Fortescue
The New Force in Iron Ore

BMO Miami 2016

Working together. Delivering results.

Forward looking statements

Important Notice

The purpose of this presentation is to provide general information about Fortescue Metals Group Limited ("Fortescue"). It is not recommended that any person makes any investment decision in relation to Fortescue based on this presentation. This presentation contains certain statements which may constitute "forward-looking statements". Such statements are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward-looking statements.

No representation or warranty, express or implied, is made by Fortescue that the material contained in this presentation will be achieved or prove to be correct. Except for statutory liability which cannot be excluded, each of Fortescue, its officers, employees and advisers expressly disclaims any responsibility for the accuracy or completeness of the material contained in this presentation and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error or omission therefrom.

Fortescue accepts no responsibility to update any person regarding any inaccuracy, omission or change in information in this presentation or any other information made available to a person nor any obligation to furnish the person with any further information.

Additional Information

This presentation should be read in conjunction with the Annual Report at 30 June 2015, the Interim Financial Report for the half year ended 31 December 2015 together with any announcements made by Fortescue in accordance with its continuous disclosure obligations arising under the *Corporations Act 2001*.

Any references to reserve and resources estimations should be read in conjunction with Fortescue's Ore Reserves and Mineral Resources statement for its Hematite and Magnetite projects at 30 June 2015 as released to the Australian Securities Exchange on 21 August 2015. Fortescue confirms in the subsequent public report that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of mineral resources or ore reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

All amounts within this presentation are stated in United States Dollars consistent with the Functional Currency of Fortescue Metals Group Limited, unless otherwise stated. Tables contained within this presentation may contain immaterial rounding differences.

