Investor and media tour

November 2018

Together we are Fortescue

Fortescue
The New Force in Iron Ore

Forward looking statements

Disclaimer

Important Notice

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Additional Information

This presentation should be read in conjunction with the Annual Report at 30 June 2018 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 2018 as released to the Australian Securities Exchange on 17 August 2018. 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.

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Elizabeth Gaines

Chief Executive Officer

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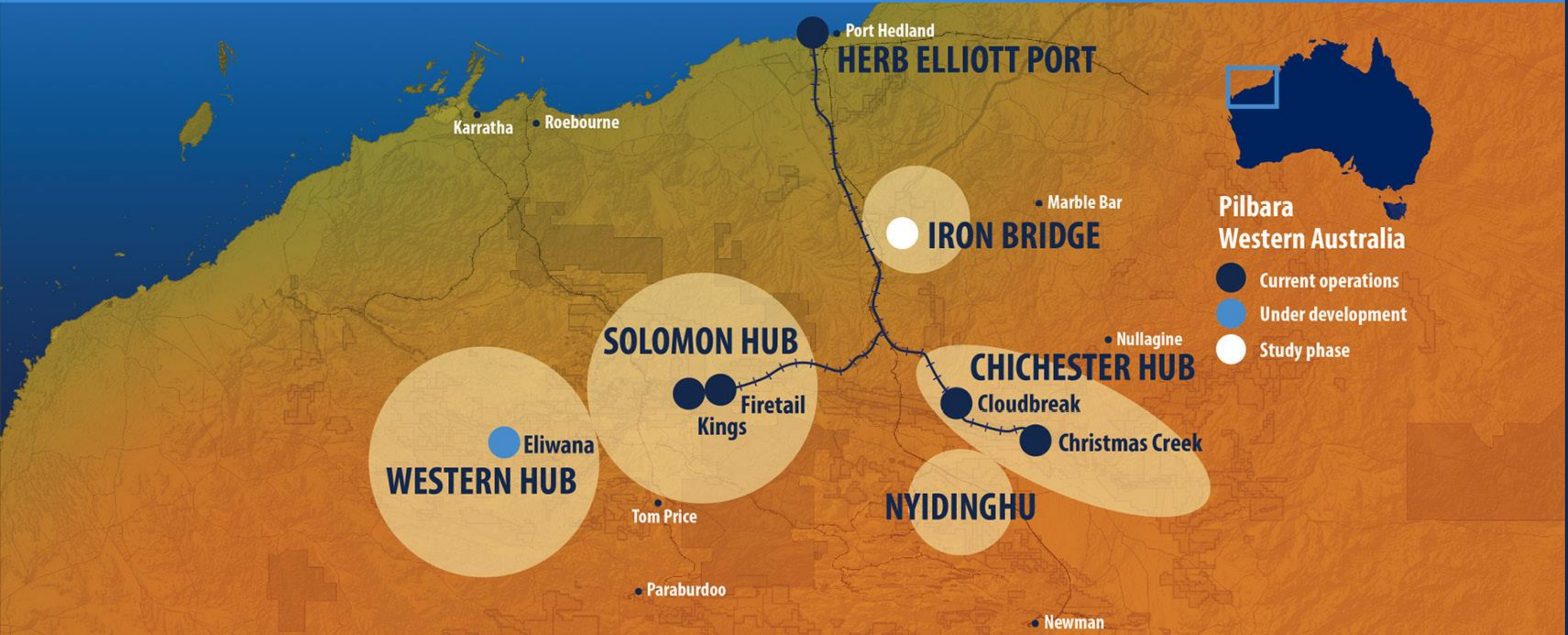
Integrated mining and infrastructure operations

Focus on safety, production and cost



Safety and unique culture

Looking out for our mates

TRIFR 3.9
(Sept 18)

94%
Safety and Culture survey participation

Company wide safety stop

Communities benefit from our success

Empowering communities

14.1% Aboriginal employment

A$2bn contracts with Aboriginal businesses

814 Aboriginal people employed via **VTEC**

A$50m Guaranteed Leasing Facility

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Embracing diversity

Practical initiatives in the workplace

17.4% female employment

24% female **senior managers**

Fortescue Family room

Flexible working arrangements

Safeguarding the environment

Responsible environmental management

91.7 million kL of water directly reinjected into aquifers

88% recycled waste

GHG emissions intensity **reduced by 13.5%** since FY15

Expand **climate related financial disclosure** reporting

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September 2018 Quarterly production report

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TRIFR 3.9

40.2mt
Shipped

C1 cost
US$13.19/wmt

US$45/dmt
Average realised price

US$972m
Cash on hand

US$3.0bn
Net debt

Greg Lilleyman

Chief Operating Officer

Integrated marketing and operations

Market drivers

Marketing and product strategy alignment

Operational delivery

Margin optimisation

Steel mill profits moderating

High steel **margins** during 2018

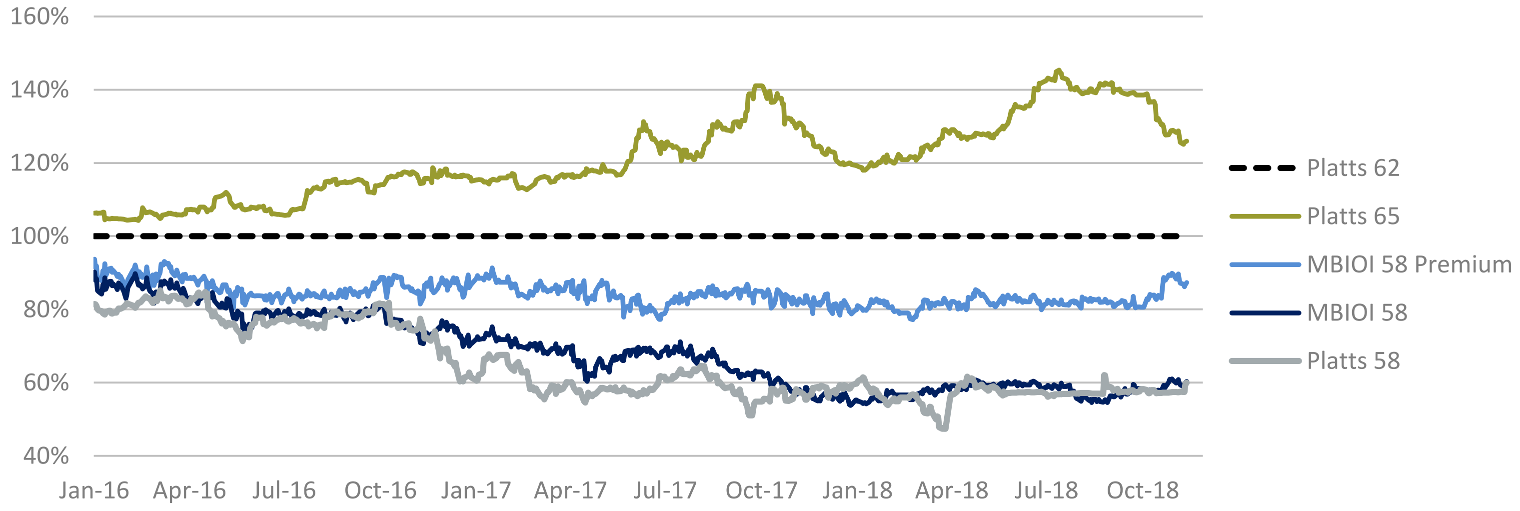
Mills drive for **productivity**

Focus on **Fe grade**

Source: Platts; Fortescue Analysis

Iron ore price

Variation between iron ore products driven by high steel mill profitability with peak spreads declining due to lower steel margins



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West Pilbara Fines

Typical grade	WPF	Platts IODEX 62
Iron content (Fe)	60.1	62.0
Alumina (Al2O3)	2.3	2.25
Silica (SiO2)	4.7	4.0
Phosphorous (P)	0.075	0.09

First shipment scheduled Dec 2018

5-10mt in FY19

Growing to ~40mtpa for 20+ years on completion of Eliwana

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Strategic mine plan to 2050 delivers:

West Pilbara Fines at 40mtpa

Flexible product mix

Exploration opportunities

Western Hub Stage 2 prospects

Nydinghu potential ~2030

Long mine lives

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Danny Goeman

Director Sales and Marketing

Fortescue
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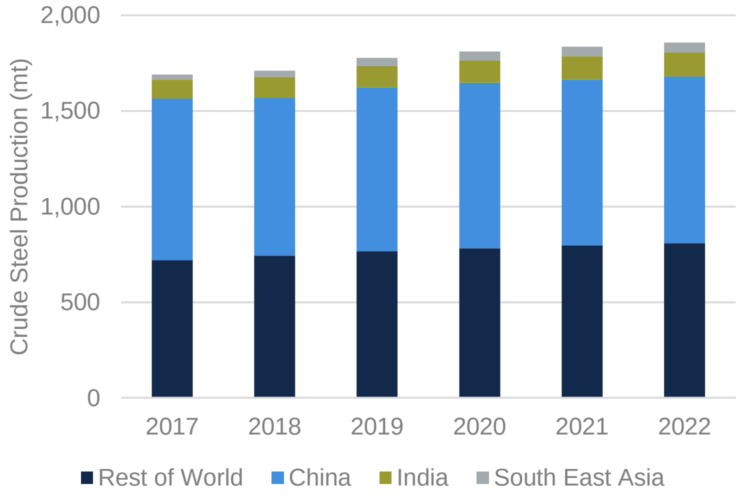
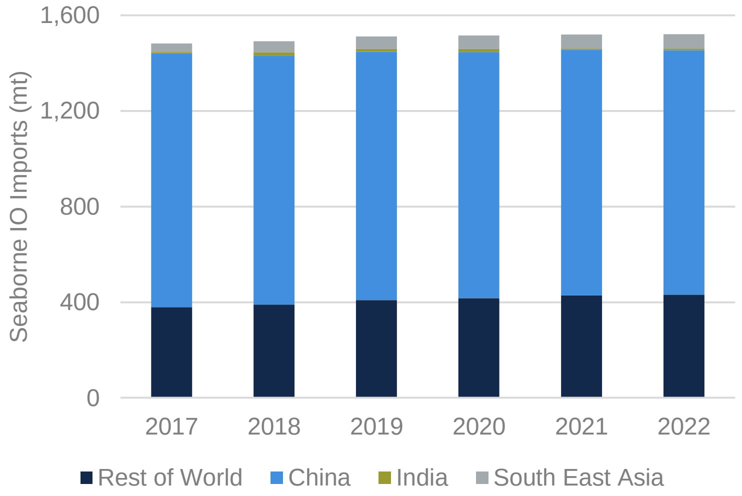
Global crude steel production forecast to grow

