

20 February 2018



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

Dear Madam or Sir

### **Fortescue completes US\$1.4 billion Syndicated Term Loan**

Fortescue Metals Group Limited (ASX: FMG, Fortescue) is pleased to announce completion of a US\$1.4 billion Syndicated Facility Agreement (Term Loan) with participation by key Chinese, Australian and European financial institutions.

Proceeds of the low cost Term Loan will be used to redeem a portion of Fortescue's 2022 Senior Secured Notes through a tender and/or redemption, lowering annual borrowing costs by approximately US\$80 million.

The Term Loan, co-led by Chinese and Australian major financial institutions, represents another significant milestone in the commercial relationship between Australia and China. This extends Fortescue's relationship with Chinese financiers which includes the funding arrangements for Fortescue's Ore Carriers.

Chief Financial Officer, Ian Wells said "This financing transaction builds and broadens Fortescue's highly valued relationships with China. It represents another milestone in the execution of our capital management strategy, increases capital flexibility and further lowers Fortescue's cost of capital."

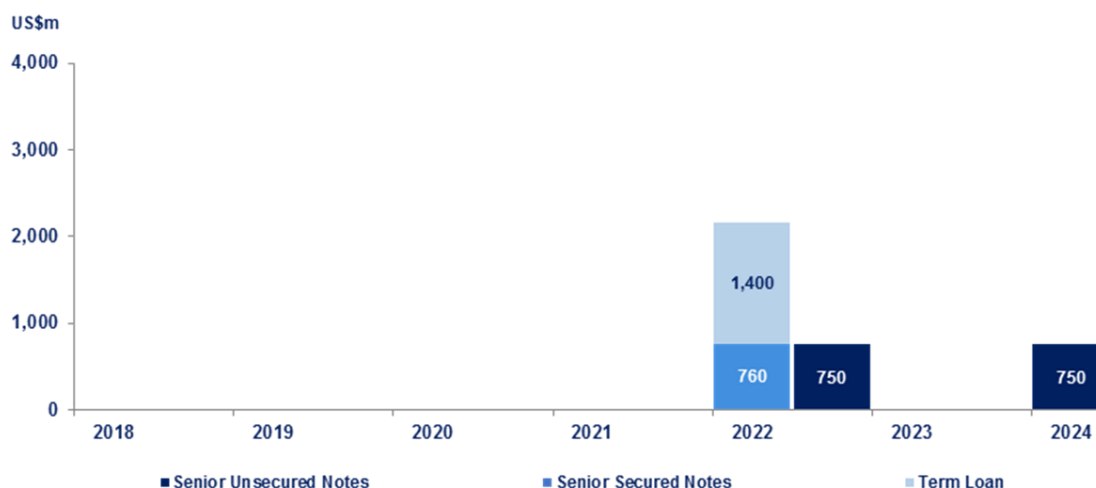
Key terms of the Term Loan agreement follow:

| <b>Term</b>         | <b>Description</b>                                                 |
|---------------------|--------------------------------------------------------------------|
| Facility Size       | US\$1,400 million                                                  |
| Term                | 4 years plus an option to extend for a further year                |
| Early repayment     | At Fortescue's option                                              |
| Principal repayment | 1% per annum                                                       |
| Use of Proceeds     | Partial redemption of 9.750% Senior Secured Notes maturing in 2022 |

Chief Executive Officer, Elizabeth Gaines said “The support of the Chinese, Australian and European banks enables Fortescue to diversify its capital structure on globally competitive financing terms. We welcome the opportunity to work with this world class financial syndicate who have recognised Fortescue’s competitive strength in the global iron ore industry as the lowest cost provider of seaborne iron ore to China.”

“Our core focus remains on our strategy of disciplined capital management, investing in our iron ore business, driving product diversification and asset development, and delivery of returns to our shareholders,” Ms Gaines said.

The following chart shows Fortescue’s proforma debt maturity profile after the transaction is completed and proceeds have been applied to the repayment of the 2022 Senior Secured Notes.



Yours sincerely

**Fortescue Metals Group Ltd**

**Alison Terry**

Company Secretary

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