Building a world class company

Core supplier to China's growth

Safety focus
Engagement
Empowerment
Leadership

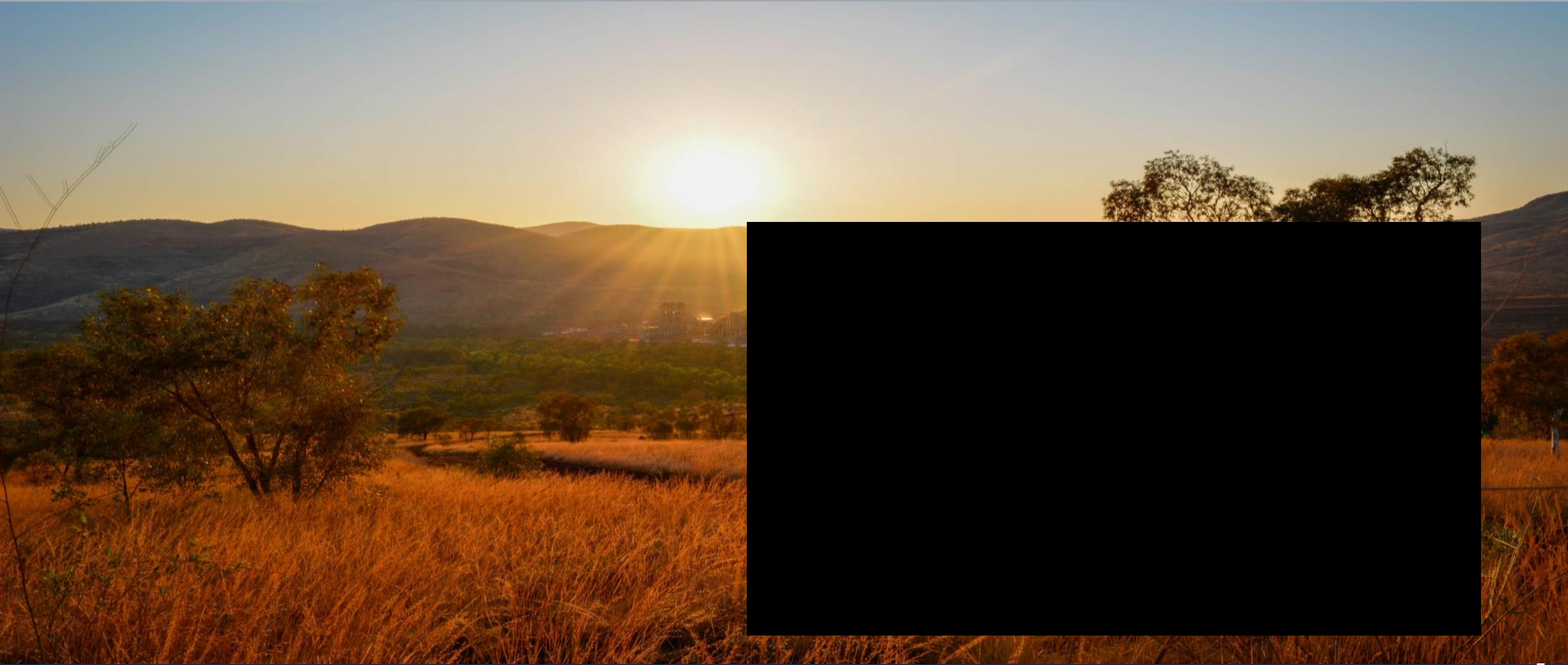
First ore in 2008

Low cost producer

Shipped over **620mt**

165mt
Production rate

Unique culture



Our Vision: The safest, lowest cost, most profitable iron ore producer

Safety

Family

Fortescue
The New Force in Iron Ore

Integrity

Determination

Enthusiasm

Set yourself stretch targets

Empowerment

Generating ideas

Frugality

Strategic delivery of targets

Focus on safety, productivity and efficiency and response to market

- ✓ **165mt** achieved & maintained
- ✓ Cost target **$13/t** June 16
- ✓ Sustaining capex below **$2/t**
- ✓ **Net** debt **$6.1bn**
- ✓ Consistent **dividend** policy

1HY16 Earnings

Operational performance and sustainable cost reductions support financial results

84mt shipped

Rate maintained

NPAT

US$319m

Underlying EBITDA[1]

