Fortescue Metals Group

March 2019

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.

Safety and unique culture

Looking out for our mates

TRIFR 4.0
(12MMA)

Targeted safety improvement initiatives

TRIFR 3.5
(Dec YTD)

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Building strong communities

Female participation rate

18%

Aboriginal participation rate

13%

Australian workforce

Trained and employed via VTEC

824 Aboriginal team members

Over A$2.2bn contracts

with Aboriginal businesses

Paid over

A$3bn Corporate Tax

A$4.8bn Royalties

GHG emissions intensity reduced by 13.5%

Since FY15

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Automated mining

Delivering productivity and efficiency improvements

26 million kilometres
safely travelled

109
AHS trucks
in operation

Relocatable conveyor
Operating at full capacity

Autonomous drills
30% improvement

Remote integrated
operations centre

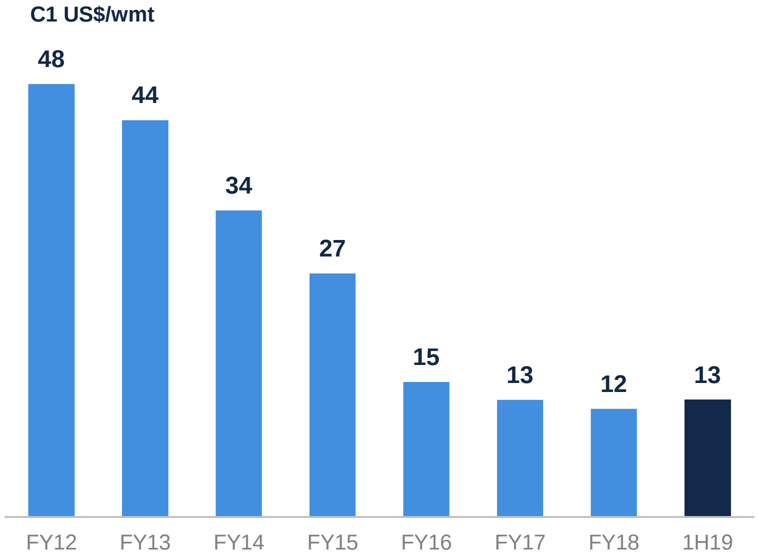
Data analytics
Driving productivity and efficiency

Sustainable cost improvements

Structural improvements
Solomon + blending + processing

Productivity and efficiency
Utilisation, recoveries, maintenance

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



HY19 highlights

US$1.6bn
Underlying EBITDA

NPAT
US$644m

A$0.30/share
dividends

82.7mt
shipped

US$13.11/wmt
C1 cost

West Pilbara Fines
Shipments commenced

Market

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Integrated operations and marketing

Direct customer engagement
driving deep market insights

Collaborative operations and marketing
to capitalise on market opportunities

Co-location of key decision makers
enabling rapid response to market trends

Margin optimisation
through rapid product mix adjustments

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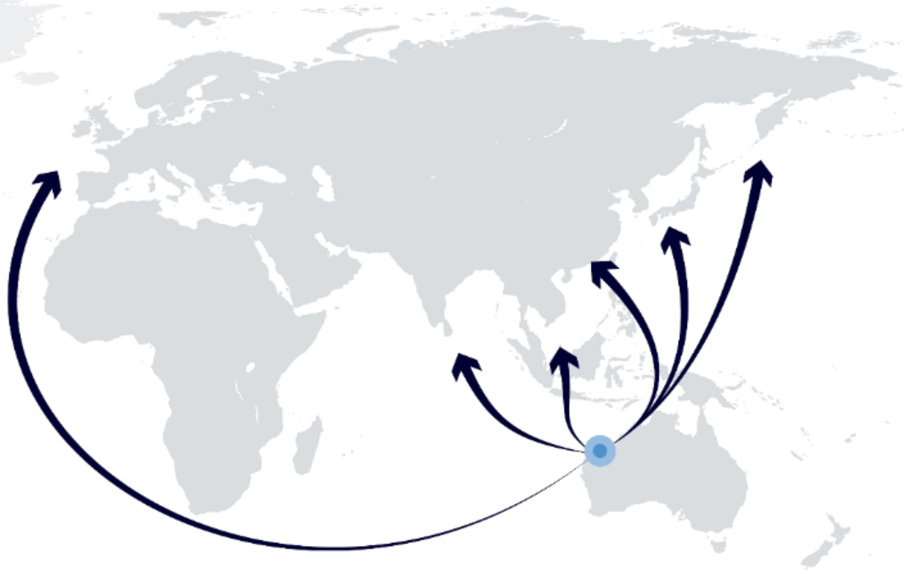
Strong demand for Fortescue products in China and other regions

