is then investigated and reconciled prior to sample processing.
Audits or reviews	No external sampling audit has been carried out for this work on this Project.

Section 2 Reporting of Exploration Results

Criteria	Commentary
Mineral tenement and land tenure status	The North Star and West Star Resources are contained within granted Mining Lease M45/1226, The Glacier Valley resources are contained within granted Mining Lease M45/1244 Both tenements are held in held in Joint Venture between FMG Iron Bridge (69%) and Formosa Steel Iron Bridge (31%)
Exploration done by other parties	There is no material data from other parties used in this resource estimation.
Geology	Predominantly the mineralisation lies within the Pincunah Member, which is part of the Soanesville Group, which is part of the Pilbara Super Group in the East Pilbara Terrane. Regionally the rock sequence is dominated by mafic to andesitic volcanics and volcanoclastics, BIF's and terrigenous clastic sequences intruded by Archaean granitoids. In the project area the rocks have been tightly folded, having a general strike of north-south with a steep sub-vertical dip. The main zones of mineralisation at North Star, West Star and Glacier Valley is the Pincunah Member, which is comprised of sedimentary BIF with magnetite mineralisation, and which dips steeply to the west overall at approximately 70-80°. The lithologies of the BIF sequences show a significant siderite and stilpnomelane component, along with the chert and magnetite bands. No asbestiform minerals have been detected.
Drill hole Information	Exploration results are not being reported. Drill hole collar location information is provided in the Mineral Resource Estimation summary.

Criteria	Commentary
Data aggregation methods	Exploration results are not being reported. Compositing and other data aggregation methods are contained in the Mineral Resource Estimation summary.
Relationship between mineralisation widths and intercept lengths	Exploration results are not being reported. Use of intersection data is discussed in Section 3.
Diagrams	Exploration results are not being reported.
Balanced reporting	Exploration results are not being reported.
Other substantive exploration data	Exploration results are not being reported. All additional mapping, sampling and geophysical investigations relevant to the Mineral Resource Estimate are described in Section 3.
Further work	Drilling and metallurgical test work is continuing as part of ongoing feasibility programs. Mineralisation in the area of the Resource Estimate is well outlined, and covered by drilling, however there is potential for further resources to be reported in adjacent areas.

Section 3 Estimation and Reporting of Mineral Resources

Criteria	Commentary
Database integrity	<p>RC drilling data is recorded on Toughbooks with project specific logging templates which capture the data in an AcQuire database.</p> <p>Validation of logging is carried out by programs within the AcQuire database, and a database administrator is employed to ensure that data is managed properly.</p> <p>Validation of logging in relation to cross sections and assays is carried out when all data has been received, and adjustments/corrections are made when required.</p> <p>Assay data is checked for QAQC within the AcQuire database to ensure that rig duplicates and lab standards are within acceptable certification tolerances. Anomalous assay results are also visually checked against geological sections.</p> <p>Downhole geophysical data is calibrated against dedicated calibration holes with reporting of calibration results on a weekly basis.</p> <p>Drill hole data is imported into Micromine 2014 (V15.0) mining software for further validation, including:</p> <ul style="list-style-type: none"> Checks for duplicate collars. Checks for missing samples. Checks for down hole from-to interval consistency. Checks for overlapping samples. Checks for samples beyond hole depth. Checks for missing assays. Checks for down-hole information beyond hole depth. Checks for missing down-hole information. Checks for missing or erroneous collar survey.
Site visits	<p>The Competent Person has conducted a site visit, which included a review of the overall site and outcrops.</p> <p>RC and DD hole locations were visited and drilling activities viewed.</p> <p>Diamond core logging was reviewed on site and found to be competent.</p> <p>RC cuttings were viewed on the ground and found to be consistent with assaying and logging.</p> <p>The Competent Person has confirmed that all geological, logging work etc is carried out to a standard that will ensure the appropriate level of confidence in the resulting data and Mineral Resource Estimate.</p>
Geological interpretation	<p>The geological interpretation has been developed over several years, and this model has been independently evaluated, and the geological interpretation has been shown to be robust and consistent between all models.</p> <p>An Indicator Modelling method has been applied to provide an alternative domain definition, particularly in the hangingwall and footwall zones, which are difficult to interpret manually.</p> <p>The DTR composite data has been used to define indicators (Zero/one values) at a grade threshold of 5% DTR, to represent the broad magnetite mineralisation envelope, and 20% DTR to represent the core, or higher grade material.</p>

