

Diggers and Dealers 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
708mt

165-170mt
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

- ✓ **164.9mt** achieved
- ✓ C1 **\$14.31/t** in Q4 FY16
- ✓ Sustaining capex below **\$2/t**
- ✓ **Net** debt **\$5.2bn**
- ✓ Cash on hand **\$1.6bn**





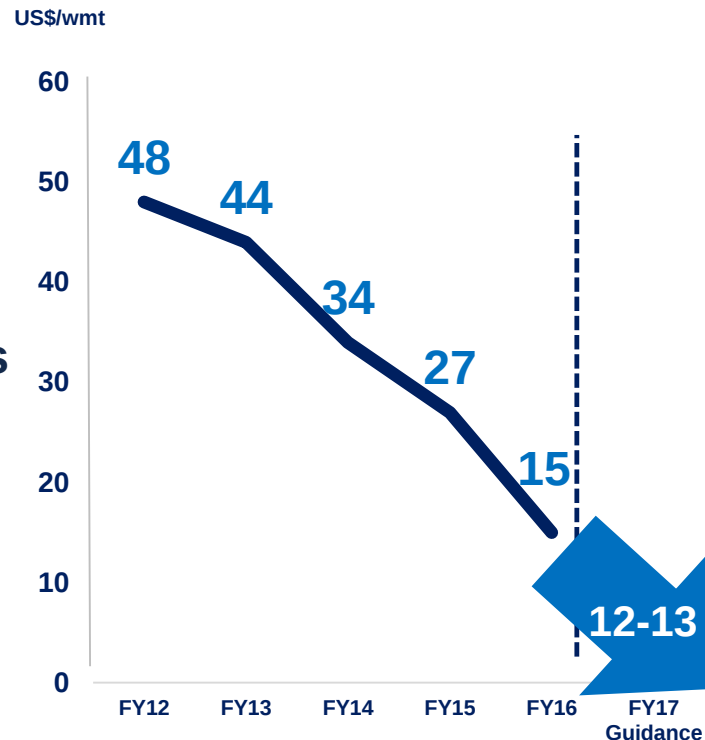
Operating and Financial Performance



Continuous + sustainable cost improvements

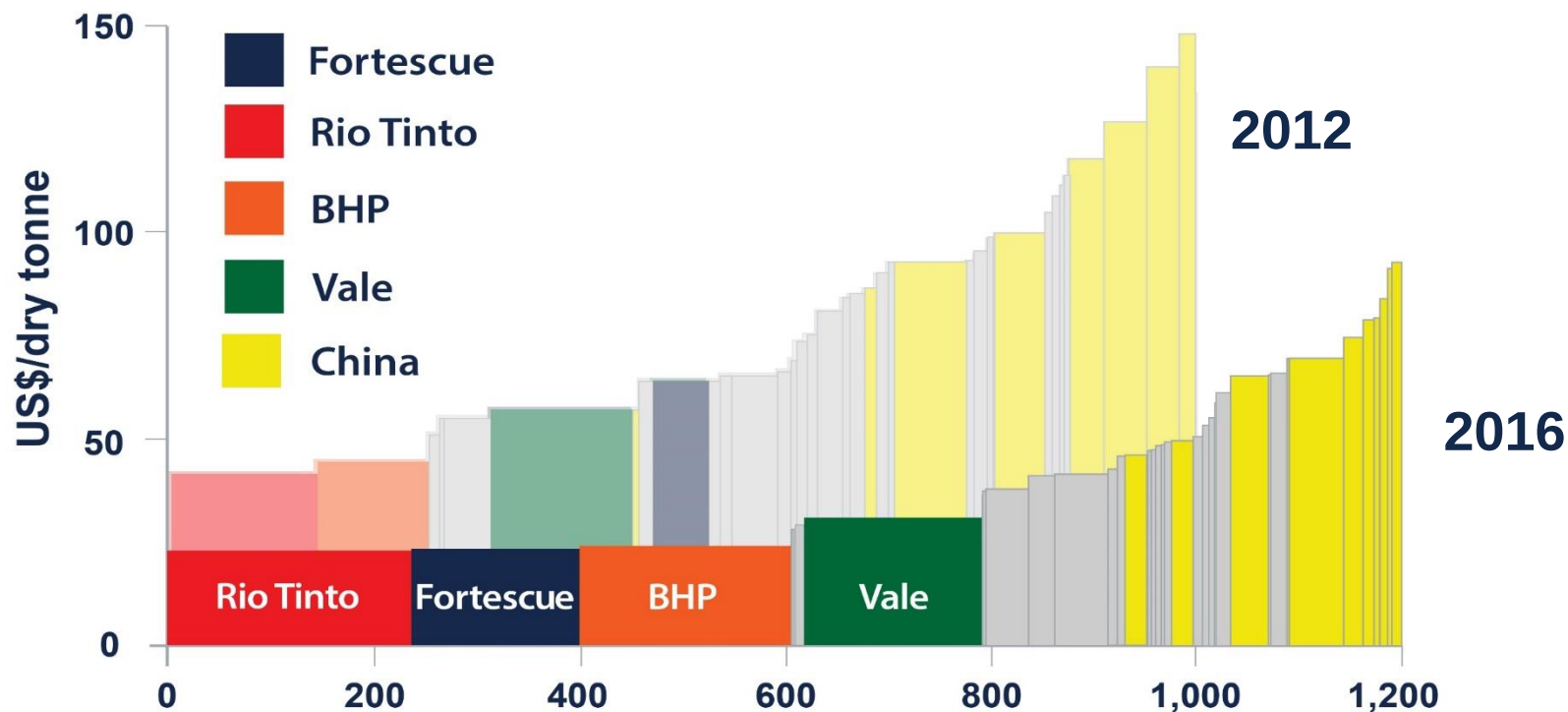
Through development of assets, efficiencies, productivity and cost savings