China steel production increased 12% in 2018 to 928mt

- **Proximity** to high growth region
- **Responsive** to market needs
- **Diverse customer** base
- **Half year sales outside China** 10 per cent
- Maiden **shipments** to new Indonesian and German customers
- Competitive **value in use**

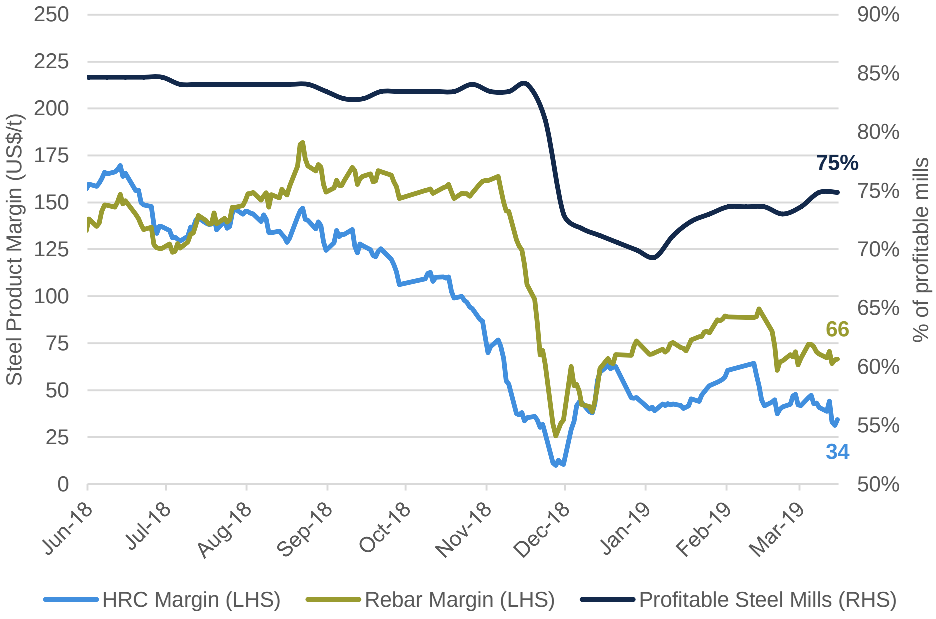


Chinese steel mill profits moderating

China steel
margins moderating

Focus moved to
input costs

Increasing demand
for **lower Fe** products



Source: Mysteel and Platts

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Strong demand for Fortescue products