US$1.3bn

Capex $88m 1HFY16

Net debt

US$1.1bn lower

Interim dividend

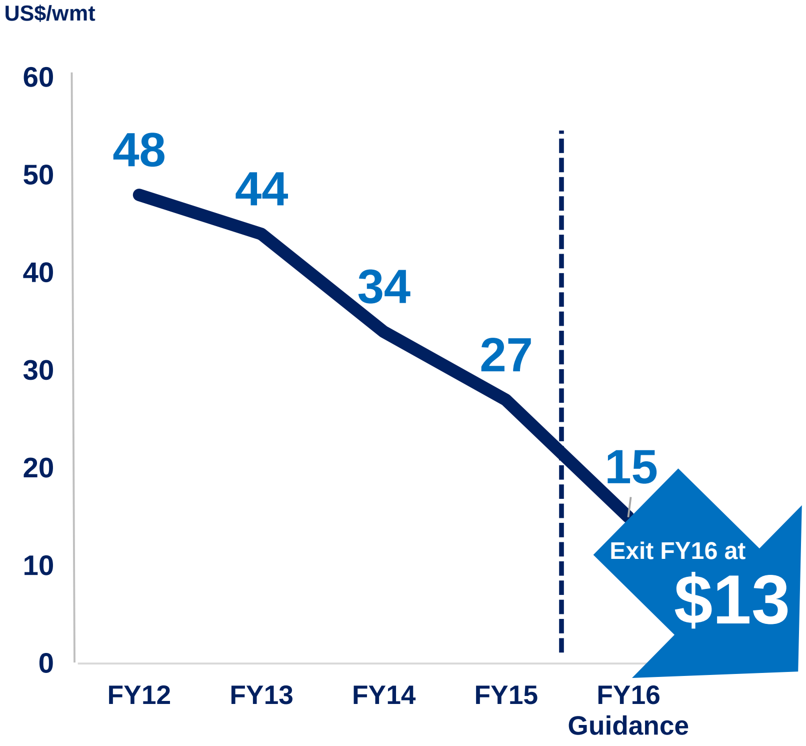
A$0.03/share

[1] Refer to attached glossary for definition of non-IFRS terms

Continuous, sustainable cost improvements

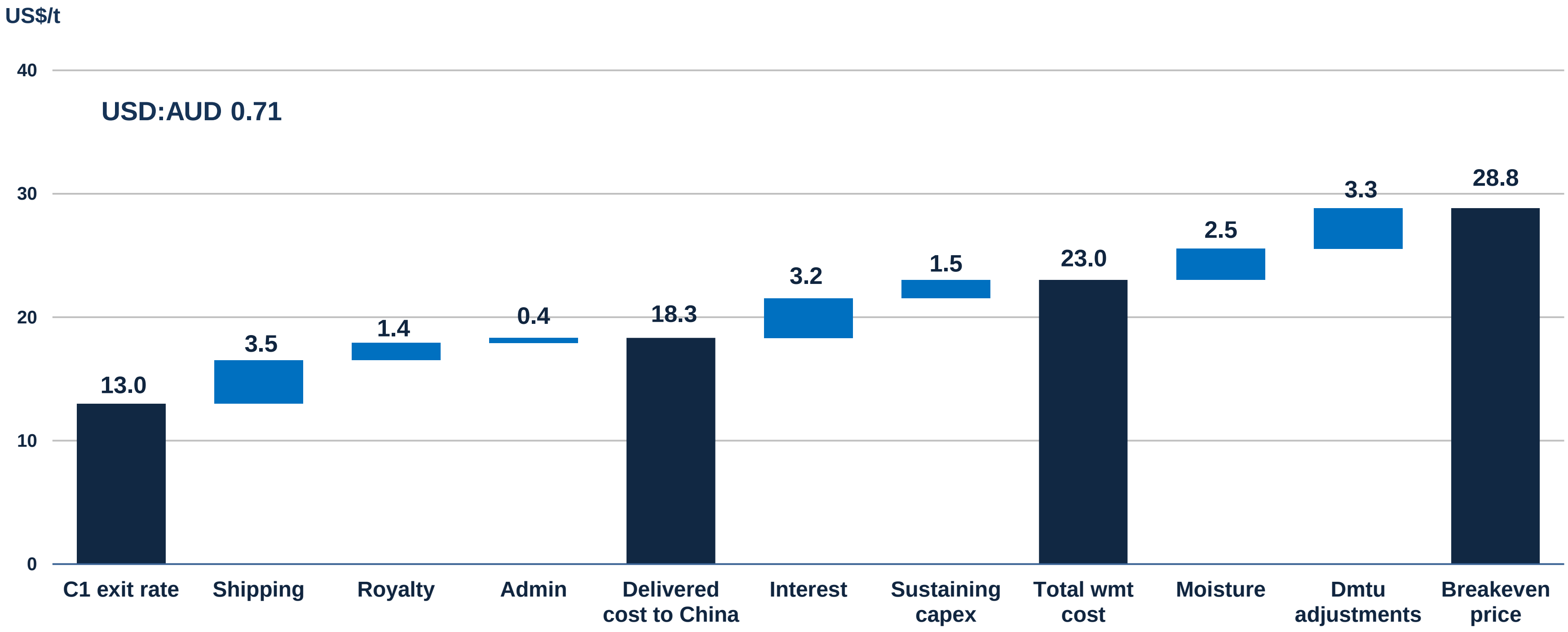
Through development of assets, efficiencies, productivity and cost savings

1. **Solomon** operations
2. **Blending** strategy 58% Fe
3. **Processing**, wet plants + de-sands
4. Operational **efficiencies**
5. Fx and fuel **decreases**