Criteria	Commentary
	<p>This methodology has confirmed and agrees with existing geological models of geology and mineralisation, both in area where a clear magnetite core occurs and in areas of thinner bands of alternating mineralised and unmineralised material.</p> <p>Logging of weathering and geochemistry have been used to define sub-horizontal Oxide domain, with Fresh material below.</p>
Dimensions	<p>North Star comprises three distinct mineralisation style areas, North, Central and South, which are separated by assumed fault zones.</p> <p>The Northern part of North Star extends approximately 2.4 km in strike length, 200m to 400m across strike and has been modelled to a vertical depth of approximately 600m.</p> <p>The Central part of North Star extends approximately 1.9 km in strike length, 400m across strike and has been modelled to a vertical depth of approximately 600m.</p> <p>The Southern part of North Star extends approximately 1 km in strike length, 200m across strike and has been modelled to a vertical depth of approximately 600m.</p> <p>Glacier Valley extends approximately 3.4 km in strike length, 200m to 300m across strike and has been modelled to a vertical depth of approximately 600m.</p> <p>West Star is approximately 3.5 km in strike length overall, of which 1.8 km strike length has been modelled. The mineralisation is typically 150m to 200m across strike and has been limited to a depth extent of approximately 200m.</p>
Estimation and modelling techniques	<p>DTR is sampled on a 4m composite basis. Assay data has been composited to 4m.</p> <p>Initial statistical analysis was carried out on a range DTR Indicators to provide geostatistical parameters for DTR Indicator domain modelling.</p> <p>Composite data was flagged with these domains and further statistical analysis was carried out to confirm the validity of these domains.</p> <p>Geostatistical analysis was carried out on a domain basis, and generally produced robust variograms with a low nugget effect and long ranges along strike. Short ranges were generally observed across the mineralised structures. Down dip variograms were less robust largely due to vertical and high-angle drilling and the sub-vertical nature of the mineralisation.</p> <p>Variograms were in all cases sufficient to define kriging parameters for the Ordinary Kriging process used in generation of the block model.</p> <p>Search ellipse orientations for the estimation are based on a combination of variography and drill spacing. An unfolding methodology based on the geological interpretation was used to account for variations in dip and strike.</p> <p>Search ellipse dimensions varied depending on drill hole spacing were related to anisotropy observed in the variography.</p> <p>A multiple search pass strategy was adopted, whereby the search was expanded if a first search failed to find enough samples to estimate blocks. In the first search pass, a minimum of eight composites and two drill holes was required to estimate a block, with relaxed parameters in the expanded second search.</p> <p>Only data in each mineralised indicator domain was used to estimate that domain.</p> <p>Analysis of the correlation of DTR with Magnetic Susceptibility (MagSus) data was carried out to develop a linear regression to convert MagSus to a DTR equivalent where no DTR data is available.</p> <p>No top cuts were applied.</p> <p>No assumptions were made about modelling of selective mining units.</p> <p>Mass Recovery (a combination of DTR and regressed MagSus) is the primary variable estimated within the domains defined by the DTR Indicator.</p> <p>The standard suite of iron ore XRF analyses has also been estimated as in-situ head grades.</p> <p>In addition, the DTR composite data set has been used to estimate recovered concentrate grades for the same suite of analyses.</p> <p>Parent block size varied depending on drill hole spacing.</p> <p>Oxide domain 35m x 35m spacing : 10m x 12.5m x 3m blocks (East, North, RL)</p> <p>Measured and Indicated (Fresh) domains: 10m x 25m x 12m</p> <p>Inferred (Fresh) domains: 20m x 50m x 12m</p> <p>Modelling results have been compared to the previously published (2012) resource estimates and have produced lower tonnages but higher DTR grades. This is due to the exclusion of poorly-informed low grade material in the hangingwall and footwall and to improved variography resulting in smaller searches and less grade smoothing.</p> <p>Validation of the final resource has been carried out in a number of ways, including:</p>