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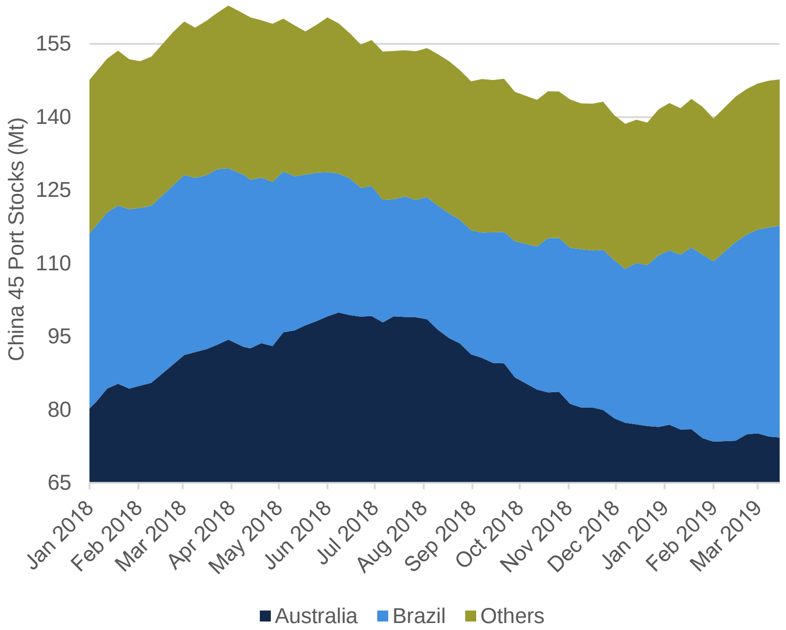
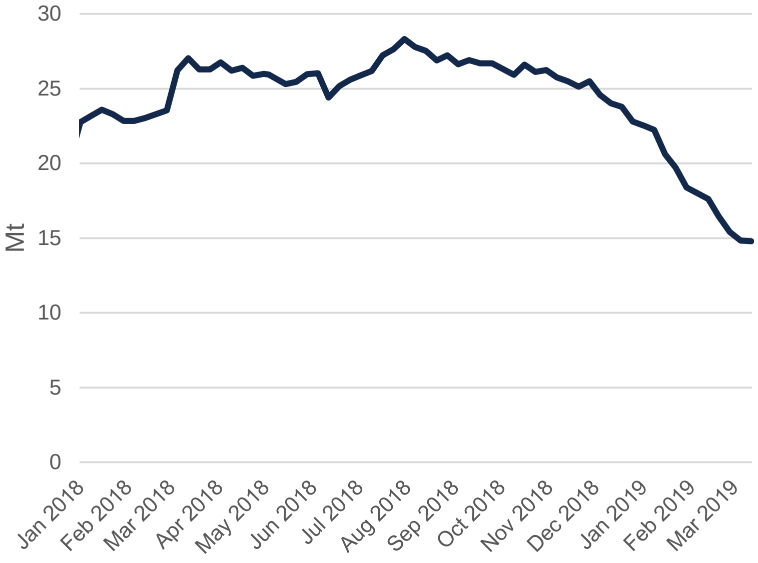
Higher stocks of Brazilian iron ore at China ports



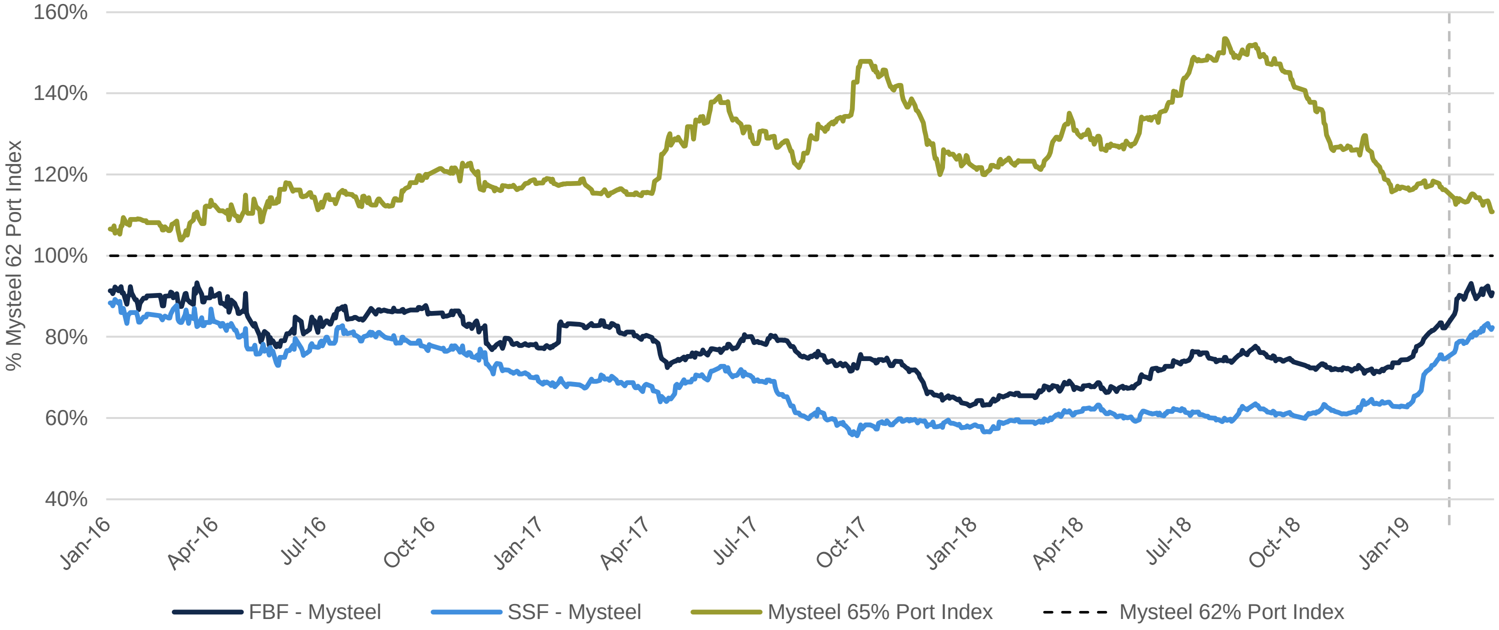
FMG stocks at major China ports have declined further since December



