Fortescue
The New Force in Iron Ore

Mining's Energy Challenges and Strategic Options

People. Innovation. Performance.

Forward looking statements

Disclaimer

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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, and ASX releases dated 20 May 2014 and 8 January 2015 as they relate to Hematite Mineral Resources Development Properties. 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.

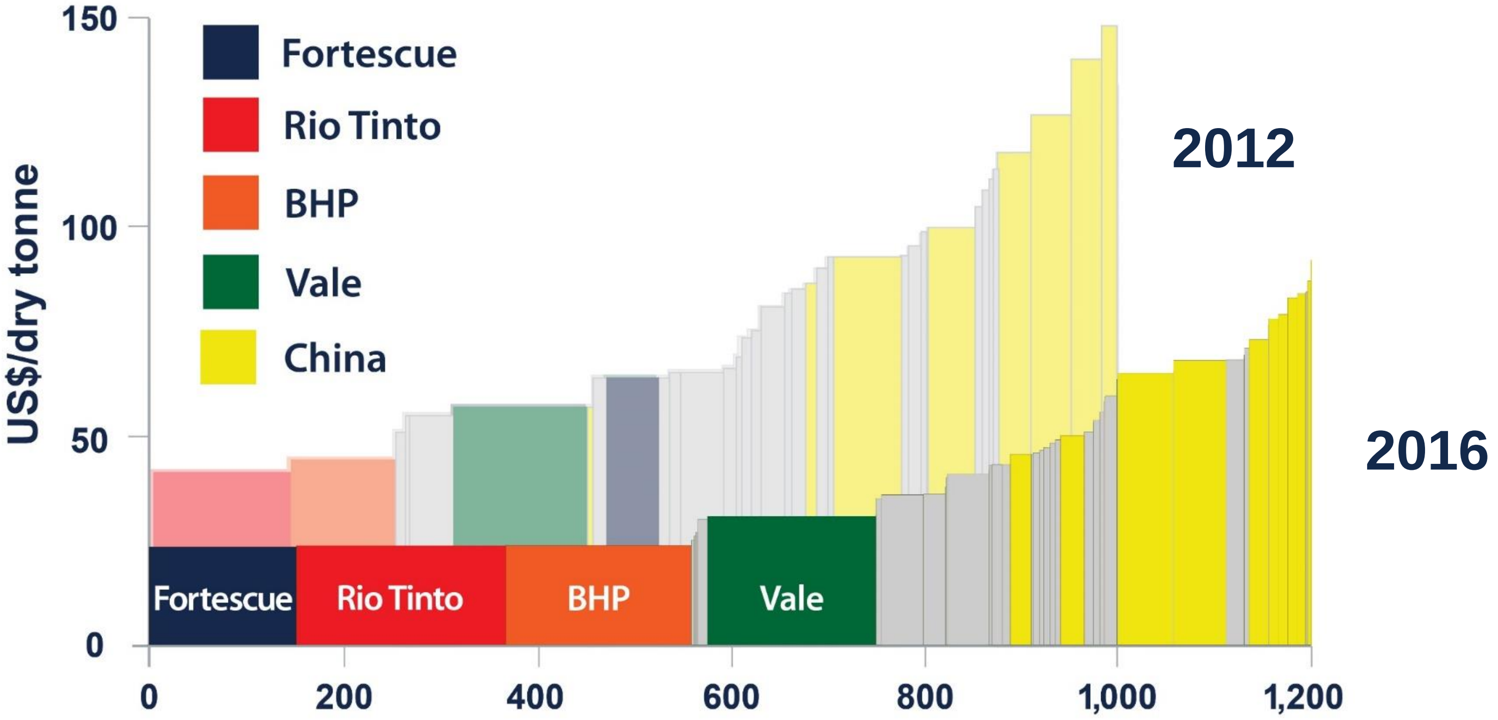
Delivering on targets

Focus on safety, productivity and efficiency

- ✓ **Safety**
- ✓ **165-170mt** shipped
- ✓ **Productivity + efficiency**
- ✓ **Lowest cost** producer
- ✓ **Debt** repayments
- ✓ Consistent **dividend** policy