Criteria	Commentary
	<p>Drill Hole Section Comparison Comparison by Mineralisation Zone Swathe Plot Validation Model versus Declustered Composites by Domain</p> <p>All modes of validation have produced acceptable results. As there has been no mining of ore material to date, no reconciliation data is available.</p>
Moisture	Tonnages are estimated on a dry basis.
Cut-off parameters	The DTR cutoff grade used for Mineral Resource Reporting (currently 9% DTR) was determined by Whittle optimisation of the previous Resource Model, based on the V3 Feasibility study.
Mining factors or assumptions	<p>Mining will be by conventional open pit methods. Mining dilution and ore loss are not included in the Mineral Resource Estimate. The cost estimation for economic evaluation of the mineralisation has been carried out in detail by industry experts and modelled during V3 Feasibility Studies. Independent assessment has been carried out by several joint venture partner organisations. Parameters and costs are also derived from FMG operational data and costs from existing operations within the Pilbara Region.</p>
Metallurgical factors or assumptions	<p>Metallurgical test work and variability sampling for grade recovery and comminution work has been carried out at several different laboratories as well as independently by Joint Venture partners and product manufacturers and suppliers. Industry standard DTR sampling has been used as the basis for the Mineral Resource Estimate. Where DTR is not available, a regression based on DTR versus Magnetic Susceptibility has been used. Recovered concentrate grades have been estimated based on DTR results. Additional metallurgical test-work is planned to further define metallurgical parameters.</p>
Environmental factors or assumptions	<p>Approval for Stage 1 Mining of the North Star deposit has been granted. DMP have approved processing of the magnetite ores on site at North Star for an initial Stage 1 Mining operation, 10Mt per annum operation for dry mining and processing. Application has been made for wet processing, and is expected to be approved in the near future. Primary approvals for Iron Bridge North Star Magnetite project (also known as stage 2) are complete. This includes EPA part IV assessment, with approval given from both State and Federal governments. Secondary approvals will be granted before stage 2 mining progresses. These include detailed mining proposals, mine closure plan, works approvals, water extraction, port approvals, dangerous goods, aboriginal heritage and local government.</p>
Bulk density	<p>The bulk density is determined from physical measurements using in-situ bulk density determination methods, and correlation to down hole geophysical survey data. Downhole geophysical density measurements are calibrated to caliper measurements of hole diameter to ensure the impact of cavities and other hole irregularities on the calculated density measurement are taken into account. Bulk densities used in the Mineral Resource Estimate are considered to be dry, and are:</p> <p>Oxide 3.00 t/m³. Fresh Main Core Mineralisation 3.40 t/m³. Fresh Footwall Mineralisation 3.20 t/m³. Fresh Hangingwall Mineralisation 3.10 t/m³.</p>
Classification	<p>The Mineral Resource has been classified in the Measured, Indicated and Inferred categories, in accordance with the 2012 Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code). A range of criteria has been considered in determining this classification including:</p> <p>Geological continuity. Data quality. Drill hole spacing. Modelling techniques. Estimation properties including search strategy, number of informing data, average distance of data from blocks and kriging output from the interpolation.</p> <p>Measured Resources have no extrapolation and are in areas with a maximum of 50m by 50m drill spacing.</p>

Criteria	Commentary
	<p>Indicated Resources have a limited amount of extrapolation, based on geostatistical and geological continuity as observed in the data, and generally have a maximum drill spacing of 100m x 200m.</p> <p>The limit of extrapolation of the Inferred classification in the more widely spaced areas of the deposits has been determined after review of continuity in closer spaced drilled areas and areas with deep drilling.</p> <p>The Mineral Resource Classification reflects the views of the Competent Person.</p>
Audits or reviews	No independent audits or reviews have been carried out.
Discussion of relative accuracy/confidence	<p>Calculated accuracy and confidence in the Mineral Resource Estimate are not explicitly stated. However, relative accuracy is reflected in the resource classification, based on relative kriging variance output from the estimation algorithms.</p> <p>A subjective qualitative risk analysis assessment has also been carried out, with the overall risk level varying from Low to High according to the resource classification. Overall the risk is considered to be Moderate.</p> <p>The Measured and Indicated components of the Mineral Resource Estimate are considered to represent a local estimate as there is reasonable confidence in the location of mineralisation and waste domains.</p> <p>Inferred components of the Mineral Resource Estimate are considered to be global in that there is less certainty, particularly at depth, of the precise nature and location of the mineralisation.</p> <p>No production data is yet available for comparison.</p>

Competent Person Statement - Resources

The detail in this report that relates to Mineral Resources is based on information compiled by Mr Lynn Widenbar, an independent consultant.