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



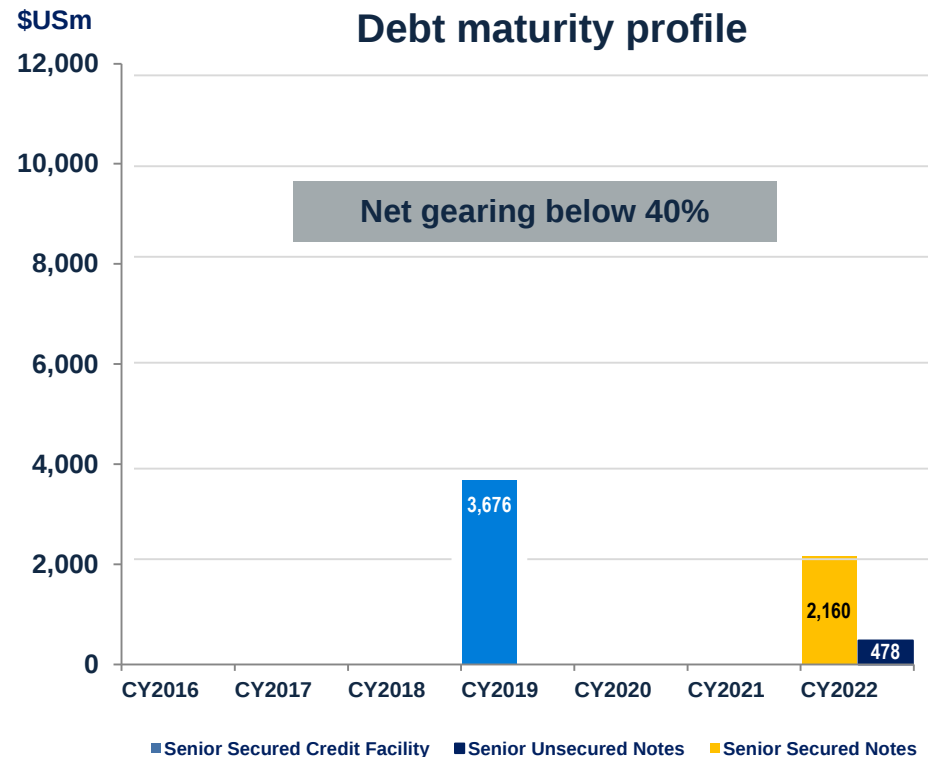
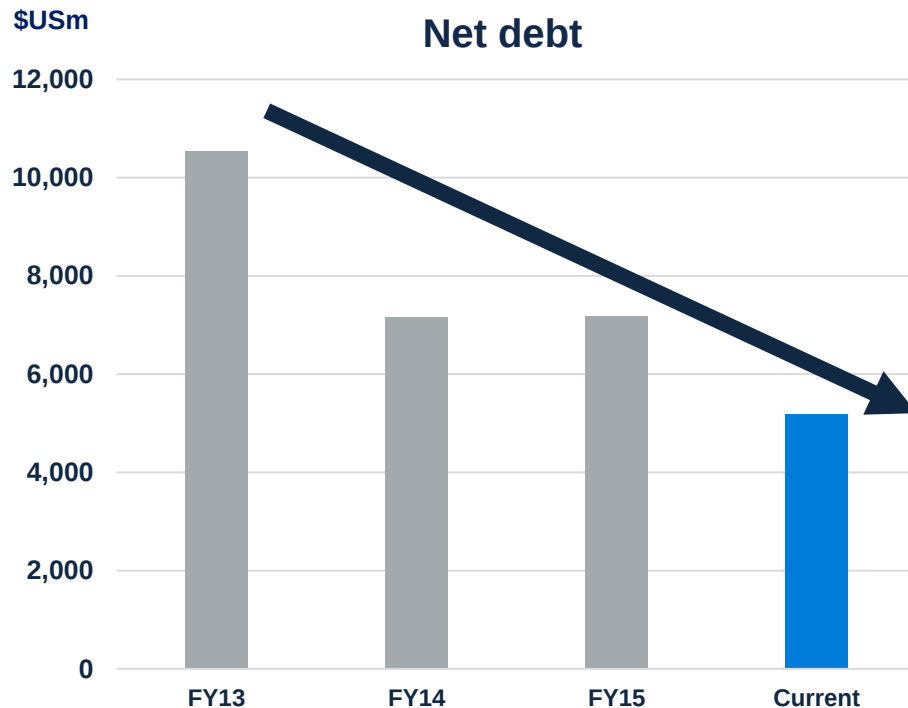
Moving down the global cost curve

