Diggers and Dealers 2017

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Additional Information

This presentation should be read in conjunction with the Annual Report at 30 June 2016 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 2016 as released to the Australian Securities Exchange on 19 August 2016. 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

Committed to supporting strong and vibrant communities

Safety focus
- Engagement
- Empowerment
- Leadership

First ore in 2008

Core supplier to China

Low cost producer

Shipped over

170mt

Production rate

Unique culture

For personal use only
Generating shareholder value

Focus on safety, productivity and efficiency

- Operational **performance**
- Market **strategy**
- Capital **discipline**
- Long life **resources**
- Shareholder **returns**
Our Vision: The safest, lowest cost, most profitable iron ore producer

- Safety
- Family
- Integrity
- Determination
- Enthusiasm
- Set yourself stretch targets
- Empowerment
- Generating ideas
- Frugality
Delivering on our targets in FY17

Sustainable cost reduction and consistent production

**TRIFR**

- **2.9**
- 33% reduction

Shipped for FY17

- **170.4mt**

C1 cost for June Quarter

- **$12.16/wmt**

170mt for FY18

- **$11-12 for FY18**

US$1.8bn

- Cash on hand

US$2.7bn

- Debt repaid

21%

- Net gearing
Sustainable cost improvements

Initiatives delivering long term low cost outcomes

**Structural optimisation improvements**
Solomon + Blending + Processing

**Productivity + Efficiency**
Utilisation, Recoveries, Maintenance

**Innovation + Technology**
Autonomy, Gas, Ore Carriers, Data processing

![Graph showing cost improvements from FY12 to FY18 with guidance range of 11-12 US$/wmt for FY18.](chart_image)

- FY12: 48 US$/wmt
- FY13: 44 US$/wmt
- FY14: 34 US$/wmt
- FY15: 27 US$/wmt
- FY16: 15 US$/wmt
- FY17: 12.82 US$/wmt
- Guidance: 11-12 US$/wmt for FY18
Maintaining position on the cost curve

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

Source: Metalytics – March 2017
Innovation
Generating ideas for future innovation

People, processes and techniques are the catalyst for innovation

- **Exploration**
- Integrated **Operations Centre**
- Mine **planning** and **optimisation**
- Harnessing **automation**
- Low cost, relocatable **conveyor**
- Fortescue **Ore Carriers**
- **Data** processing and management
World class autonomous haulage operation

Building on our success and expanding to the Chichester Hub

Improved safety

56
Operating at Solomon
+12 converted

20%
Increase in productivity

Chichester Expansion
100 trucks converted over 3 years

390mt
Autonomously moved at Solomon
Core supplier to Asia

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

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

Total 2016 global steel production 1,629mt

- China: 808
- Japan: 541
- India: 79
- United States: 105
- Rest of the World: 96

Source: World Steel Association Crude Steel Production 2016
China’s 13th Five Year Plan (2016-2020)

RMB12.5 trillion for ~ 11,000 listed projects

- 3,000km New urban rail lines
- 152,000km Roads in rural areas
- New power projects +480,000 MW
- Over 50 civilian airports
- 80% cities with high speed rail
- Pipelines + gas storage

Source: China Daily
Asian economies generating two thirds of global growth

- **India**: 7.6%
- **China**: 6.1%
- **Thailand**: 3.3%
- **Philippines**: 6.7%
- **Vietnam**: 6.2%
- **Malaysia**: 4.6%
- **Indonesia**: 5.3%
- **Australia**: 2.6%

Source: IMF World Economic Database Oct 2016
Construction and manufacturing projects support iron ore inventory levels
Reserves and resources
Focus on core iron ore business

Largest tenement in Pilbara with 18.3bt in mineral resources, including 6.7bt in magnetite
Active in exploration

Future low cost optionality

- Targeting copper and gold
  - New South Wales
    - ~2,000km$^2$ tenure
  - South Australia
    - ~6,000km$^2$ tenure
  - South America
    - 32 concessions in Ecuador
    - Covering ~1,300km$^2$
Building strong communities
Diverse workforce representing our communities

Creating opportunities through training, employment and business development

17.3% Female representation

15% 1,250 Aboriginal employees

A$1.95bn 98% Contracts to Aboriginal companies Spend Australia 64% in WA
Focussed strategy
Key strategic focus

Ensuring communities benefit from the growth and development of Fortescue

- Debt repayment and **capital flexibility**
- Long term **sustainability** of iron ore
- **Returns** to shareholders
- Create **low cost growth** options
  - Leverage skills and culture
  - Exploration and early stage development
Together we are Fortescue

Our vision is to be the safest, lowest cost, most profitable iron ore producer

- Sustainable low cost producer
- World class assets & people
- Customer focus
  - Reliable
  - Competitive
- Unique culture drives performance