Underpinned by ROW, India and SEA



….sustaining demand for seaborne iron ore



Source: CRU; Fortescue Analysis

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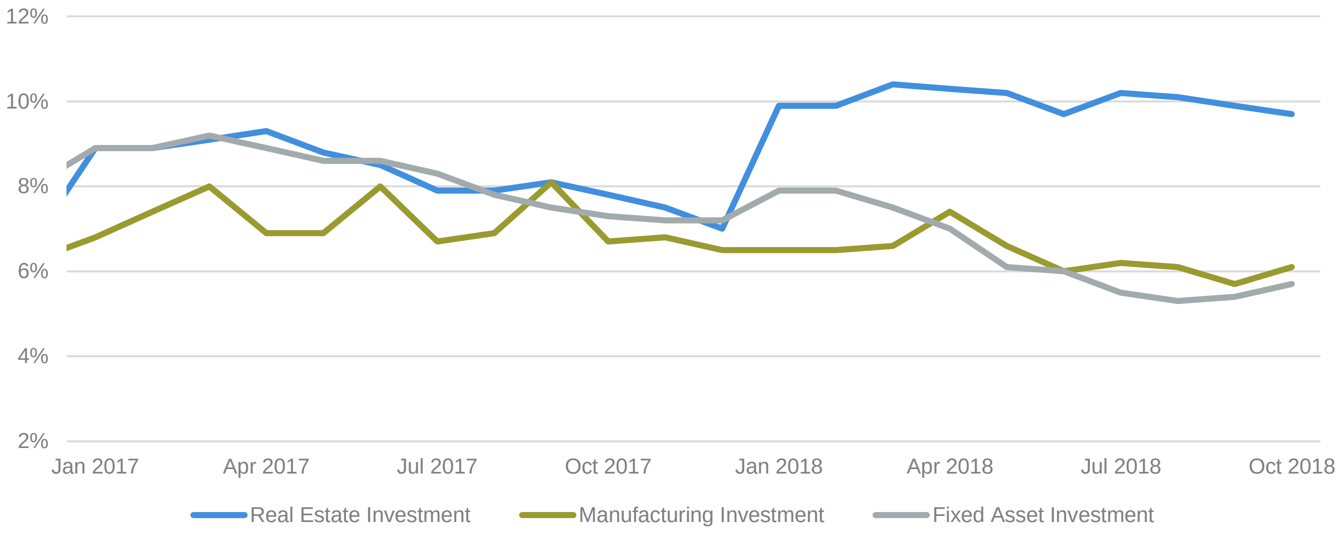
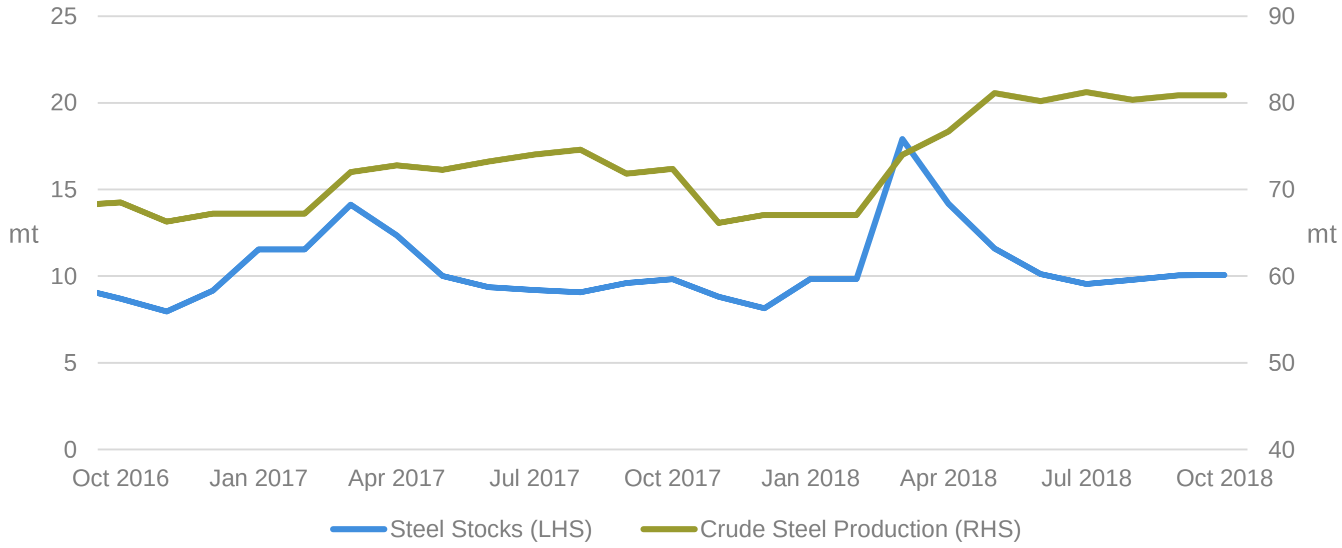
China steel demand drivers supportive

…with real estate investment robust



Source: CEIC

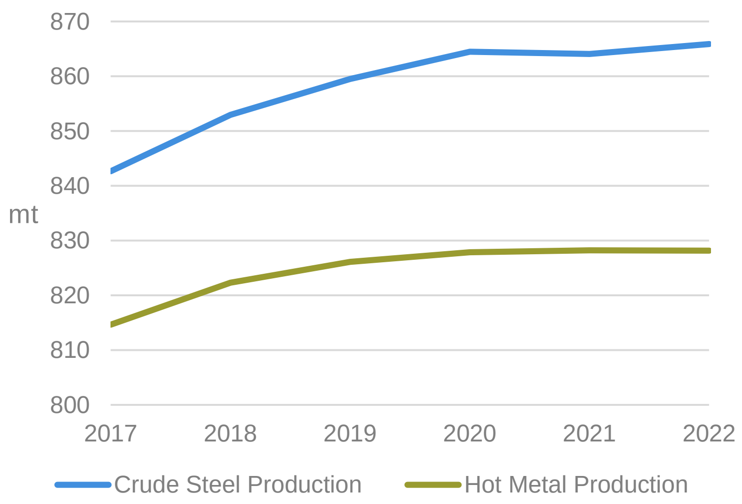
Record China steel production with steel inventories remaining low



Source: Steelhome; Bloomberg; Fortescue Analysis

Hot metal production expected to remain stable

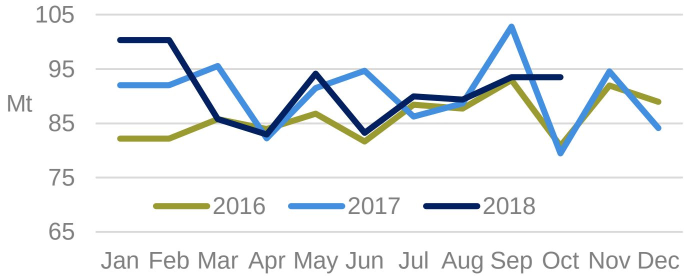
Scrap usage will increase from a low base, but remain constrained in the medium-term



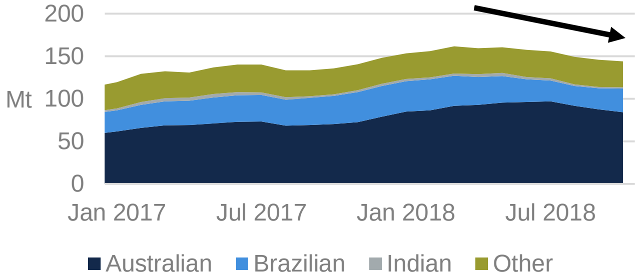
Source: Platts; Wood Mackenzie; Fortescue analysis

2018 seaborne imports in line with previous years

2018 YTD imports



China ports stocks have decreased



Source: Bloomberg; Fortescue Analysis

Strong demand for Fortescue products

- China port stocks of Fortescue material continue to decrease.
- Stock draw down required to meet apparent demand.
- Recent steel mill margin compression expected to further encourage consumption of lower Fe iron ore.

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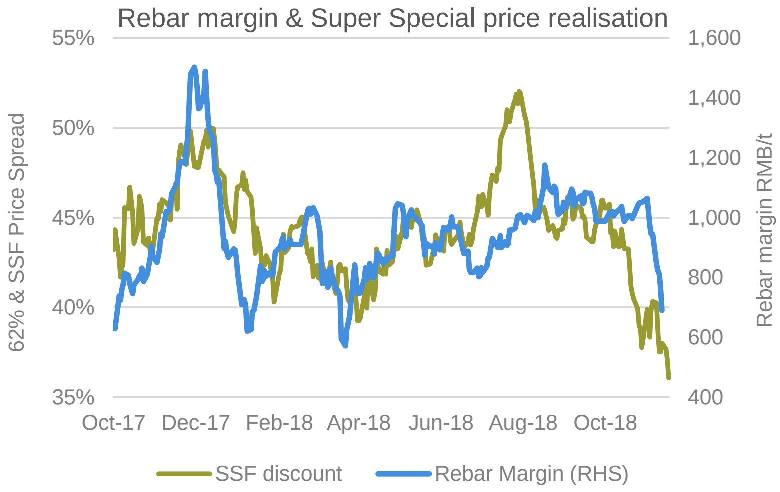
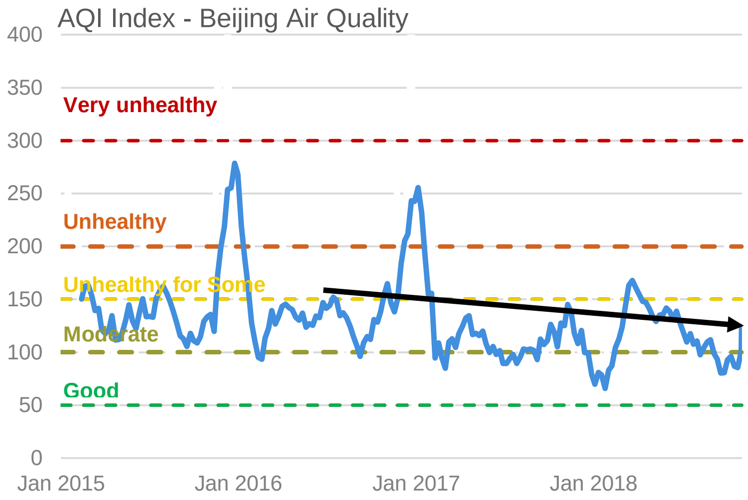
China supply-side reforms have changed the industry landscape