Moving down the global cost curve

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



Building strong communities

Creating opportunities through training, employment and business development

1,300
Aboriginal employees

15%
Aboriginal people in Fortescue workforce

A$1.85bn
Contracts to Aboriginal companies and JVs

VTEC
TRAINING CENTRES
Roebourne
South Hedland

WA’s natural gas potential

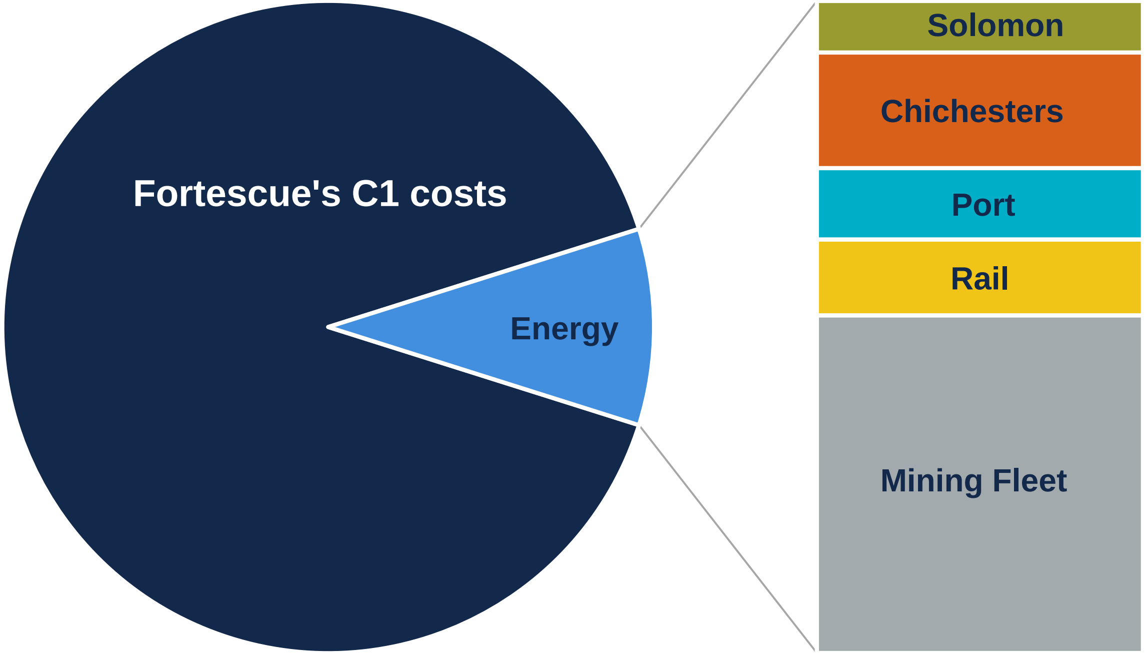
The gas opportunity

Recognise renewables and storage role in future energy solutions

- Gas **critical transition** fuel and good for our economy
- Switch from **imported diesel** and enable integrated NWIS
- A grid with gas base load enables **Pilbara renewables**