Mr Widenbar is a Member of the Australasian Institute of Mining and Metallurgy. He has sufficient experience relevant to the type of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code.

Mr Widenbar has consented to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Iron Bridge Magnetite Ore Reserves Reporting

As at June 30th, 2015

Magnetite Ore Reserves

Iron Bridge Ore Reserves are based on the onsite processing of fresh magnetite mineralized material into a saleable concentrate product that is pumped by slurry pipe to port.

The following supporting data addresses the Ore Reserve generation process used for the North Star deposit. The surrounding deposits of Glacier Valley and West Star have not been considered for this estimation.

Mining Model

The in-situ deposit Resource model is the basis for the mining model used for Ore Reserve reporting.

Regularisation is used to incorporate mining losses and dilution into the in-situ Resource model and create a mining model that simulates the concentrate product. Grades and other block attributes are regularised into 10 m x 25 m x 12 m blocks to simulate a selective mining block (SMU). The regularisation process employed combines sub-cells used to define boundaries into a regular model.

Scheduling Inventory

Pit optimisation software is used to determine the pit geometry that provides the highest value for a deposit considering parameters such as slope angles, mining, processing and selling costs, cut-off grades (mass recovery), product prices and plant recoveries.

A combination of incremental value, physical operating constraints and strip ratios is then used to identify the geometry of mining cutbacks inside the final pit.

Mine Scheduling

Mine scheduling aims to maximise value and maintain targeted ore quality. In general terms this equates to deferring higher strip ratio, higher cost mineralisation until later in the collective scheduled mine life.

Concentrate produced at North Star is pumped to port through a slurry pipeline.

A commercial linear programming software package is used to model the mining sequence, the ore processing facility (OPF) and different ore feeds to maximise NPV for the nominated parameters and constraints. Major constraints include the nominated concentrate product tonnage and grade specifications, matched to the logistics capacity of the slurry pipeline and port. The material selection to satisfy processing requirements was based on a cut-off grade (mass recovery) ore definition, derived from mining, processing and selling costs.

Pre-defined grade bins by rock type, mass recovery and resource classification has been created to track weathering and mass recovery by grade-based blending. This simplifies the scheduling and allows selective stockpiling and reclaiming of targeted quality material at different periods throughout a mine's life to meet shorter term blending requirements. Since mineralisation distributions and presentation will vary with time, so too may the shorter term effective ore cut-off grade. The Ore Reserve cut-off can be approximated by a mass recovery cut-off that closely reproduces that portion of the scheduling inventory that is converted into specification product over the life of the Ore Reserve schedule.

Financial Analysis

The scheduling programme includes revenue and cost information to maximise NPV. The schedule software assesses the value generated by each block to determine whether the block is fed directly to the plant, stockpiled or treated as waste. Further financial analysis to determine more realistic absolute financial indicators and sensitivity analysis is performed separately using the tonnes and grades extracted from the schedule.

Table 2 - Magnetite Ore Reserves of the North Star deposit as at June 2015

Magnetite Ore Reserves						
- as of 30 June 2015						
Category	In-situ Tonnes	DTR Mass Recovery	Product Iron	Product Silica	Product Alumina	
	(mt)	%	Fe%	SiO₂%	Al₂O₃%	
North Star (60.72% Fortescue)						
Proved	-	-	-	-	-	-
Probable	705	27.2	67.2	5.52	0.25	
Total	705	27.2	67.2	5.52	0.25	
Glacier Valley (60.72% Fortescue)						
Proved	-	-	-	-	-	-
Probable	-	-	-	-	-	-
Total	-	-	-	-	-	-
West Star (60.72% Fortescue)						
Proved	-	-	-	-	-	-
Probable	-	-	-	-	-	-
Total	-	-	-	-	-	-
Total Magnetite Ore Reserves						
Proved	-	-	-	-	-	-
Probable	705	27.2	67.2	5.52	0.25	
Total	705	27.2	67.2	5.52	0.25	
a) Magnetite Ore Reserves are a result of a mining study only upon the North Star deposit. Utilising 705 Mt of Measured plus Indicated Mineral Resources within a defined optimal pit design						
b) All reporting is based on Mass Recovery expressed as a 9% Davis Tube Recovery (DTR) cut-off.						
c) All Ore Reserves are reported on a dry-tonnage basis						