…with steel mill profitability supporting high steel production rates, and environmental controls leading to improved air quality in major cities





Source: Platts; Fortescue Analysis

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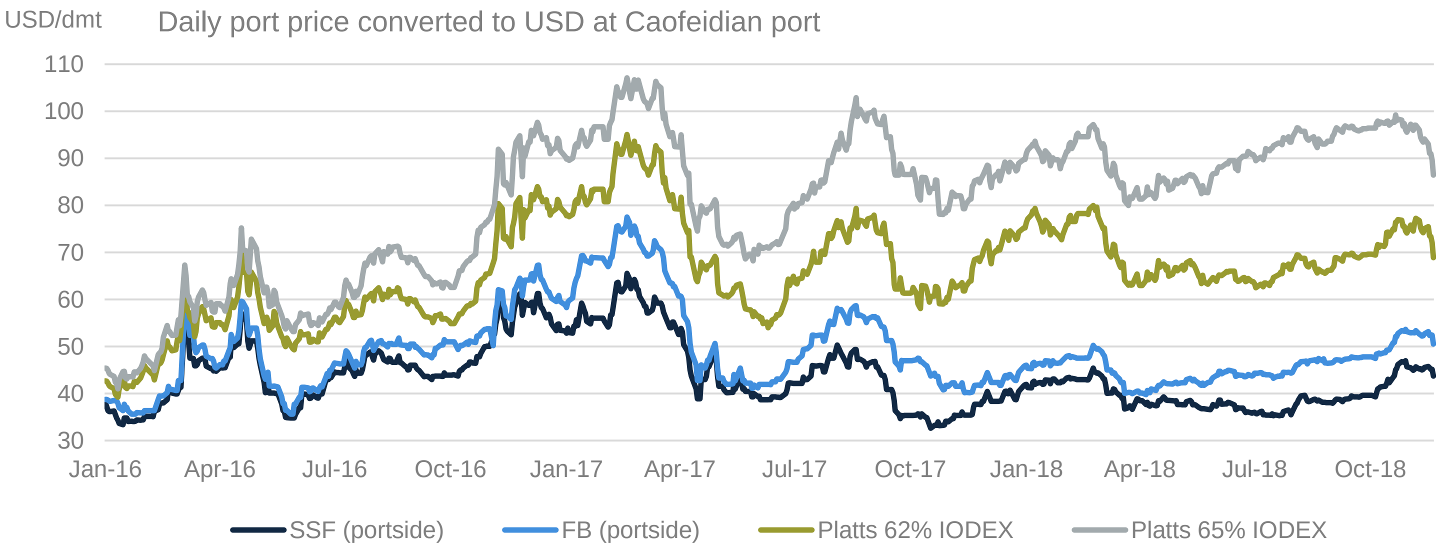
The market remains dynamic

…and is responding to prevailing market conditions

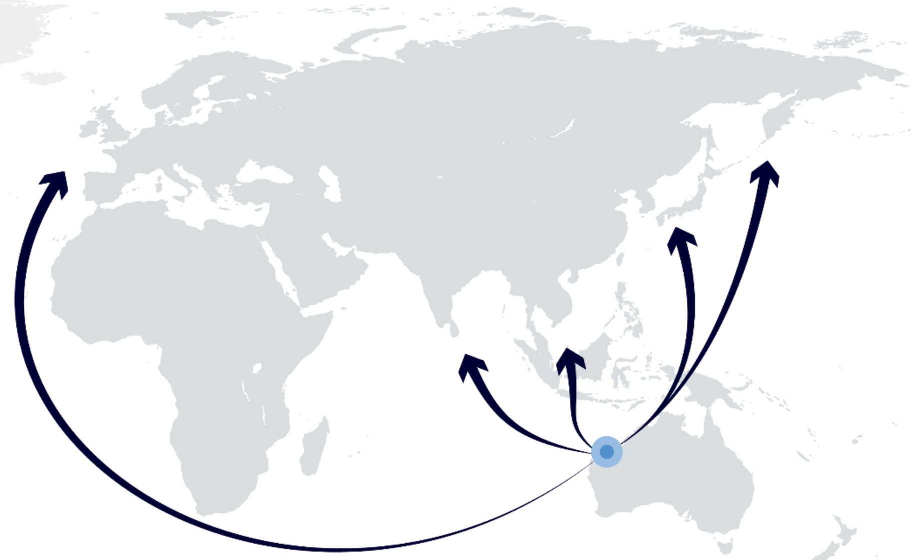


Source: Mysteel; Platts; Fortescue analysis

Demand for Fortescue products increasing in China and other regions…

September 18 quarterly sales to non-China customers at 10%

- **Proximity** to high growth region
- **Responsive** to market needs
- Customer base continues to **increase**
- Maiden **shipments** to Vietnam and Malaysia
- Competitive **value in use**



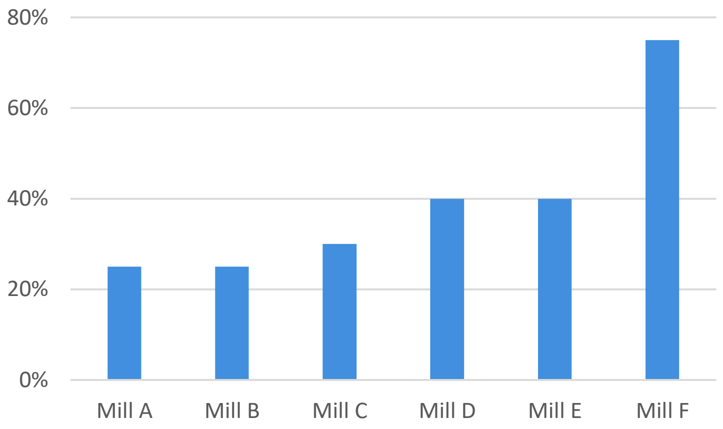
Fortescue continues to work closely with customers

Technical collaboration and engagement key to delivering value

Physical product attributes as important as chemistry:

- **Versatile** and can be used to replace other ores
- **Favourable mineralogy** for sintering performance
- **Valuable granulation characteristics** due to coarse product sizing
- **Favourable thermal, melting and assimilation properties**
- **Facilitates sintering of other products** – especially concentrates

Fortescue customers successfully using up to 75% of Fortescue products in the sinter blend



...and optimise product mix

Sept'18 quarter average realised price increased 12.5% vs 2% for the Platts 62% index due to:

- Increased Fortescue Blend shipments
- Production of Fortescue Lump
- Reduced Super Special Fines
- Other marketing initiatives

Product mix optimisation delivers real value:

(Tonnes shipped millions, wmt)	Q1 FY19	Product mix %	FY18	Product mix %
Fortescue Blend	19.2	**48%**	75.0	**44%**
Kings Fines	3.5	**9%**	15.0	**9%**
Super Special Fines	17.0	**42%**	80.0	**47%**
Fortescue Lump	0.4	**1%**	-	**0%**
Manganese Iron Ore	0.1	**0%**	-	**0%**
	40.2		170.0	

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Introduction of new West Pilbara Fines product

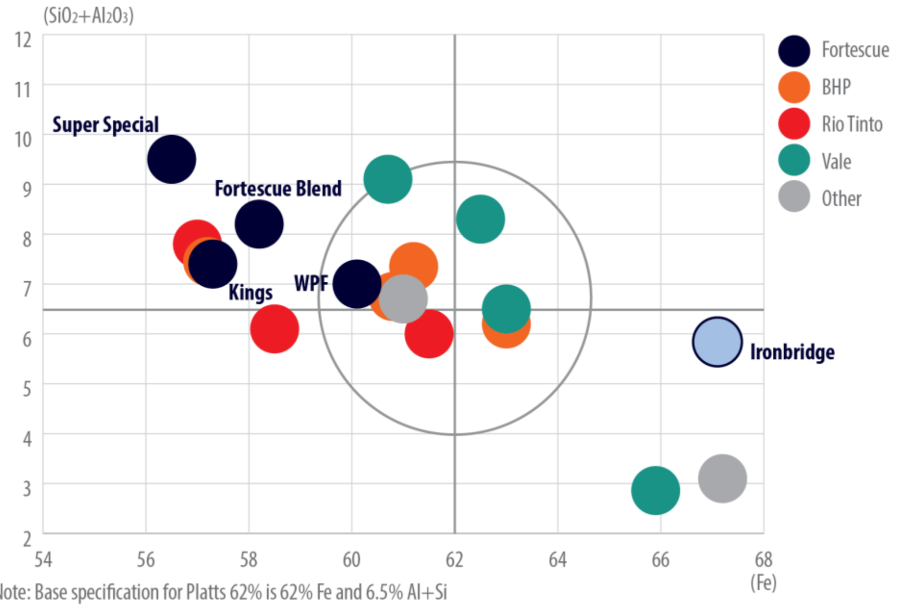
Extensive sinter testing undertaken to date

- **20-25% improvement** in sinter productivity
- Stable **fuel rates** and tumble index
- Competitive **metallurgical sinter properties** (compared to other Pilbara products)

…further strengthening Fortescue's product portfolio

- Strong **customer interest** in WPF
- Joint **test work** programs
- **Maiden shipments** agreed with key customers
- **Clear pathway** to long term offtake agreements

Product positioning: Natural Fe v Gangue ($SiO_2+Al_2O_3$)



Note: Base specification for Platts 62% is 62% Fe and 6.5% Al+Si
Source: Fortescue, company reports

Gerhard Veldsman

Executive GM Pilbara Operations

Efficient product delivery

- Maintaining low cost position
- Delivering products to specification – scheduling, batching, blending
- Focus on innovation and technology