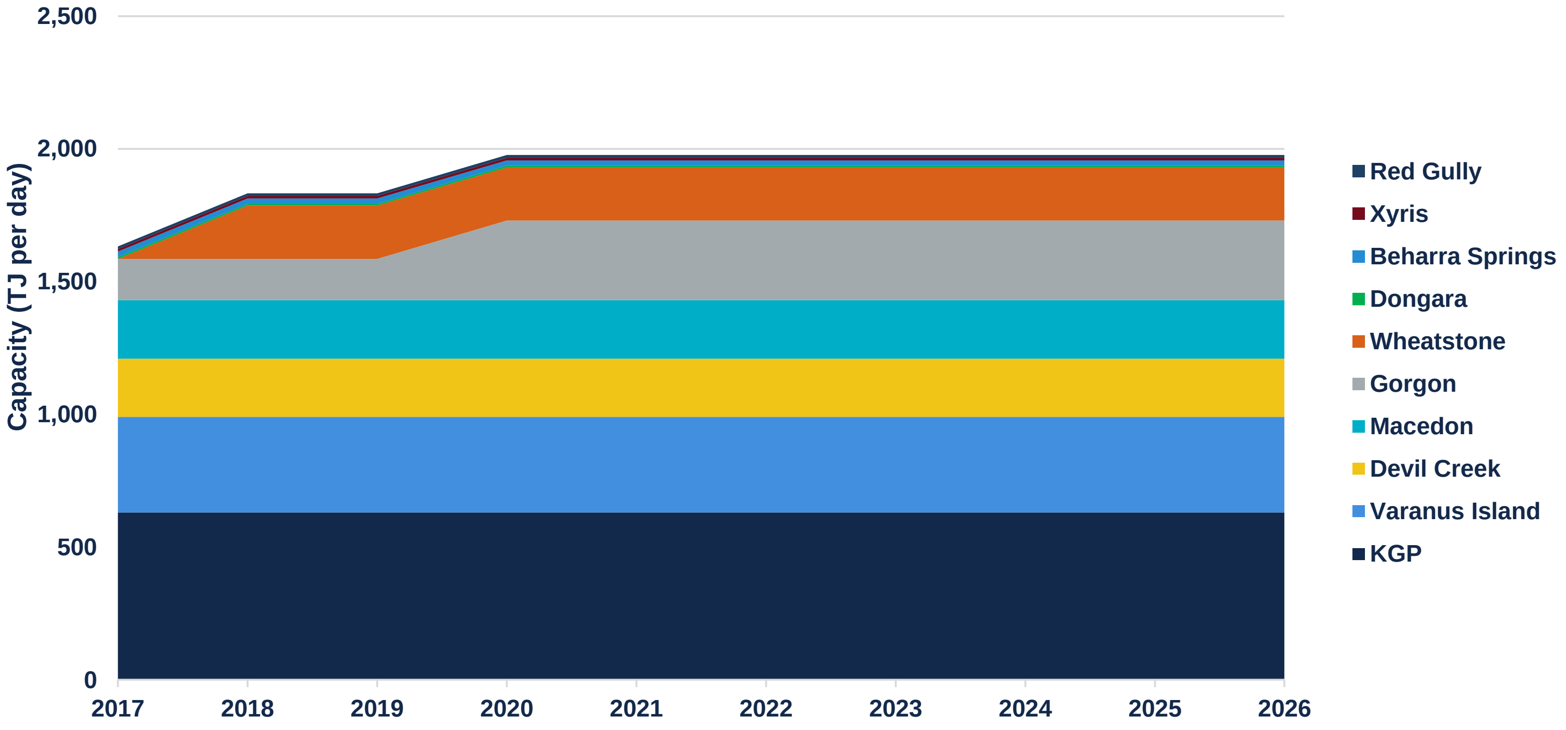
Mining is an energy-intensive business

Sensitivity to energy



Domestic Gas Production Capacity

Nameplate Capacity of Existing Domgas Plants