JORC Code, 2012 Edition – Table 1

Section 4 Estimation and Reporting of Ore Reserves

Criteria	Commentary
Mineral Resource estimate for conversion to Ore Reserves	<p>The Mineral Resource model for the Iron Bridge Project was developed by Widenbar Associates and audited by the FMG internal Resource Definition team.</p> <p>Mineral Resources are reported inclusive of Ore Reserves (24 February 2015).</p>
Site visits	<p>A site visit by the competent person was held during August 2014 during which time the Stage 1 plant was under construction and mining had commenced on the Stage 1 pit. Diamond core was viewed.</p>
Study status	<p>A pre-feasibility study has been completed in April 2015.</p>
Cut-off parameters	<p>The processing costs and recoveries were supplied by FMGL. Mining costs were based on cost modelling completed by Golder for earlier studies. Cut-off grades used in the study are:</p> <p>Stage 1 Plant Fresh – 9% Mass Recovery</p> <p>Stage 2 Plant Fresh – 9% Mass Recovery</p> <p>Calculated cut-off grades are marginally lower.</p>
Mining factors or assumptions	<p>The Resource model was generated in February 2015 and regularised to 10 m x 25 m x 12 m. No further regularisation has been carried out.</p> <p>The ore bodies planned to be mined in this study are bulk deposits and while some ore loss and dilution may occur along the edges, this edge dilution is not considered significant and has been accounted for in the regularisation process. No additional dilution has been included.</p> <p>The Ore Reserves are reported within a pit design which is based on open pit optimisation. The optimisation was carried out including Measured and Indicated Mineral Resource categories.</p> <p>The mining recovery factor used was 100%. This is accounted for in the regularisation process.</p> <p>The optimisation used a Platts price of US\$112 per dry metric tonne of iron ore concentrate @ 62% Fe.</p> <p>The geotechnical parameters used in pit design are based on a Feasibility Study developed by Golder (2014).</p> <p>The stage cutbacks were around 150 m with the minimum practical mining width of 40 m.</p> <p>The Inferred material was considered as waste in the optimisation process but included in Life of Mine schedule. There is ongoing drilling to upgrade the Inferred material.</p> <p>This is a standard truck and shovel iron ore operation located in the Pilbara region of Western Australia.</p> <p>It is planned to build a slurry pipeline between Iron Bridge and Port Hedland to transport the magnetite product.</p>
Metallurgical factors or assumptions	<p>The technology being utilised is all existing proven technology. The flow sheet does represent a departure from previous conventional norms however the dry cyclone technology around the HPGR's is well proven in the cement clinker industry.</p> <p>The Iron Bridge North Star flow sheet differs from conventional magnetite flow sheets in that dry cycloning is used around the HPGR's and no ball mill is included</p>

in the flow sheet. In these respects, the flowsheet proposed is both novel and different.

There are three HPGR's and air classifiers with a cut point of 140 microns. This is unconventional but it overcomes the problem with moisture in wet screen oversize returns to the HPGR. While this causes problems with the HPGR's dust, FMGL have included bag houses to capture fine dust.

A pilot plant is operating on site and vendor testwork has been undertaken to support the flow sheet unit operations.

The testwork has been independently audited and the results of which showed:

- Extensive geometallurgical testwork
- Mineralogical characterisation
- Carefully selected representative metallurgical holes
- Extensive metallurgical comminution testwork, Davis tube recovery testwork, batch and pilot testwork
- Extensive vendor testwork
- Site based pilot plant
- Variability testwork
- Tunra testwork.

A geometallurgical model is being developed using cluster analysis to assist with domaining and mineralogy. The geometallurgical model while still being developed, mineralogy is incorporated into the modifying factors where available.

The assaying includes a large suite of deleterious elements.

Environmental

North Star Stages 1 and 2 have been subject to extensive Environmental baseline studies and had Environmental Impact Statements prepared and assessed by the Environmental Protection Authority (Western Australia) and the Department of Environment (Commonwealth). Stage 1 received Commonwealth Approval on 14 June 2013 following a decision by the Environmental Protection Authority not to assess the Project on 6 August 2012.

Stage 2 of the Project was assessed under a bilateral agreement between the State and Commonwealth at a Public Environmental Review level. State approval was granted on 9 January 2015, followed by Commonwealth approval on 6 February 2015.