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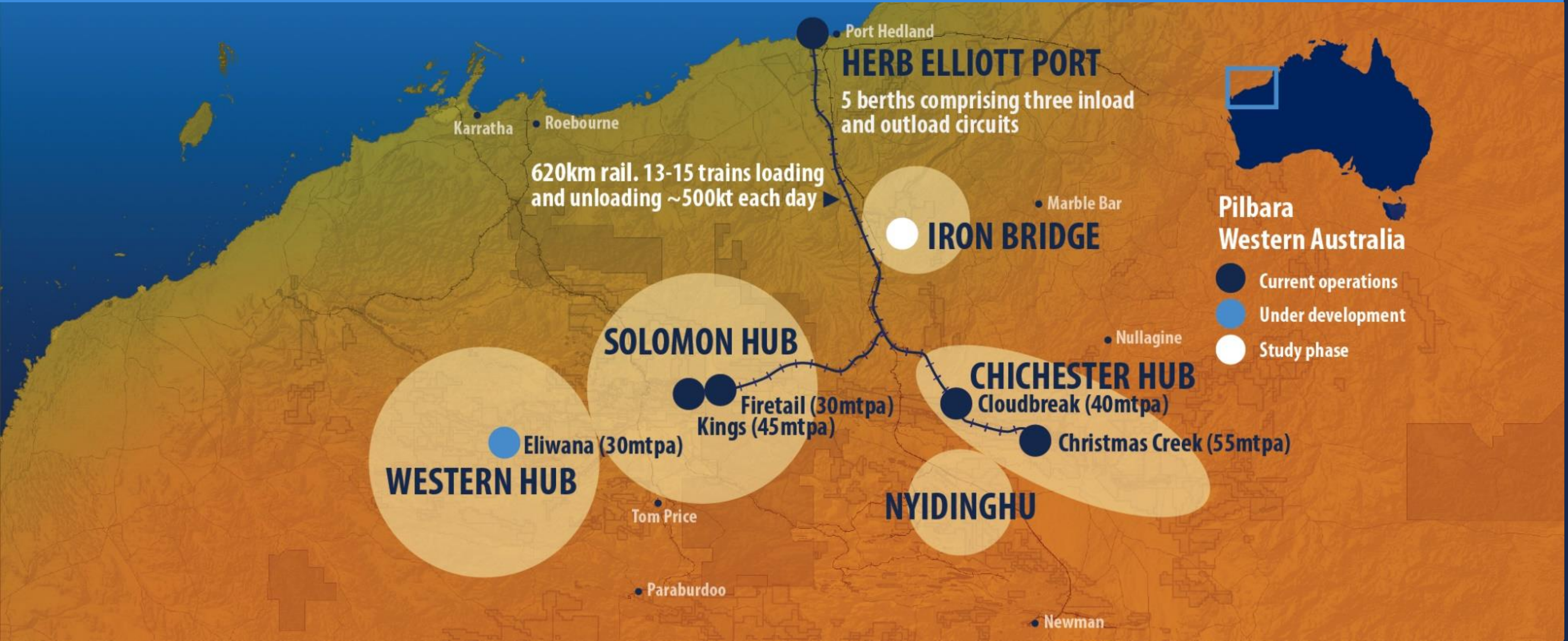
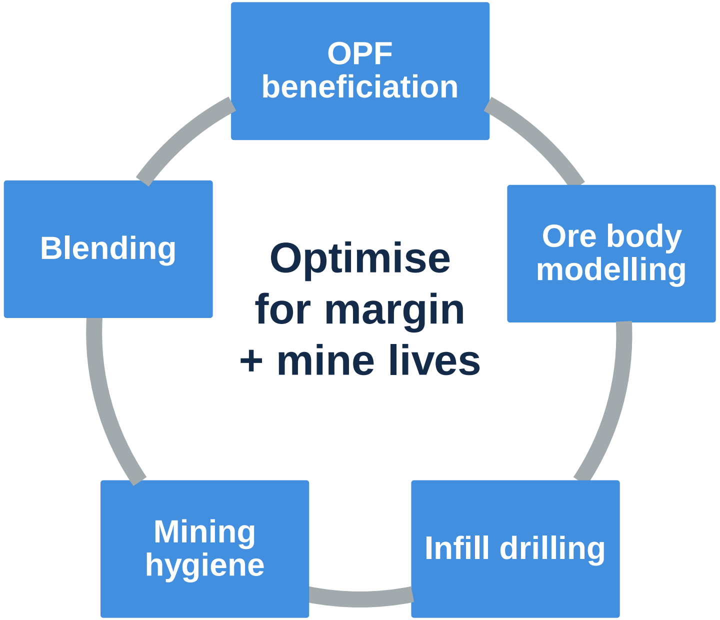
Operations located in Pilbara region of WA



Maintaining low cost position

Life of mine (LOM) plans continue to be optimised to capitalise on market conditions improving the outlook for strip ratios



	Average strip ratio
FY19-23	1.6
FY 24-28	1.8
FY 29-33	1.8
FY 34-38	2.8
Average LOM	**2.0**

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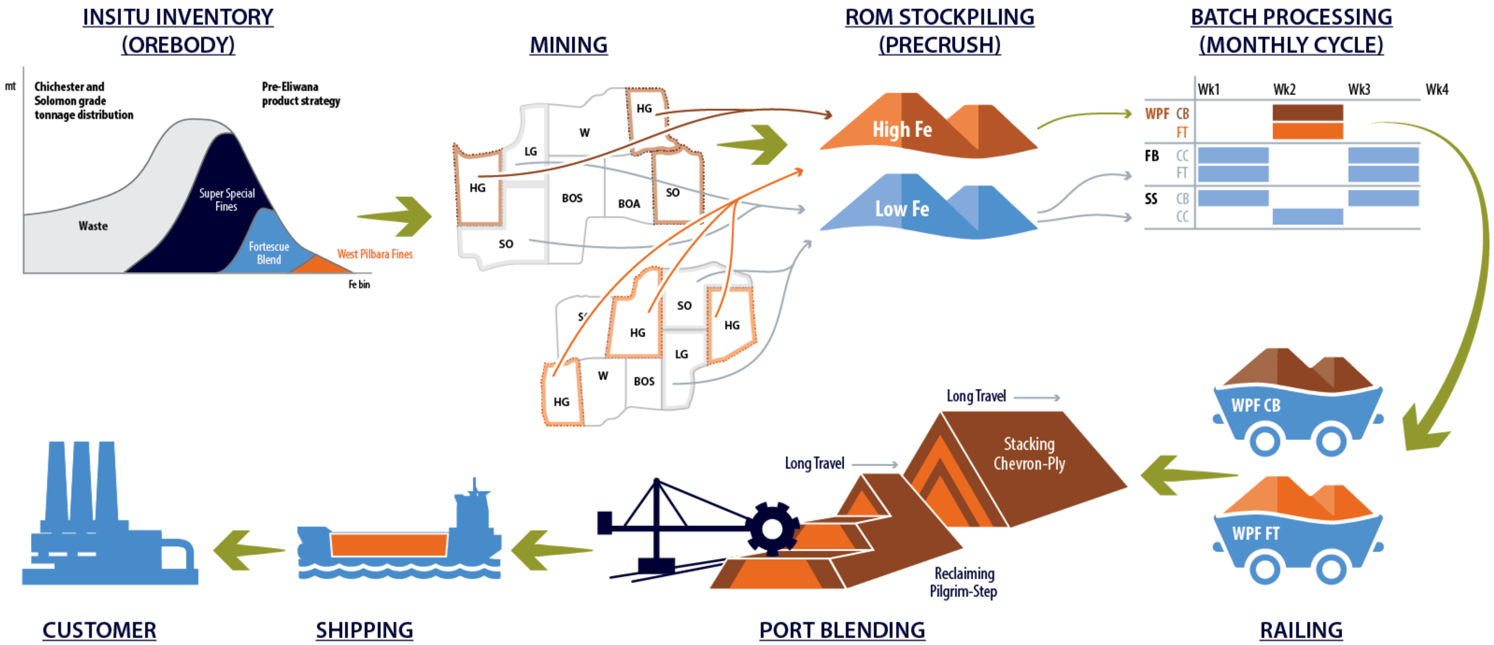
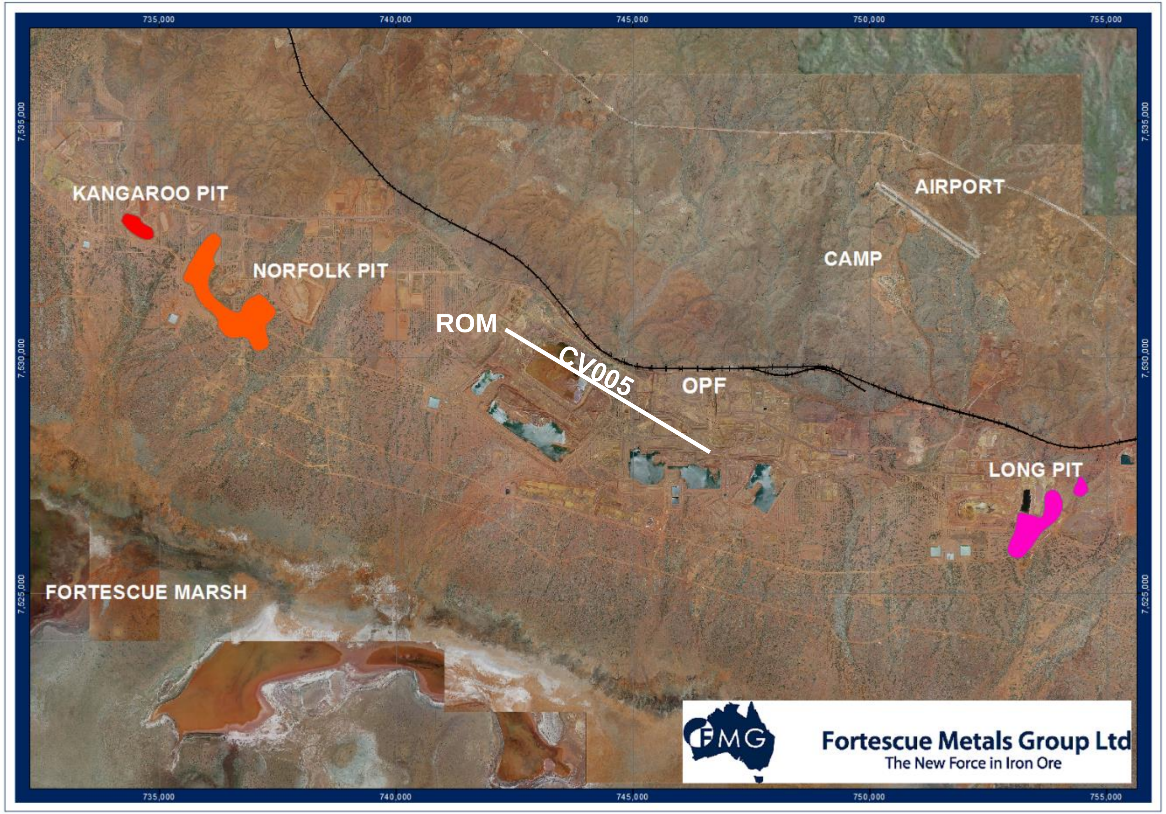
West Pilbara Fines – Pre Eliwana