AEMO scenario highlights domgas market risk

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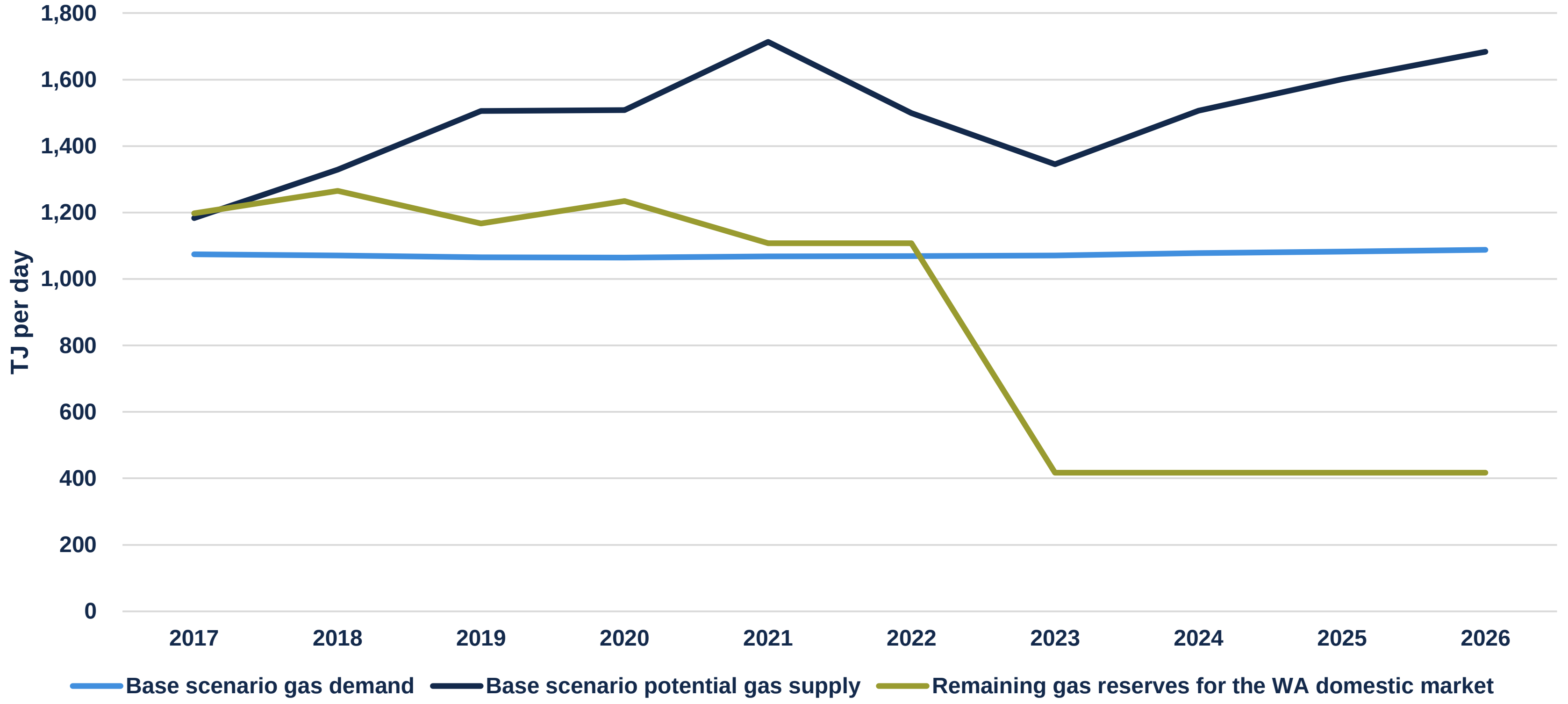
Continued development of reserves crucial to post-2021 supply to avoid the cliff