Breakeven index price

Continuing to reduce breakeven price



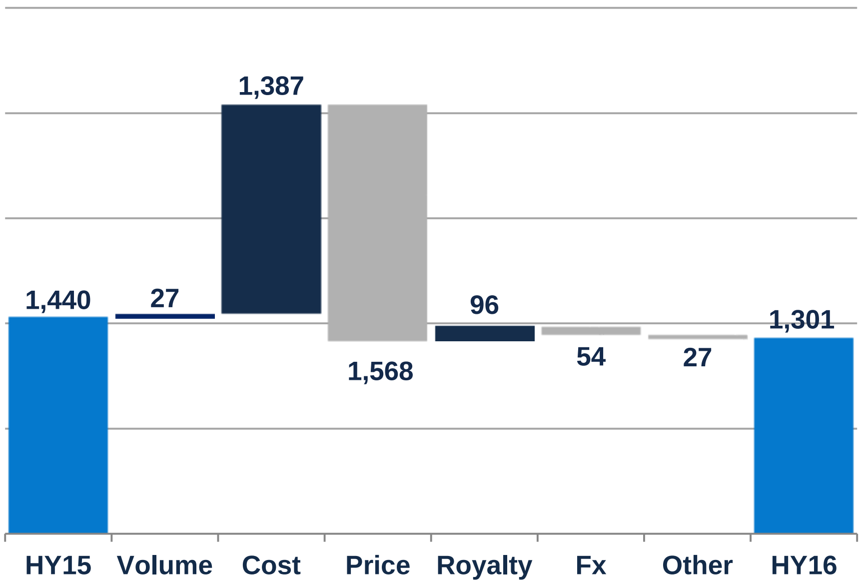
FMG Fortescue
The New Force in Iron Ore

Operating and financial performance

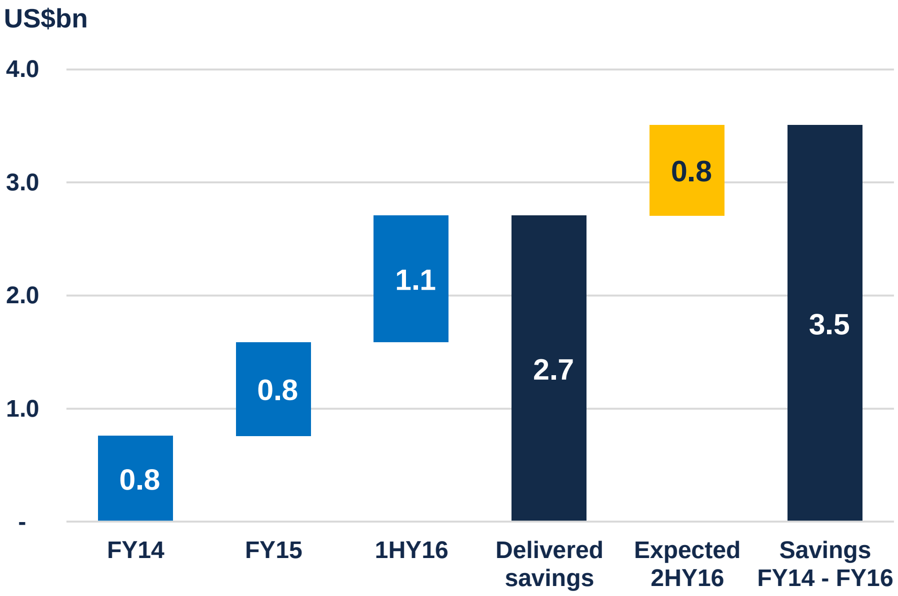
Underlying EBITDA

Cost and production performance offsetting price weakness

Underlying EBITDA, US$ millions



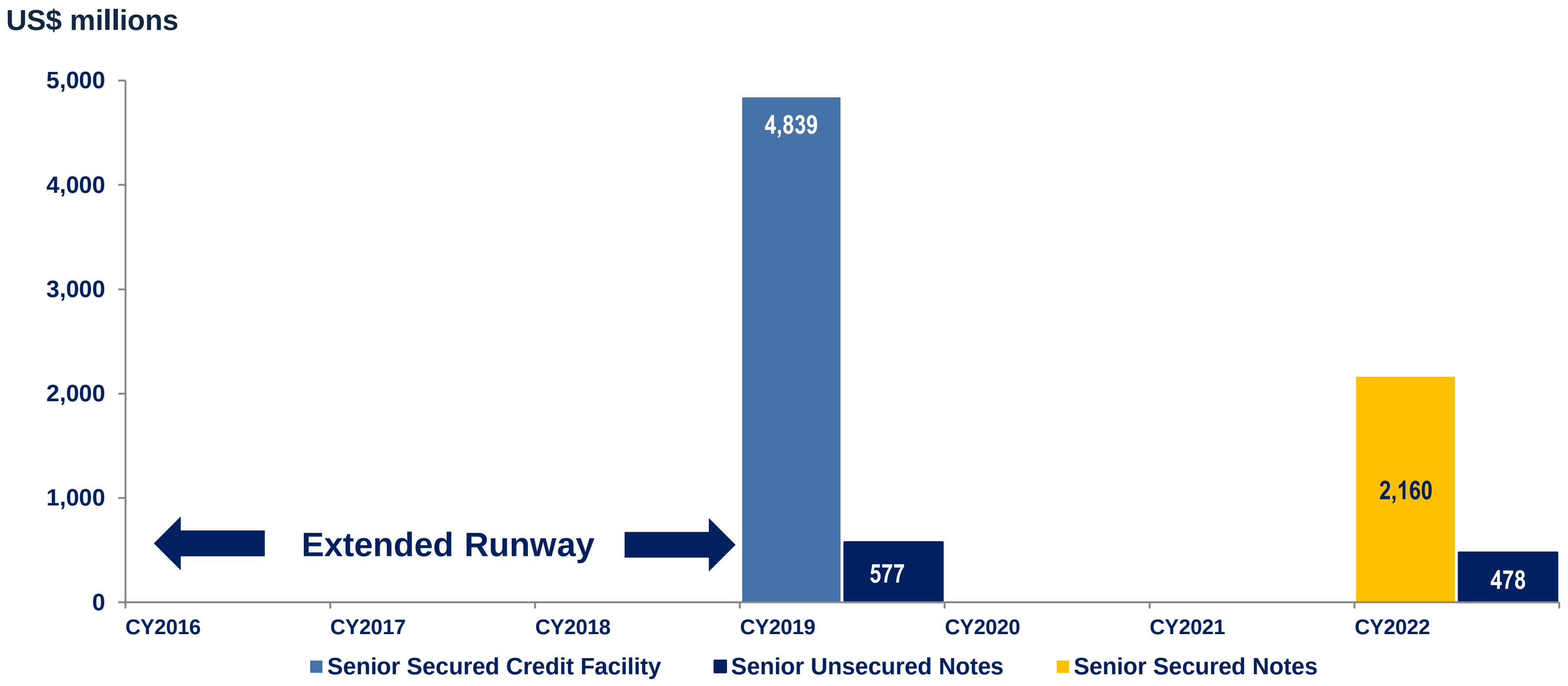
Cash savings since achieving full operating capacity