Maximising value from high Fe areas



Key WPF pits – Cloudbreak



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Quality control to meet market

Blending of ore occurs at each step in the process from mining to ship loading

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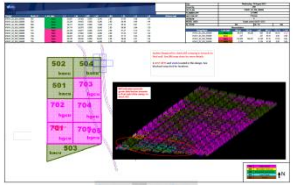
Mining
'In situ' Ore blocks

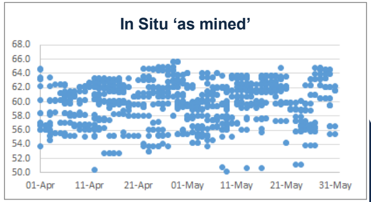


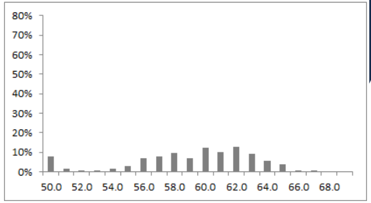
ROM Stockpile
Blending

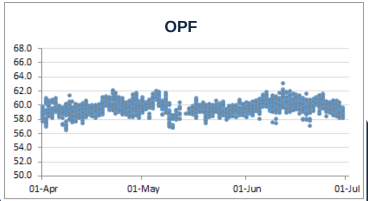
Mine Product
Stockpile Blending

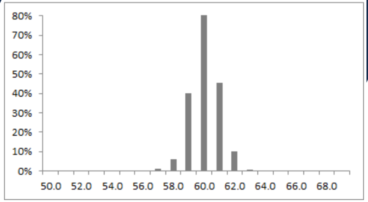
Port Stockpile
Blending

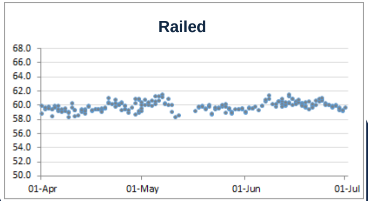
Ship Loading

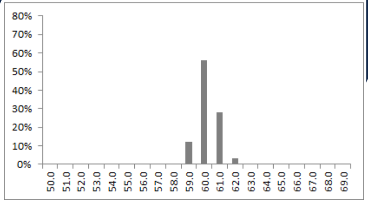


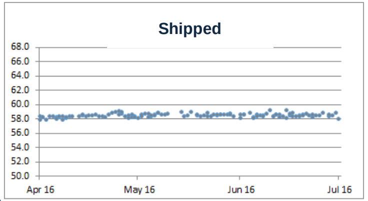


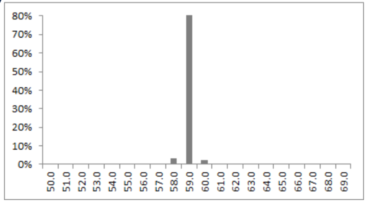












Innovation drives productivity and efficiency

- Focus on people and process
- Data analytics
- Maximising value from assets

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Innovation and technology framework

Safety

People

Production

Quality

Cost

Safest, lowest cost, most profitable mining company

People and process

- Integrated operations
- Digital twin technology
- Drone technology

Data analytics

- Down hole assay tool
- Material modelling & tracking
- Asset health monitoring

Assets

- Alternative energy (hydrogen, renewables)
- Autonomous mining systems
- Relocatable conveyor
- Eliwana plant design
- 3D printing

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Automated mining

World leading
Commercial scale AHS at Solomon

All operations
AHS implemented across all mines by end of 2019

Relocatable conveyor
Ideally suited to Fortescue's operations

Autonomous Drills
30% improvement

Remote integrated
operations centre

Data analytics
New technology, systems and processes

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Chichester AHS truck deployments

On track to complete by December 19

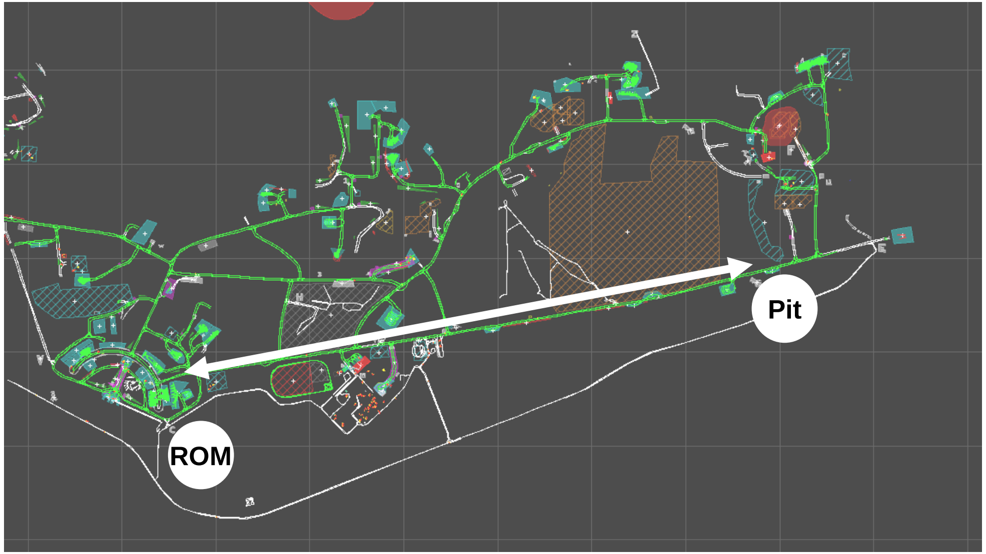
34 CAT 793s deployed at Christmas Creek

First conversion of a **Komatsu 930E** integrated to the Caterpillar MineStar System

Cloudbreak conversions commenced

Benefits of AHS

- 793F **conversion time reduced** from 21 to 8 days
- **Safety** benefits
- **Redeployment** opportunities for operators
- **32% improvement** in productivity



Eyre Pit to ROM at Christmas Creek

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Autonomous drills

Safety and productivity improvements through automation

Removes operators from high risk activities

Achieving 30% higher drill hours and consistent penetration rates compared to manned equivalent

20% reduction in number of drills required

Relocatable conveyor

Greater flexibility and increased accessibility to other ore bodies

Relocatable modules and **crushers**

Achieved full capacity within 14 days

Adaptable to other Fortescue operations

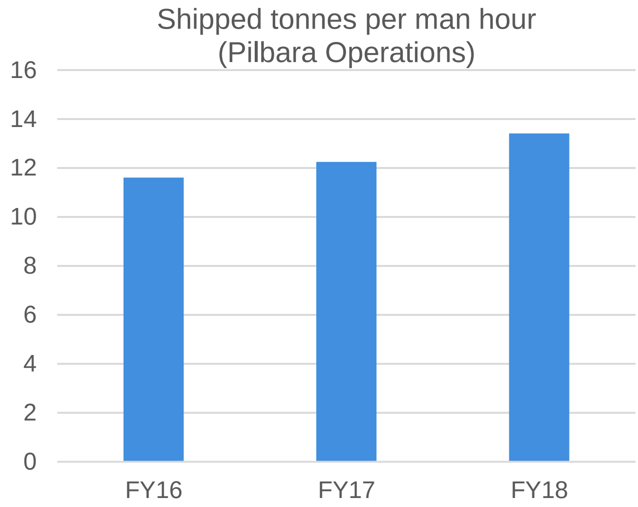
Replaced 12 manned trucks

Port and Rail

Designed, built and operated for low cost operations

High asset utilisation

- Ship loaders – Avg Gross Load Rate >8,800tph (<24hrs loading/ship)
- Train unloaders – Avg Gross Dump Rate 10,180tph (3.1hrs unload time per 33,000t)
- Trains – world's heaviest haulage @42t axle loads and cycle times <21hrs
- Automated ore car maintenance workshop

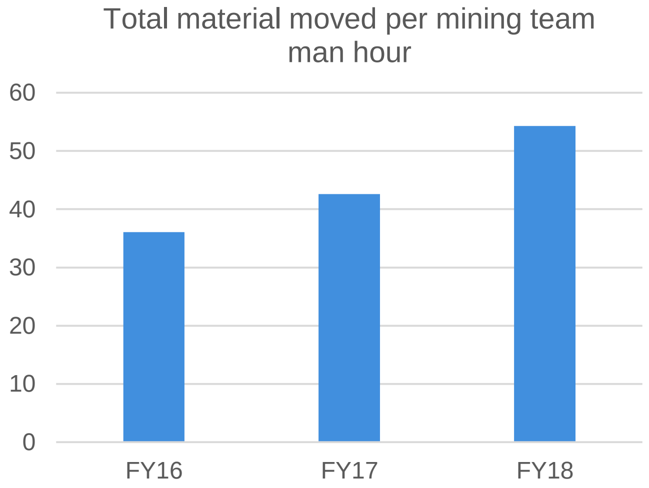


Productivity and efficiency

Staying low cost - counteracting inflationary pressures

Through our Advanced Business Driver (ABD) process:

- Improved run hours on manned and AHS fleet
- Reduce maintenance cost by improving reliability
- Improve labour productivity in shutdowns
- Move from in situ repair to rotable strategy
- Lower cost energy
- Continued focus on innovation and technology