Source: GSOO 2016, AEMO

Drilling rates at historic lows

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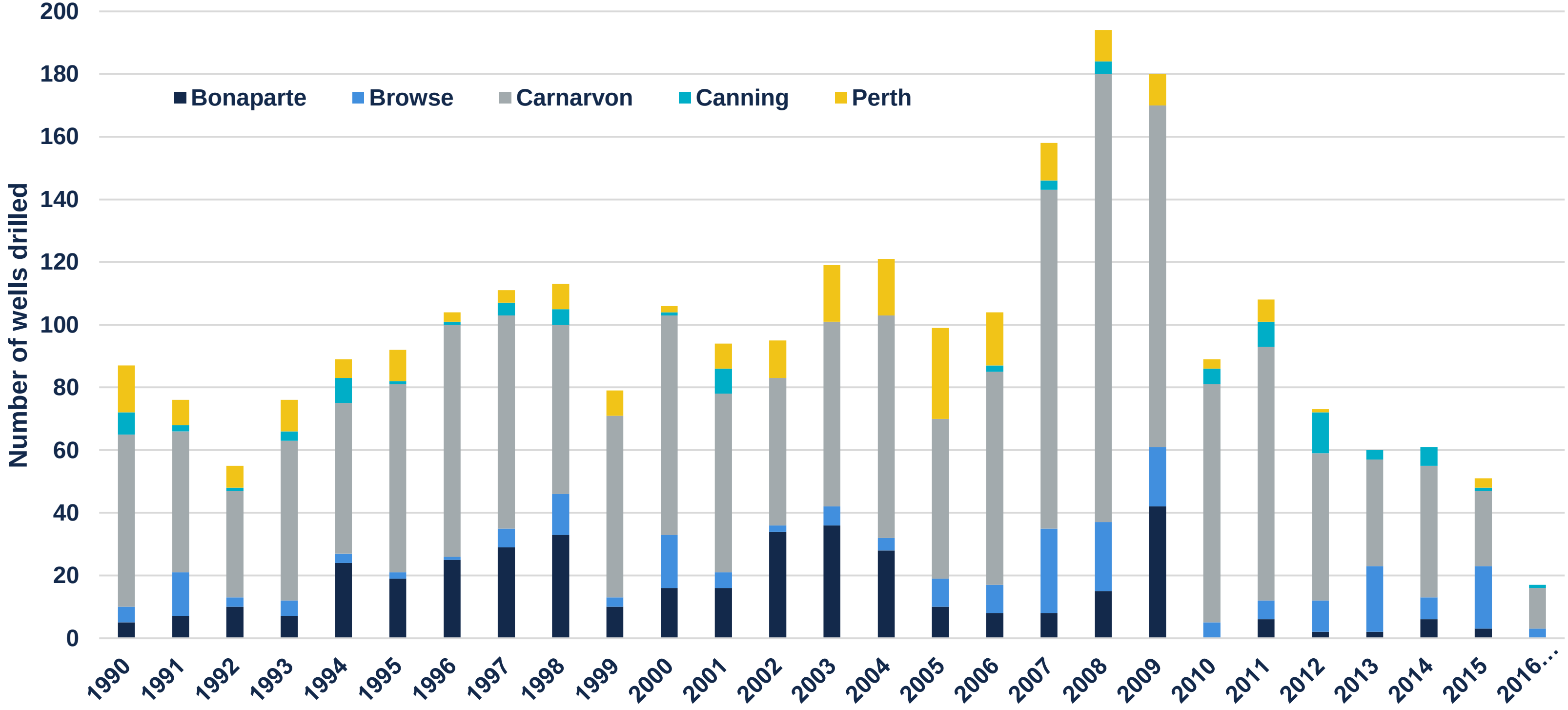
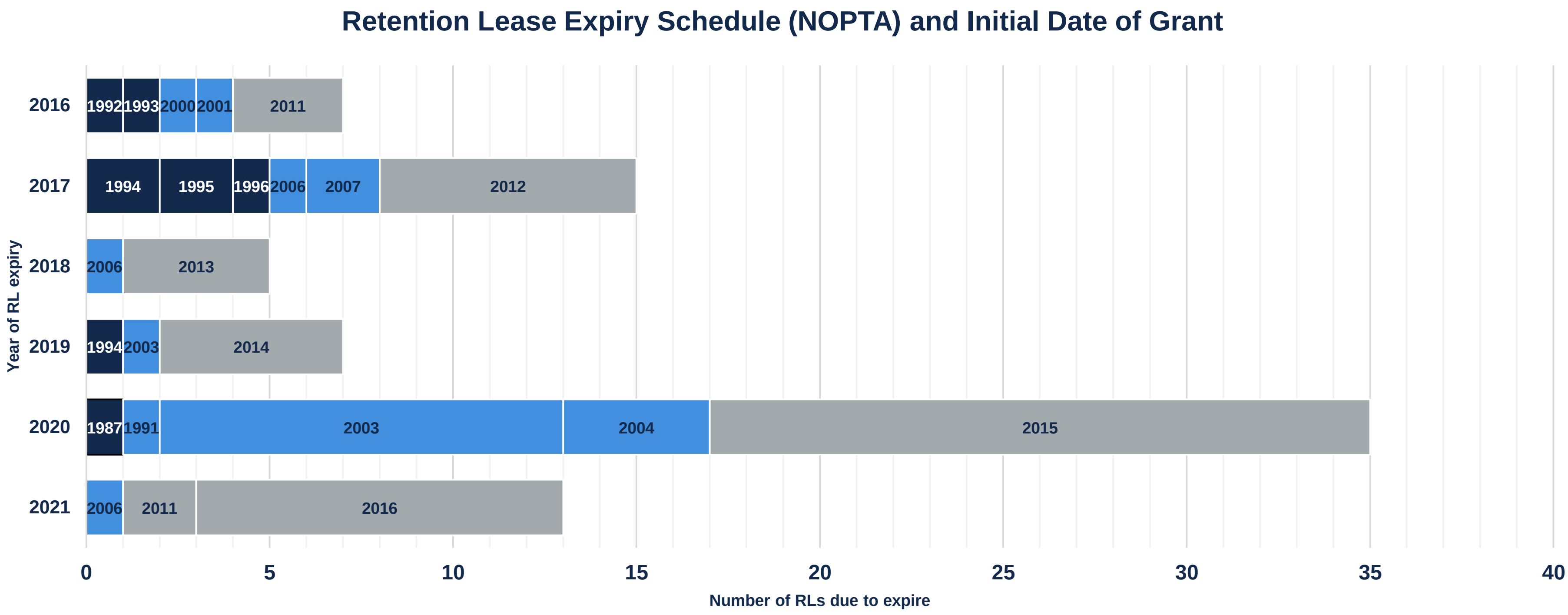
Concern about what this means for future supply



Source: GSOO 2016, AEMO

The Retention Lease bulge

Significant number of RLs mature ahead of possible domgas cliff



Source: NOPTA NEATS data and Fortescue analysis

Gas important in transition to renewables

More domestic gas fields need to be developed

- **Policy settings** to enable transition
- Maintain **competitive advantage**
- **"Use it, or lose it"** tension needed

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