Balance sheet

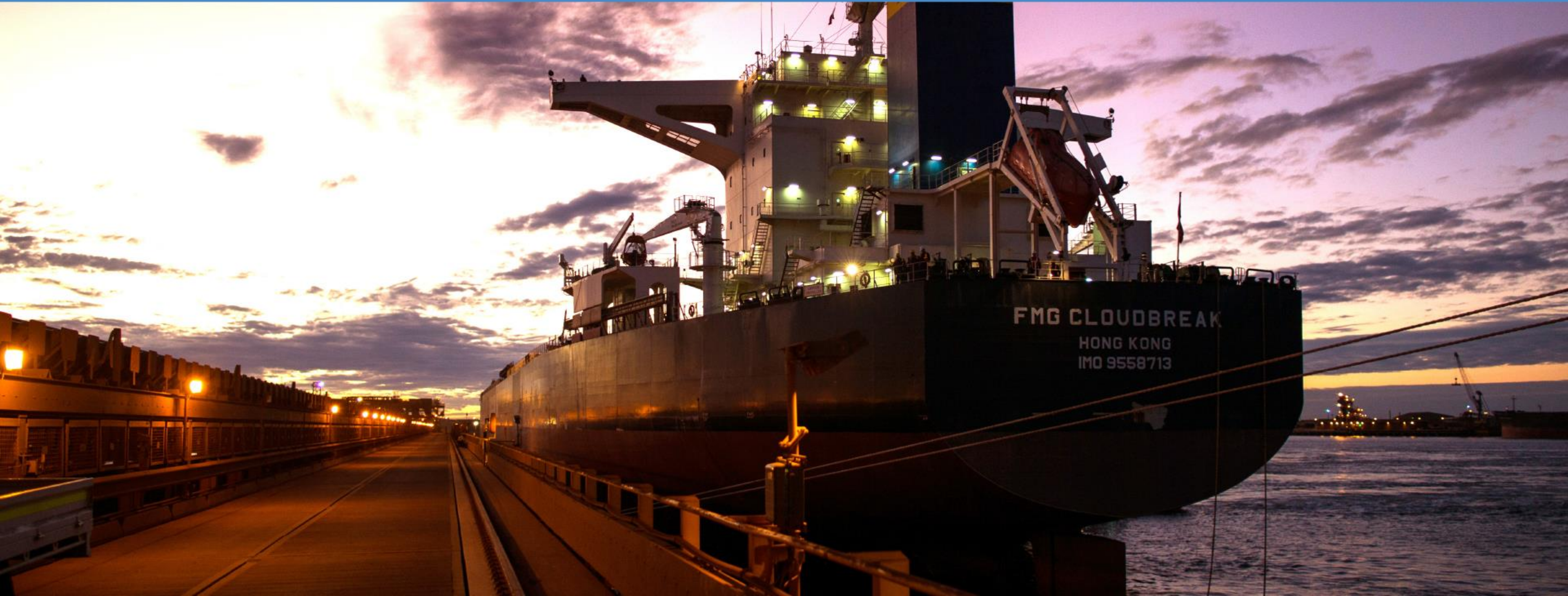
Debt maturity profile

Net debt reduced by US$4.4bn to date



Fortescue
The New Force in Iron Ore

Market



Core supplier to Asia

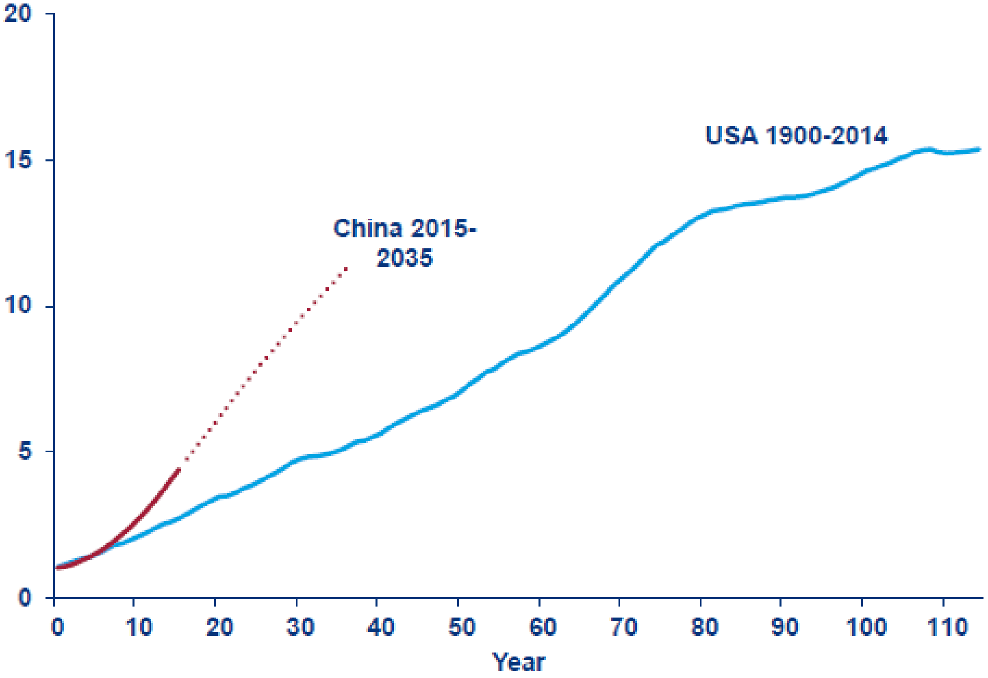
Well established 17% market share of imported iron ore to China