Greg Lilleyman

Chief Operating Officer

Eliwana mine and rail project

Underpins West Pilbara Fines

US$**1.275bn** capital investment

143kms rail

30mtpa dry OPF

First ore on train **Dec 2020**

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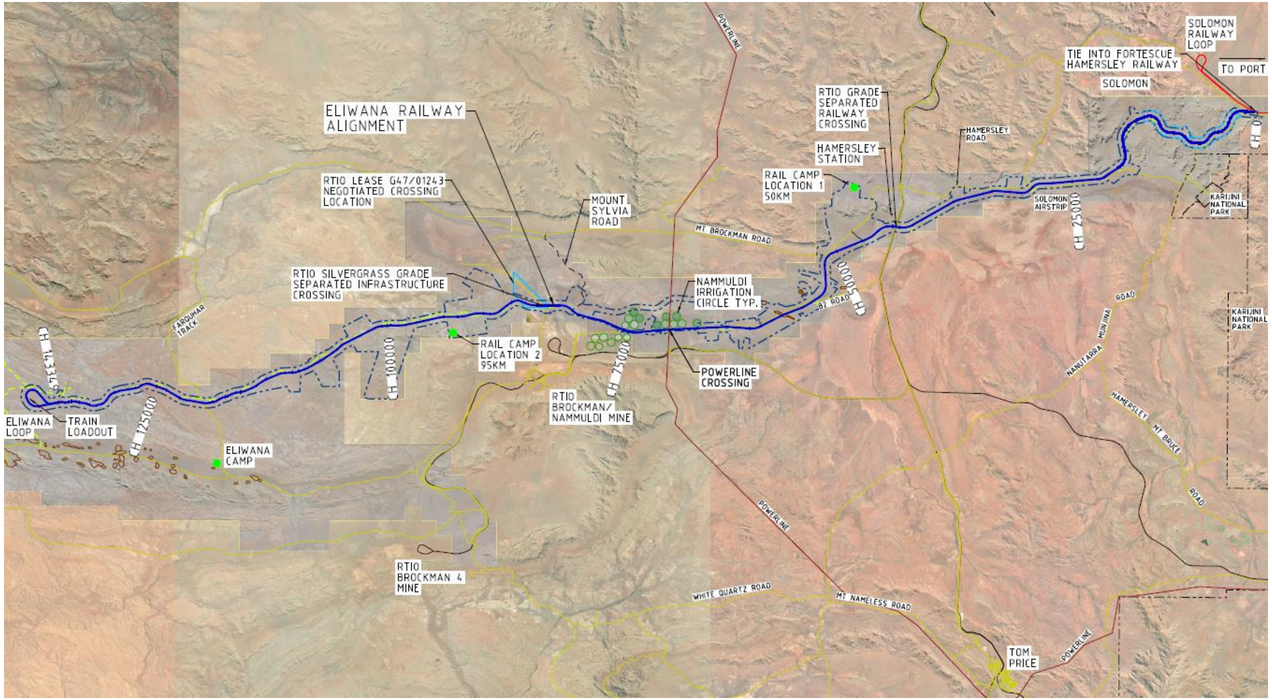
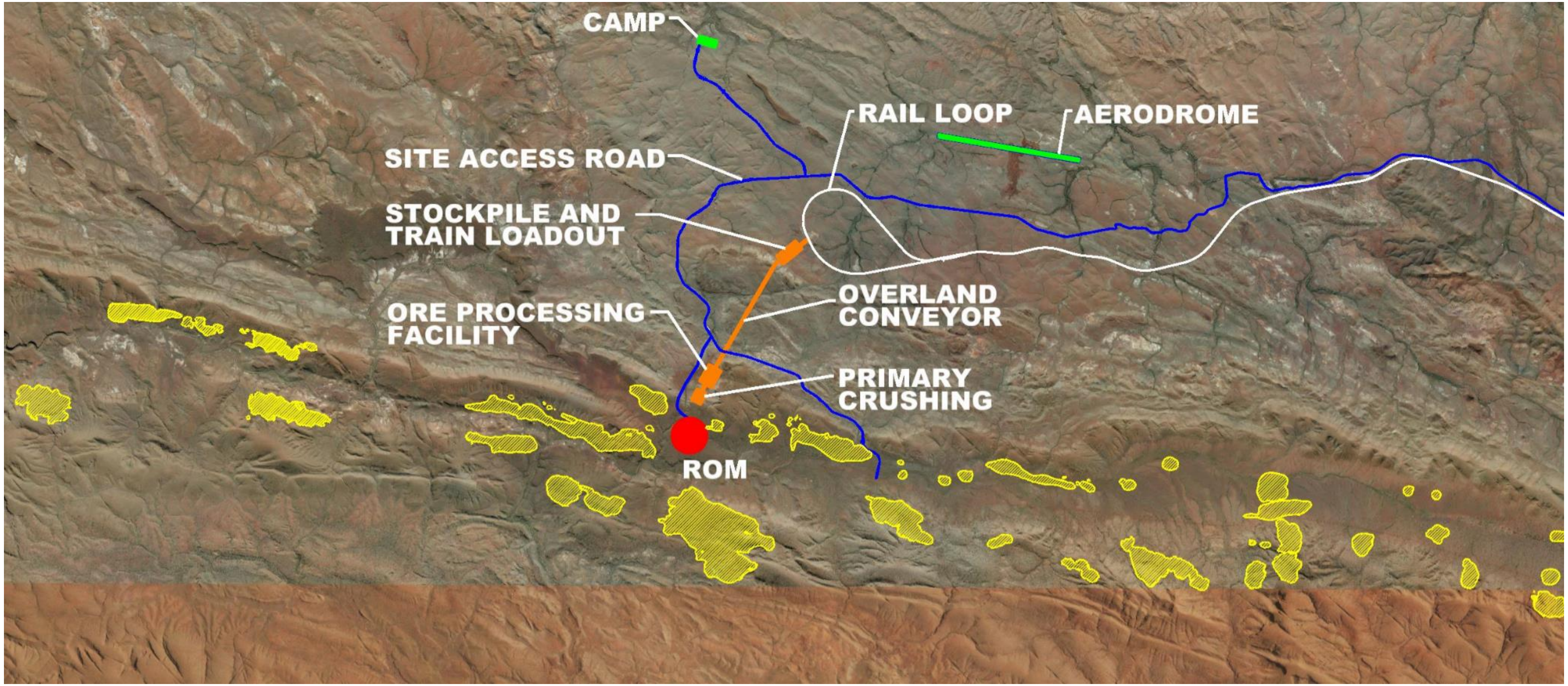
Eliwana

143km of new track including two bridges



Eliwana

Highly efficient infrastructure



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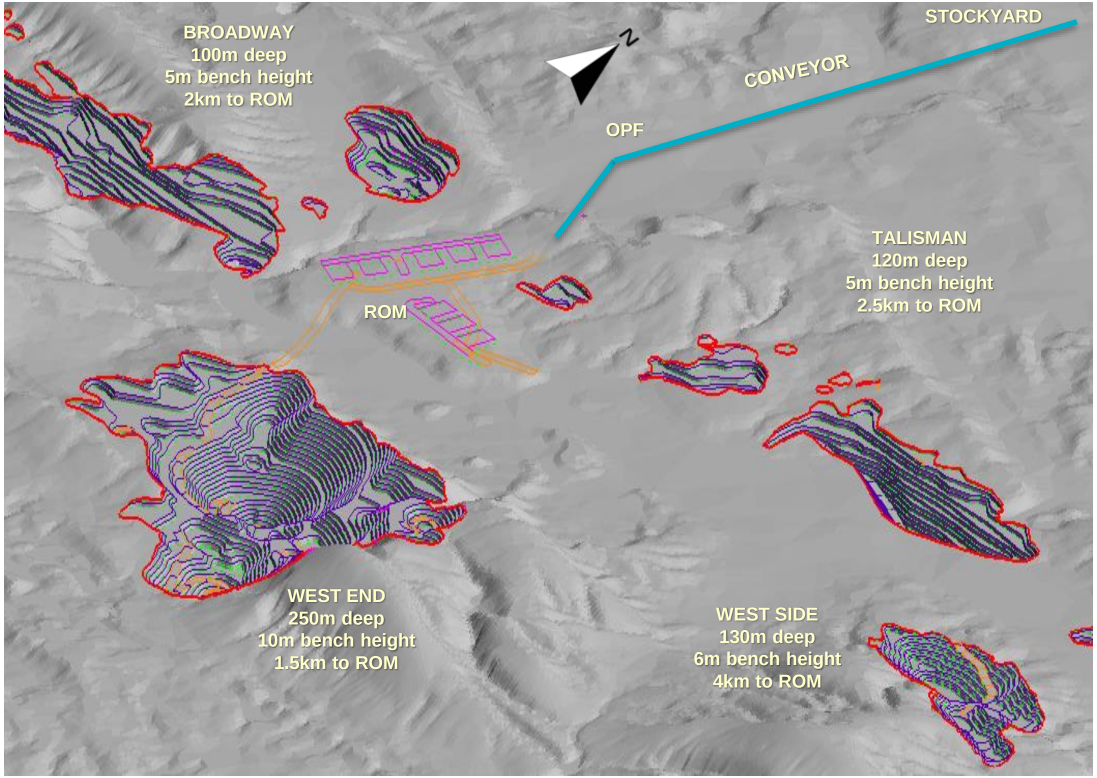
Eliwana

