

14 November 2016

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



Dear Sir or Madam

FORTESCUE COMPLETES FINANCING AGREEMENT FOR VERY LARGE ORE CARRIERS

- **Major new partnership with Chinese financier, CDB Leasing**
- **Largest direct Chinese financing deal for an Australian company**

Fortescue Metals Group Limited (ASX: FMG, Fortescue) is pleased to announce completion of an agreement with the China Development Bank Financial Leasing Co., Ltd. (CDB Leasing) to finance eight Very Large Ore Carriers (VLOCs) currently under construction.

With Fortescue's negotiations led by Mr Ian Wells, Company Secretary and Ms Penny Stonier, Funding Manager, the agreement represents a significant partnership with CDB Leasing and is the largest direct funding arrangement provided by a major Chinese financier for a non-Chinese company in Australia.

The finance lease facility funds 85 per cent of the VLOC cost for a minimum of 12 years on highly flexible terms, including early repayment and extension options. On delivery of each VLOC, 85 per cent of the payments will be drawn down on the finance lease facility.

Chief Executive Officer, Nev Power said "This is a groundbreaking financing transaction which builds and broadens Fortescue's highly valued relationships with China through our first direct funding arrangement with a major Chinese leasing company. We welcome this important partnership with CDB Leasing which is a significant milestone in our financial strategy, further extending our debt maturity profile while strengthening our capital structure."

"We look forward to a long and mutually beneficial relationship with CDB Leasing as we continue to build opportunities for future Chinese co-operation," Mr Power said.

Key terms of the VLOC financing agreement follow:

Term	Description
Construction Cost	US\$556 million
Facility size	US\$473 million (85 per cent of construction cost)
Term	12 years plus an option for a further 3 years
Early repayment	At Fortescue's option from year 4
Draw down	On delivery of each of the eight VLOCs
Principal repayment	Standard amortising profile
Control	Fortescue will control the vessels for the life of the facility taking ownership on maturity or after early repayment

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The VLOC's are being constructed at China's Jiangsu Yangzijiang and Guangzhou Shipbuilding International shipyards with the first delivery scheduled for November 2016 and the balance of the vessels through to mid-2018. Designed to complement Fortescue's port infrastructure, the VLOC fleet will improve load rates, efficiencies and reduce operating costs, and when fully operational will provide 12 per cent of Fortescue's shipping requirements.

This transaction is another example of Fortescue's successful efforts to expand its collaboration with Chinese industry. The financing agreement supports important industrialisation initiatives in China, including the shipbuilding industry revitalisation plan and growth in large-scale mechanical and electrical equipment exports.

Yours sincerely

Fortescue Metals Group Ltd

Ian Wells

Company Secretary

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About Fortescue

Fortescue Metals Group is a global leader in the iron ore industry, recognised for its culture, innovation and industry-leading development of world class infrastructure and mining assets in the Pilbara, Western Australia. Since it was founded in 2003, Fortescue has discovered and developed major iron ore deposits and constructed some of the most significant mines in the world. Now producing 165 – 170 million tonnes of iron ore per annum, the Company has grown to be one of the largest global iron ore producers and is focussed on its vision of being the safest, lowest cost, most profitable iron ore producer.

About China Development Bank Financial Leasing Co., Ltd

Listed on the Hong Kong Stock Exchange (HKEX: 1606) China Development Bank Financial Leasing Co., Ltd. is a China-based company mainly engaged in leasing services. The segments of the Company include aircraft leasing, infrastructure leasing, ship, commercial vehicle and construction machinery leasing and other leasing business. Infrastructure leasing mainly includes transportation infrastructure (toll roads, rail transit), urban infrastructure (municipal facilities, affordable housing) and energy infrastructure (energy and electric power equipment). Other leasing business mainly includes manufacturing equipment and commercial property.

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