- **Low impurity** 58% Fe average
- High **value in use**
- Large diverse **customer base**
- **Reliable consistent** delivery
- **Proximity** to high growth region

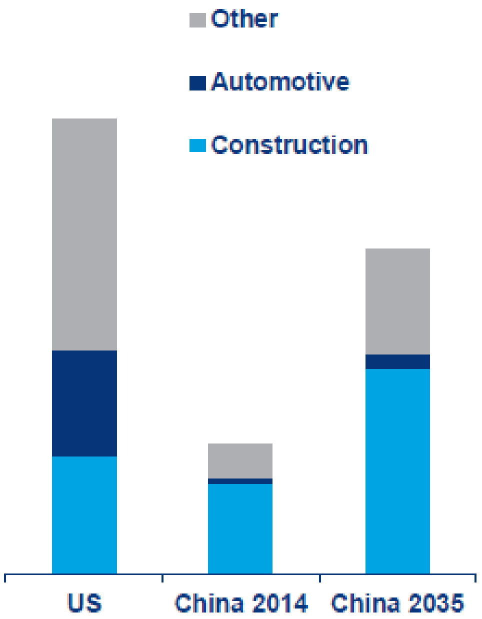
Steel consumption to build economy

Above 800mtpa – driven by policy decisions

Steel stock-in-use per capita (tonne): China vs. US

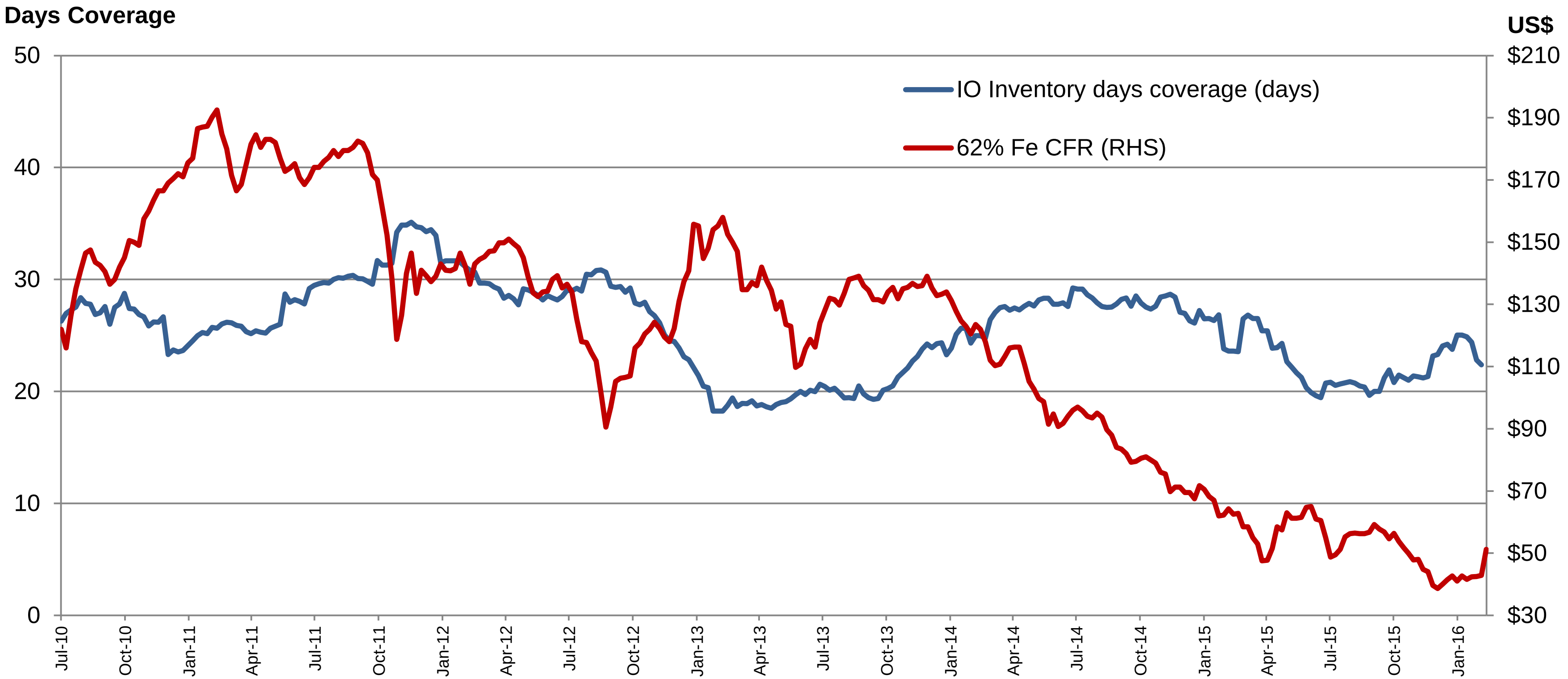


Stock by sector



Iron ore supply in balance…sentiment driving price

Port stocks remaining stable



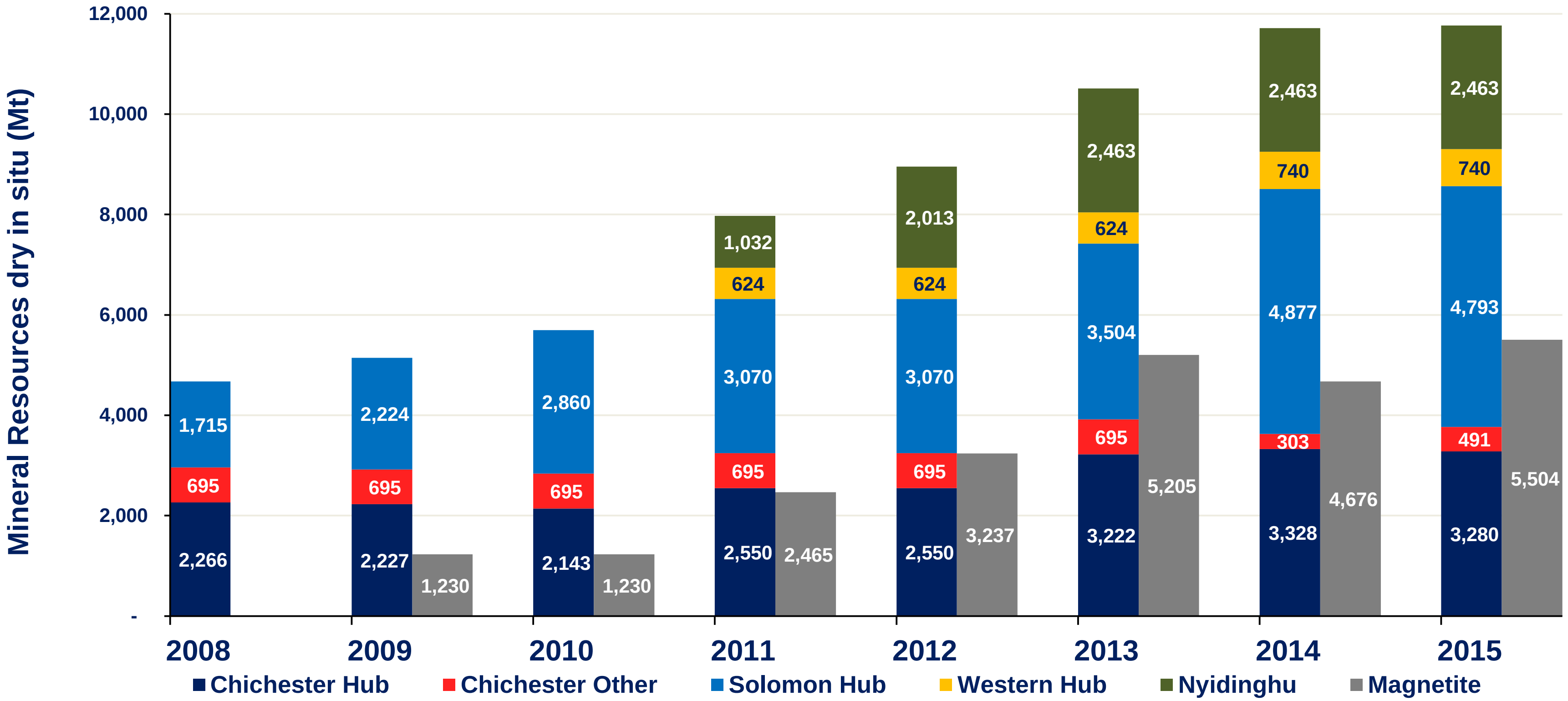
Source: Bloomberg and Umetal

Fortescue
The New Force in Iron Ore

Reserves and resources

Resource portfolio supports asset base

Largest Pilbara tenement footprint



Supporting our local community

Ending Aboriginal disparity in the Pilbara

Fortescue
The New Force in Iron Ore