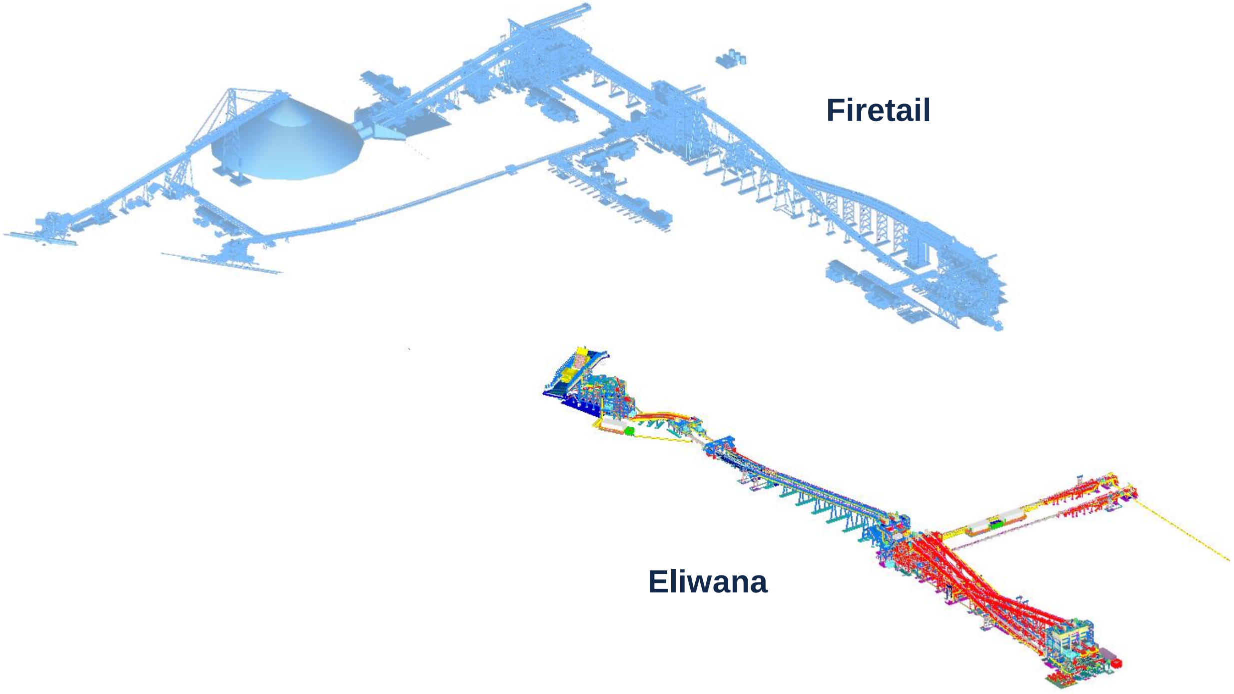
Mining summary

- **Brockman** and **Marra Mamba** ore types
- Mining inventory **540mt**
- **18 year** mine life
- Haul distance **<5km** for 5 years
- **Autonomy** ready



Eliwana

Significantly smaller footprint compared to Firetail




Fortescue Sky

Eliwana Development progress

On target for delivery by December 2020

Majority of major equipment tendered and in line with budget

Detailed design well progressed using in-house integrated team

200 person fly camp mobilised

Construction tenders early 2019

Ian Wells

Chief Financial Officer

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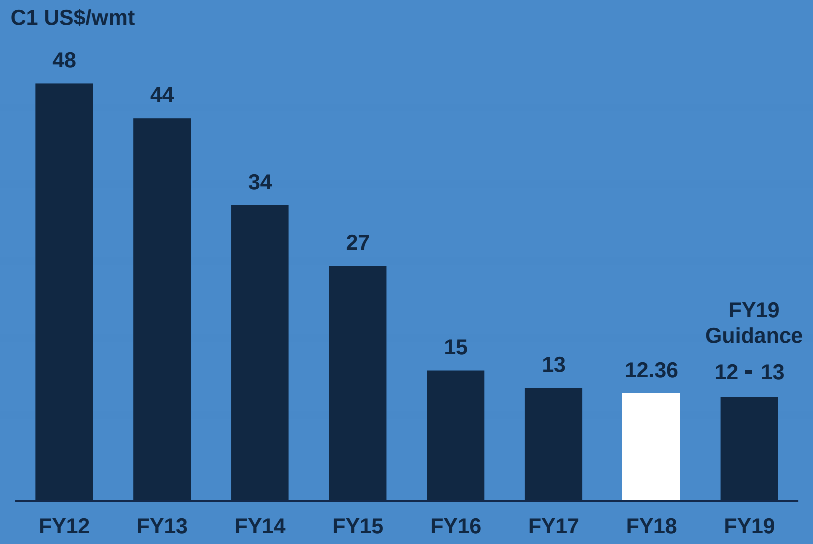
Sustainable cost improvements

Structural improvements
Solomon + blending + processing

Productivity and efficiency
Utilisation, recoveries, maintenance

Innovation and technology
Autonomy, gas, ore carriers, data analysis



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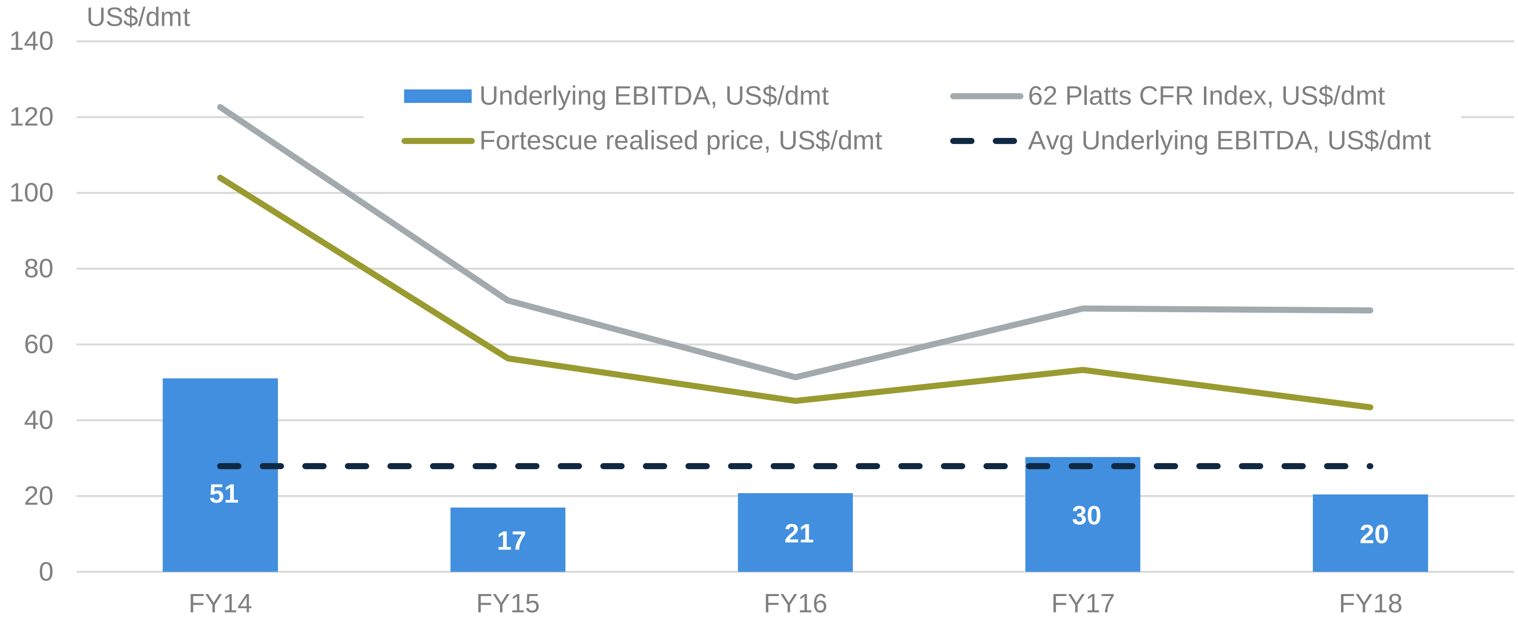
Price and margins

Cost leadership and efficient operations generating cash margins



Fortescue ore carriers

Flexibility and control in volatile shipping market

- Eight ore carriers now operational
- Completed over 100 voyages
- 27mt of iron ore to China to date
- 14% Fortescue’s total volume

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FY19 capital expenditure

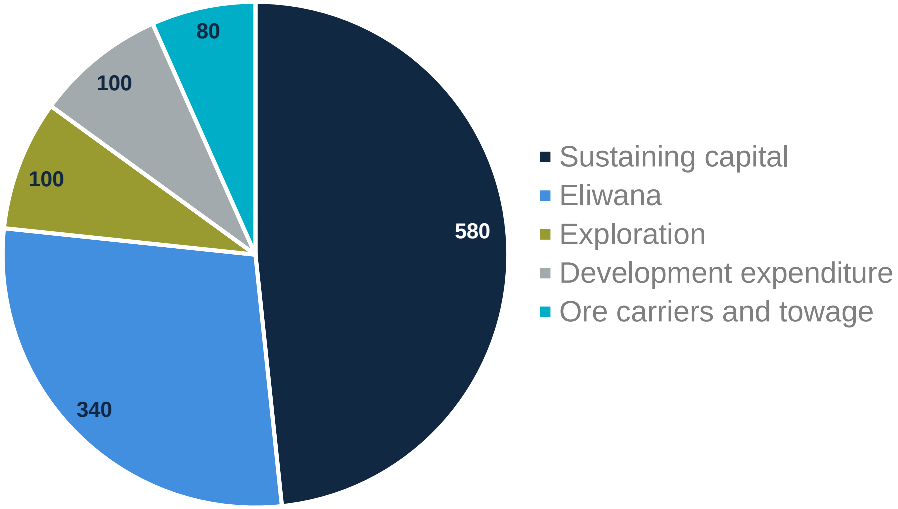
Disciplined capital allocation, investing in the core iron ore business, innovation and growth