Construction of the open cut mine and associated waste and tailings landforms are subject to assessment and approval by the Department of Mines and Petroleum. To date, the Stage 1 open cut mine, temporary waste rock landform, dry tailings landform and wet tailings storage facility have all been assessed via Mining Proposals and approved for construction. Further amendments to the mine including transition to Stage 2 will be subject to future assessment and approval.

The North Star site has been subject to preliminary Acid and Metalliferous Drainage (AMD) assessment using desktop review as well as laboratory static and kinetic testwork. Results of these reviews indicate that the Stage 1 project will not intercept significant volumes of material considered to be Potentially Acid Forming (PAF), and that no specific actions to manage AMD are required.

Stage 2 of the project is expected to intersect PAF material, and further assessment by Golder Associates including the development of a detailed Sample and Analysis Plan and review of existing GHD models is currently underway. To support this, approximately 150 samples of waste rock have been sent to the laboratory in Q2 2015 for analysis. Results of this round of sampling will assist to increase knowledge of potential for AMD at North Star.

Infrastructure

The site is located approximately 120km south of Port Hedland and 45km to the east of Great Northern Highway. Access to the mine site will be via a dedicated mine site access road that connects to the Great Northern Highway. This will enable access for construction and on going support to the mining and processing operations.

The mine will be operated on a fly in fly out basis with personnel flying into a dedicated air strip 15km from the North Star mine site and 12km from the village. Personnel will be bussed between the air strip and the village.

The existing Japal village will be upgraded as part of the project to house the peak construction and ongoing mine operations. The village will consist of all of the appropriate facilities including dry and wet mess, gym and other lifestyle facilities for personnel comfort and well being.

All traffic to the North Star site must pass through the Gatehouse to gain access to the North Star mine, Stage 1 and Stage 2 process plants. The gatehouse area also includes the first aid and emergency response buildings. This is due to its close proximity to access points to all of the North Star operations including plant, mine and village.

As the North Star site is located within mountainous terrain the location for the Stage 2 processing plant has been carefully chosen to minimise earthworks and haul distance from the mine. All of the required infrastructure for both the processing plant and mining ancillary items have been combined into an area adjacent to the processing plant giving the ability to combine services and reduce earthworks.

The plant infrastructure area includes the following mining and plant infrastructure to enable support to both the mining and processing plant operations.

- Main Administration Building and associated Crib Rooms and Ablutions
- Control Room
- Communications Room
- Laboratory
- HV/Drill/LV Workshops & Warehouse
- HV Workshop Office, Crib Room and Ablutions
- Lube Station
- HV Go Line
- Tyre Workshop
- HV Refuelling
- LV Refuelling
- HV Washdown
- LV Washdown
- Diesel Fuel Facility
- Water Treatment Facilities
- Fixed Plant Workshop
- Welding Workshop
- Main Warehouse

It is intended to supply power from Port Hedland via a dedicated power transmission line to a switch yard located at the plant infrastructure area.