Creating opportunities through training, employment and business opportunity

1,000
Aboriginal employees

13%
Aboriginal people in Fortescue workforce

A$1.8bn
Contracts to Aboriginal companies and JVs

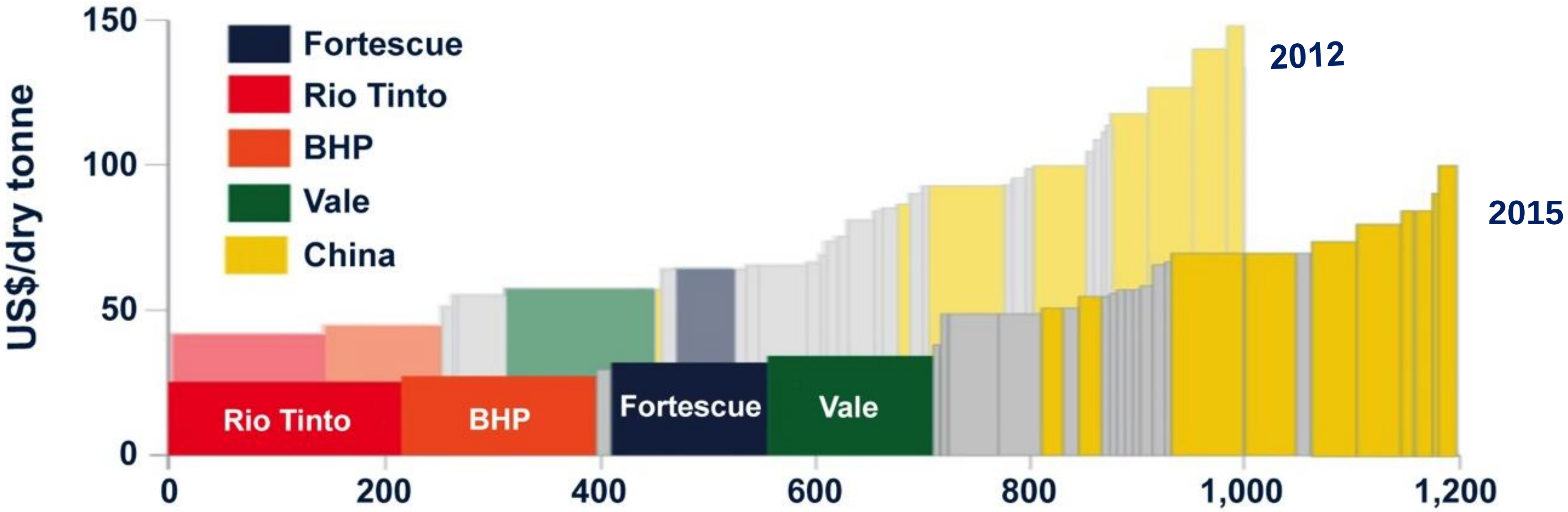
VTEC
Roebourne I South Hedland

Fortescue
The New Force in Iron Ore

Focused strategy

Moving down the global cost curve

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



The new force in iron ore

Focused strategy delivering results

Sustainable low cost producer

World class assets & people

165mt Production rate

Unique culture drives performance

Fortescue
The New Force in Iron Ore

www.fmgl.com.au

@FortescueNews

Proudly supporting:

WALK FREE

GENERATION ONE

FORREST RESEARCH FOUNDATION

minderoo FOUNDATION

Glossary

C1:	Operating costs of mining, processing, rail and port. The reconciliation of C1 to the amounts disclosed in the financial statements prepared under the Australian accounting standards is provided in the Financial Report for the half year ended 31 December 2015 accompanying this announcement.
CFR:	Cost and freight rate.
mtpa:	Million tonnes per annum.
1HFY:	Half year.
FY:	Full year.
dmt:	Dry metric tonnes.
NPAT:	Net profit after tax.
Underlying EBITDA:	Earnings before interest, tax, depreciation and amortisation, exploration, development and other expenses.
	The reconciliation of underlying EBITDA to the financial metrics disclosed in the financial statements prepared under the Australian accounting standards is presented in the Financial Report for the half year ended 31 December 2015 accompanying this announcement.
wmt:	Wet metric tonnes.