Sustaining capital **~$3.50/wmt**

Investing in **innovation**

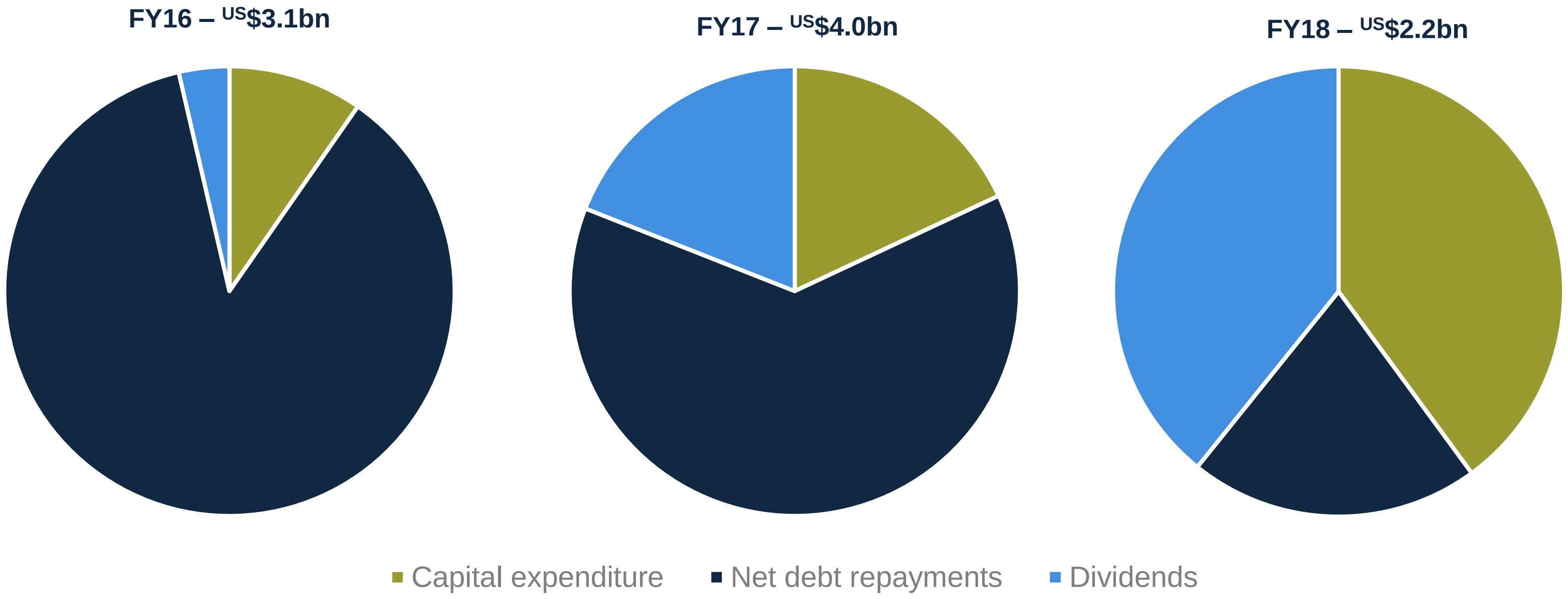
Exploration and **growth**

Eliwana mine and rail project



Capital allocation

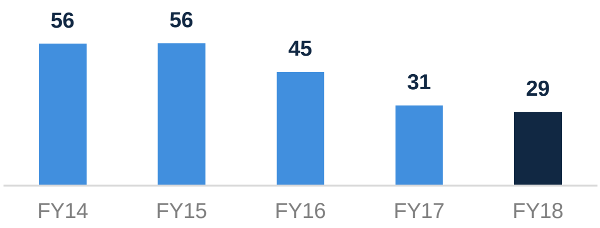
Increased returns to shareholders following rapid de-gearing of balance sheet



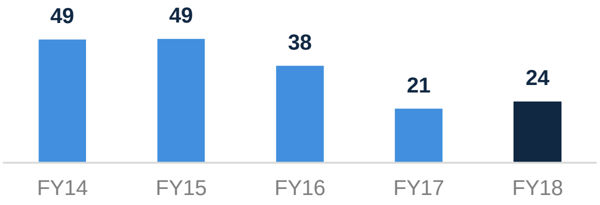
Financial strength

Investment grade credit metric target achieved

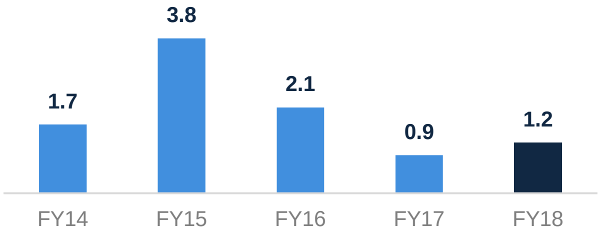
Gross gearing (%)



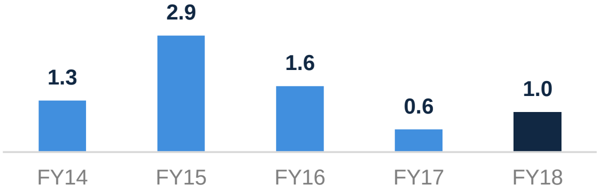
Net gearing (%)



Gross debt to underlying EBITDA (x)



Net debt to underlying EBITDA (x)



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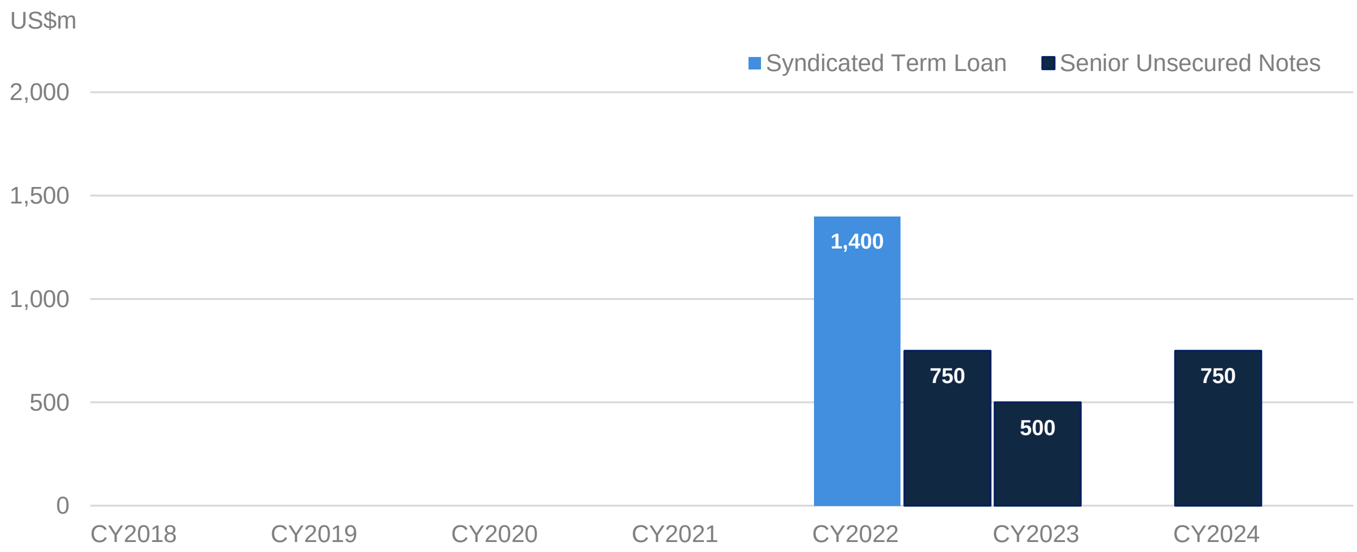
Debt profile

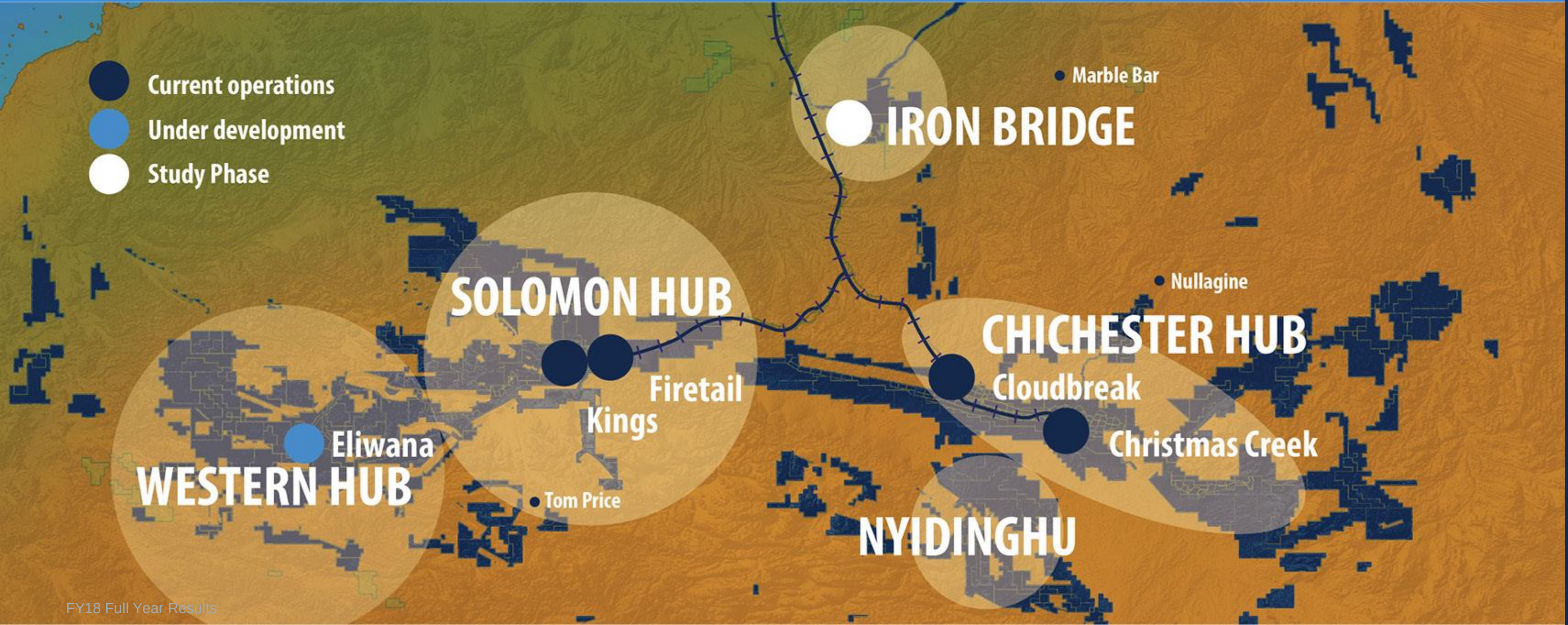
Flexible structure, lower annual interest costs with investment grade terms supports ongoing operations and future growth



Elizabeth Gaines

Chief Executive Officer

Significant Pilbara footprint for long life production



Iron Bridge

Active assessment with JV partners

- +67% Fe magnetite concentrate product
- Process test work positive
- Project scale to optimise value
- Non-recourse financing options

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Exploration key to delivering value

Pilbara
Iron ore, lithium, copper

NSW
~2,000km^2 tenure

South Australia
~10,000km^2 tenure

South America
Ecuador, Colombia
Argentina

FMG
Fortescue
The New Force in Iron Ore

Energy innovation

Committed to reducing our carbon footprint by ensuring security of supply of cost effective energy

- Partnership with CSIRO to develop and commercialise hydrogen
- Fortescue River Gas Pipeline
- Automation of operations
- Continuing to explore renewable energy options

FMG
Fortescue
The New Force in Iron Ore

FY19 Guidance

US$165-173mt

Shipments

US$12-13/wmt

C1 cost

US$1.2bn

Capital spend

Dividend policy

50-80%
pay-out of NPAT

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Key strategic focus

Balance sheet strength

Long term sustainability

Growth and development options

Returns to shareholders

Fortescue's values

Our Vision:
The safest, lowest cost, most profitable mining company

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