	<p>Concentrate from the processing plant will be conveyed via an above ground overland pipeline. The pipeline will follow the mine site access road and then the FMG rail to the Port where it will enter the North Star dewatering facility.</p>
Costs	<p>Projected capital and operating costs for mining have been developed based on production schedules over a period of more than 20 years to achieve an annual production rate of:</p> <ul style="list-style-type: none"> • 1.3 to 1.6 Mtpa of product from the Stage 1 plant; and • 8.5 Mtpa of product from the Stage 2 plant. <p>Estimation of the production rates and operating costs have been developed from first principles. Capital and operating costs are based on vendors quotes</p> <p>Costs include allowances for mining, administration, pumping slurry to the port and shipping.</p> <p>A penalty of US\$2.50 per 1% SiO₂ was applied above a grade of 5% SiO₂. All costs and revenues are in AUD.</p> <p>An exchange rate of US\$0.80:AU\$1.00 has been applied.</p> <p>Royalties of 5% have been applied.</p> <p>Iron Ore Price Forecasts issued by Metalytic Resource Sector Economics (November 2014) have been utilised in forecasting index prices, inflators and AUD exchange rates.</p>
Revenue factors	<p>Revenue is based on a concentrate grade of 62% Fe with a Platts reference price of US\$112/t concentrate and a premium of US\$2.50 and US\$2.50 per 1% Fe above 62% Fe. A penalty of US\$2.50 per 1% SiO₂ was applied above a grade of 5% SiO₂.</p>
Market assessment	<p>The main product is magnetite slurry which will be pumped via a slurry pipeline to Port Hedland where it will be shipped by sea to customers expected to be mainly in China.</p> <p>The selling price used for the pit optimisation was US\$112/t concentrate for 62% Fe.</p>
Economic	<p>The project economic evaluation was based on a technical and economic model for the operation up to the final product to be transported by slurry pipeline and shipped at Port Hedland.</p> <p>The project is sensitive to the iron ore price, however follow-up long term forecasting by independent forecasters indicate that the price realised in Australian dollars is unchanged.</p>
Social	<p>The North Star mine is located on Unallocated Crown Land managed by the State. Other Project infrastructure including the camp, Stage 2 process plant, access roads and proposed infrastructure corridors are located on pastoral leases. Negotiations with the lease holders, including holders of titles granted under the Mining Act have been undertaken to ensure project tenure can be granted and infrastructure constructed.</p> <p>The North Star Stage 1 is located on land subject to Native Title claims by the Karriyarra and Njamal people. Native Title Agreements have been struck with both groups. Additional Native Title agreement has been reached with the Warrarn people for the Stage 2 Canning Basin pipeline corridor.</p> <p>All Stage 1 project infrastructure footprints have been subject to Heritage (ethnographic and archaeological) survey carried out in consultation with the relevant Native Title group.</p> <p>The Western Australian Department of Environmental Regulation (DER) administer Part V of the Environmental Protection Act and issue Works Approvals and Operating Licences for the construction and operation of prescribed premises. North Star Stage 1 has sought and has in place appropriate Part V licences for the</p>

	OPF, TSF and WWTP. Further Part V licences will be sought for Stage 2 infrastructure as required.
Other	<p>All necessary Ministerial approvals for the construction and operation of Stages 1 and 2 of the North Star Project have been sought and secured. The construction of a concentrate filtration facility at Anderson Point to allow for the dewatering and stockpiling of magnetite concentrate may be subject to further environmental impact assessment and approval at State and Commonwealth level, and these negotiations with the relevant regulatory agencies are currently underway.</p> <p>No approvals have been sought for the development of the Glacier Valley, South Star or West Star deposits, and these areas have not yet been subject to environmental baseline studies.</p> <p>Approval for the North Star Stage 2 project is subject to conditions imposed by the Minister for Environment. Several of these conditions restrict the commencement of ground disturbing activities until certain surveys and studies have been conducted.</p> <p>Mining within 150m of the Pilbara Leaf Nosed Bat (PLnB) roost cave identified as Cave 13 is prohibited by the current Stage 2 Ministerial Approval until such time as the Minister considers that the population of PLnB at North Star is not reliant on the cave (they have either relocated, or another population has been established in another suitable cave).</p> <p>Finalisation of engineering design for critical pipeline infrastructure to allow the transport of magnetite concentrate to export facilities in Port Hedland is yet to be finalised, and as such the application for tenure has not been submitted for assessment and approval</p> <p>None of the above is expected to have a material impact on the development schedule for North Star Stage 2, as plans have been developed and action underway to address each of the points identified.</p>
Classification	There is Measured, Indicated and Inferred Resources within the model. The Measured and Indicated Resources within the designed pits have been converted to Probable Ore Reserves.
Audits or reviews	<p>There have been no audits or reviews of Ore Reserves for the Iron Bridge project.</p> <p>A metallurgical due diligence was been completed by METS on 2 April 2015.</p>
Discussion of relative accuracy/confidence	<p>The study on which the Ore Reserves are based has been completed to a pre-feasibility standard; Pit designs are based on Whittle optimisations. The cost model is based on a life of mine schedule which has been developed using MineMax Scheduler. Costs have been developed from first principles and industry standards.</p> <p>All modifying factors have been applied to designed mining shapes on a global scale.</p>

Competent Person Statement - Reserves

The detail in this report that relates to Ore Reserves is based on information compiled by Mr Iain Cooper, an independent consultant for Golder Associates.

Mr Cooper is a Member of the Australasian Institute of Mining and Metallurgy. He has sufficient experience relevant to the type of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code.

Mr Cooper has consented to the inclusion in this report of the matters based on this information in the form and context in which it appears.