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



Debt journey

Net debt of US\$5.2bn at 30 June 2016



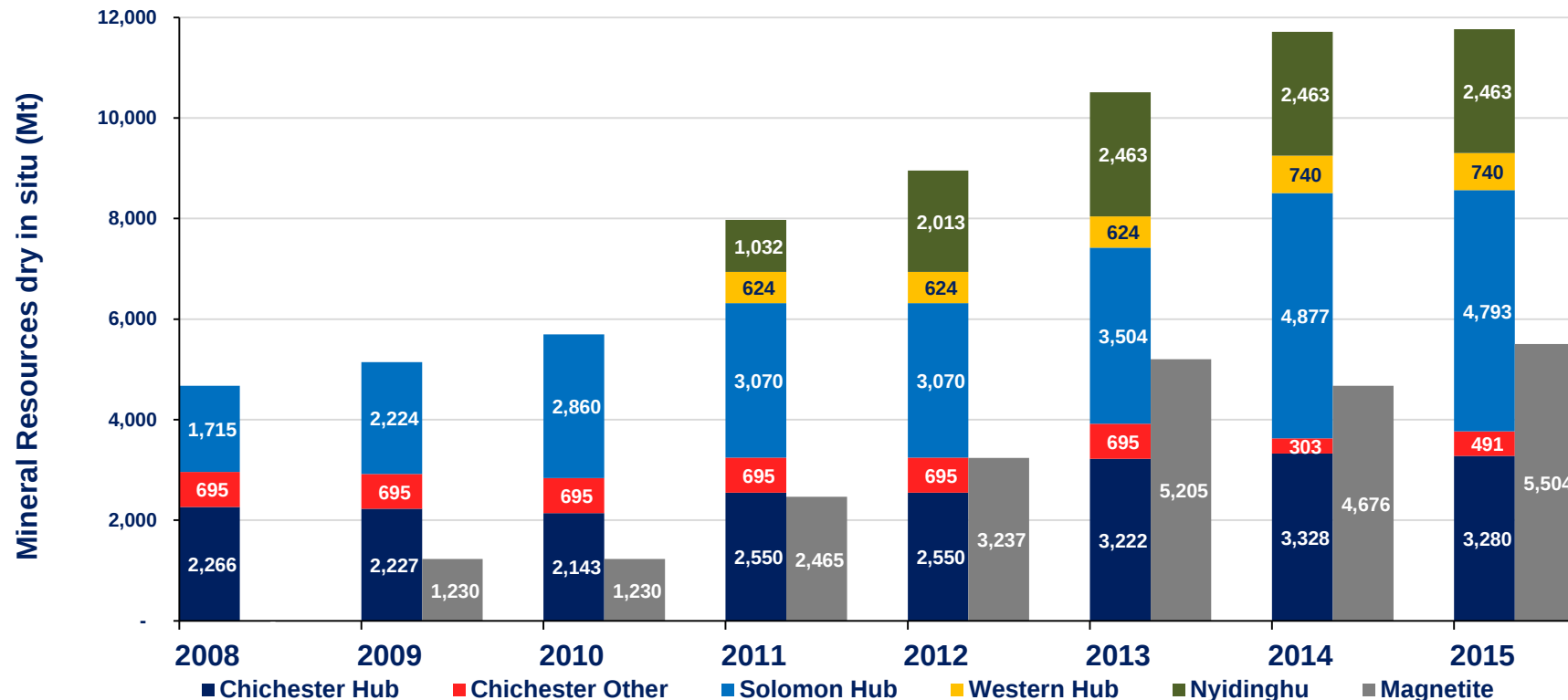


Reserves and resources



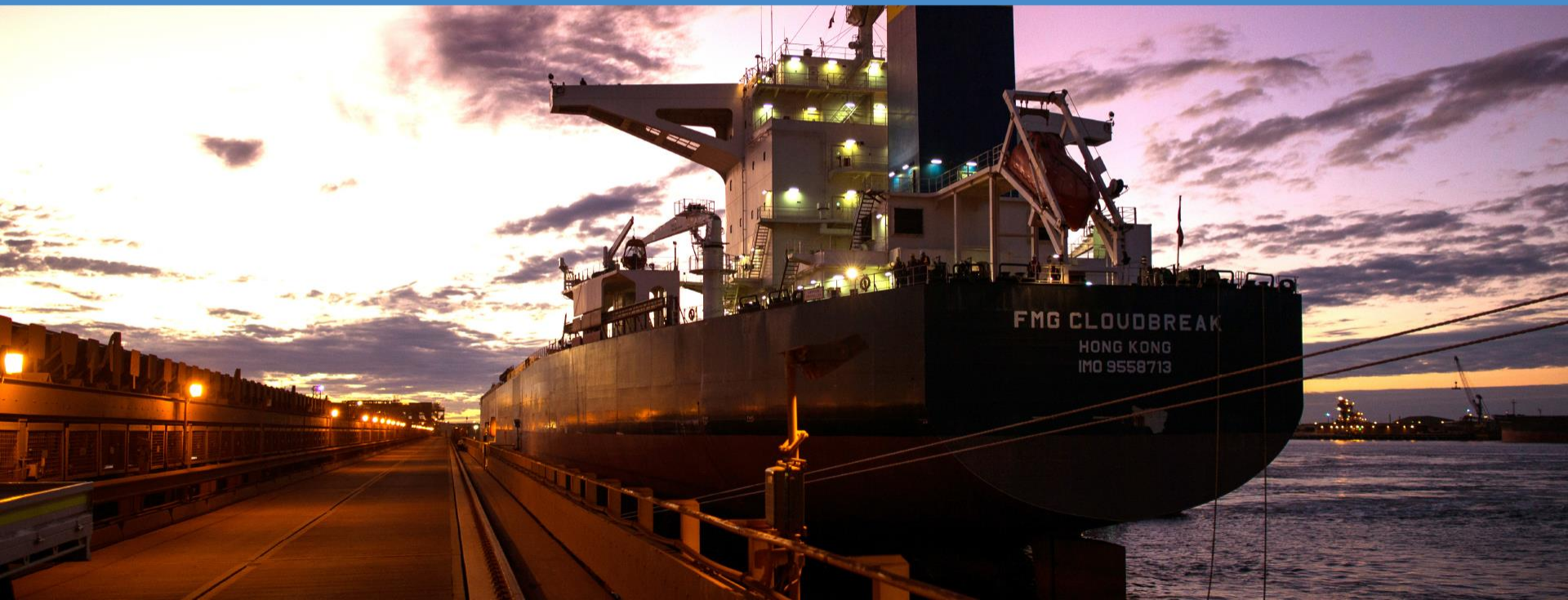
Resource portfolio supports asset base

Largest Pilbara tenement footprint





Market

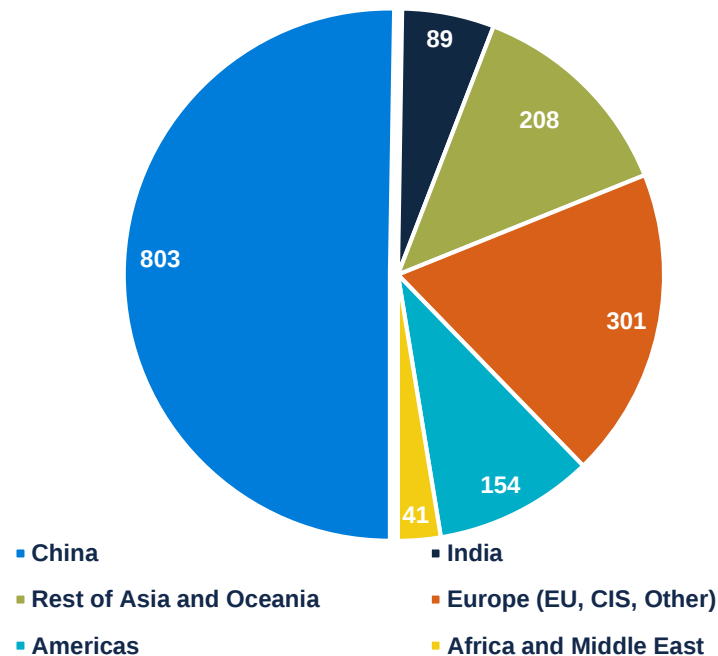


Core supplier to Asia

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

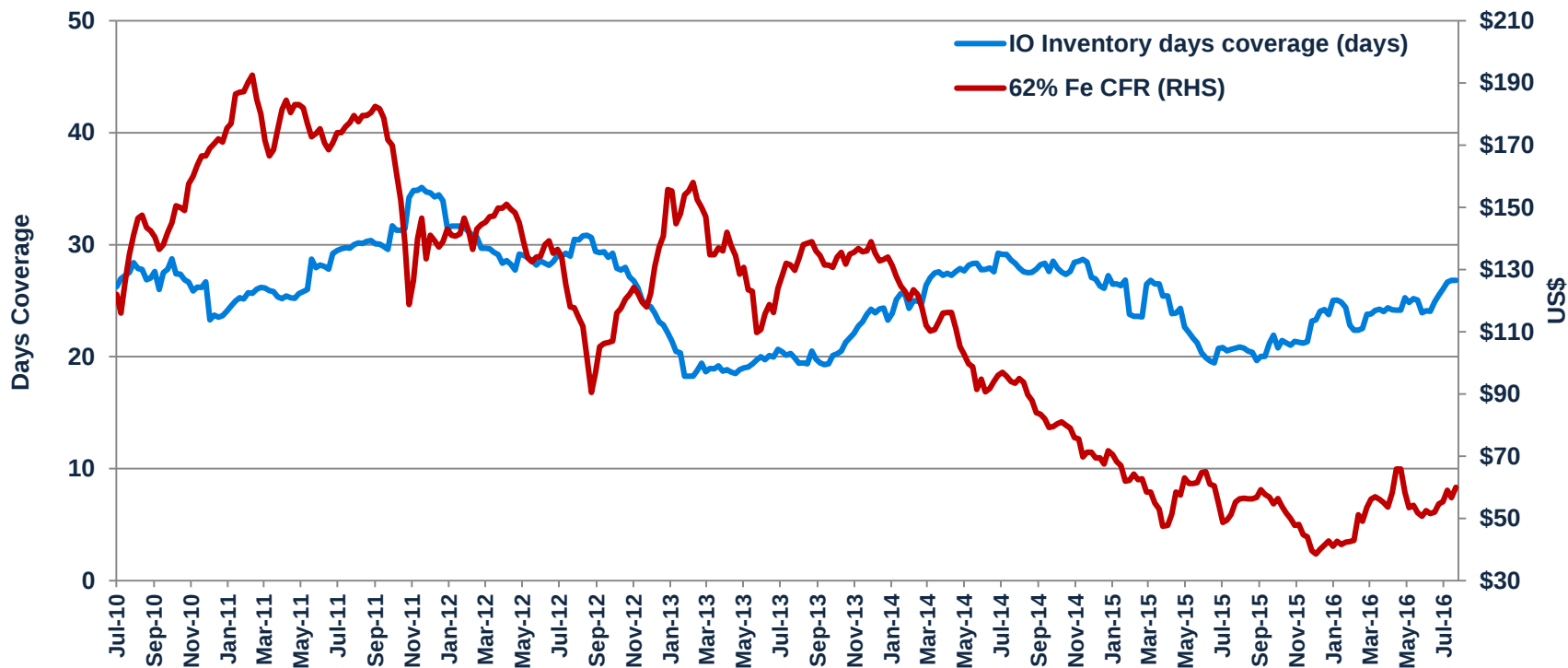
- **Low impurity** 58% Fe average
- High **value in use**
- Large diverse **customer base**
- **Responsive** to market needs
- **Proximity** to high growth region

Global steel production 2015 (mt)



Iron ore supply in balance

Port stocks remaining stable





Supporting our local community



Building strong communities



Creating opportunities through training, employment and business development



1,100

Aboriginal employees

14%

Aboriginal
people
in Fortescue
workforce



A\$1.8bn

Contracts to
Aboriginal companies
and JVs



VTEC
TRAINING CENTRES
Roebourne
South Hedland





Focused strategy



Strategic delivery

Culture, continuous improvement, speed and flexibility

- ✓ Consistent **165-170mtpa**
- ✓ Lowering costs to **US\$12-13/wmt**
- ✓ Maximising **resource value**
- ✓ Debt **repayment**
- ✓ Ongoing **improvements**



The new force in iron ore



Continuous improvement, reliable and efficient delivery



Sustainable
low cost
producer

**World class
assets & people**

165-170mt
Production rate

**Unique culture
drives performance**





Fortescue
The New Force in Iron Ore

www.fmgl.com.au

 [@FortescueNews](https://twitter.com/FortescueNews)

Proudly supporting:



GENERATIONone



FORREST
RESEARCH
FOUNDATION