Source: Mysteel; Fortescue Analysis

Iron ore price

Price spreads have narrowed 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 (Al_2O_3)	2.3	2.25
Silica (SiO_2)	4.7	4.0
Phosphorous (P)	0.075	0.09

First shipments in Dec 2018

8-10mt in FY19

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

Offtake commitments with customers

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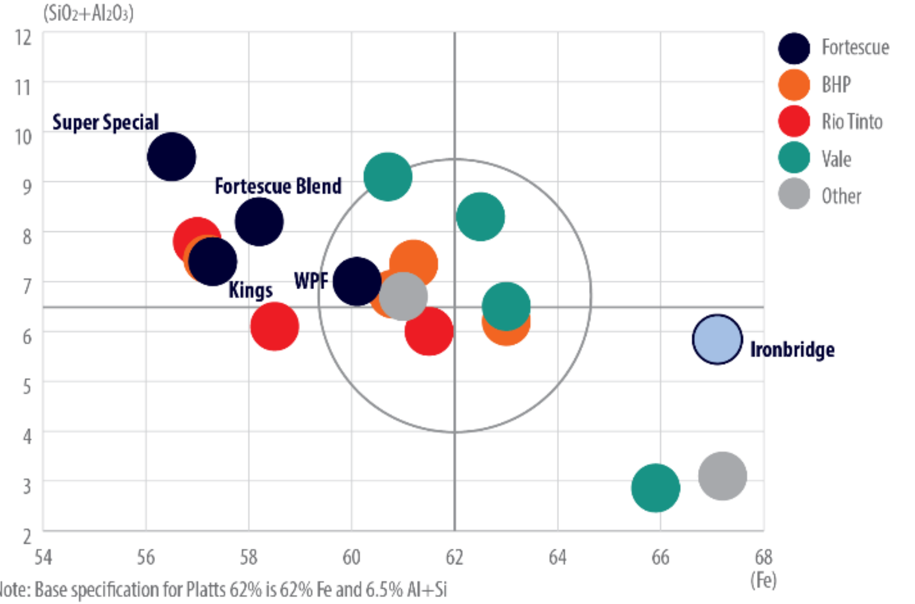
WPF further strengthens the product portfolio

- Can be used to **replace** other mid-grade products
- Strong **customer interest**
- **Competitively** priced
- Allocated primarily **under contract**

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

Growth and Development

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Significant Pilbara footprint for long life production

Underpinning strategic mine plan to 2050

Eliwana mine and rail project

Underpins the future of West Pilbara Fines

US$1.275bn capital investment

143km rail

30mtpa dry OPF

First ore on train **Dec 2020**

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Eliwana Development progress

On target for delivery on time and budget

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

OPF Overview

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Significantly smaller footprint compared to Firetail

Fortescue **integrated design team**

30mtpa dry processing

Low height structure designed to support onsite construction

Optimised, **highly efficient** design

Low capital intensity

Modular plant design

Iron Bridge

Under active assessment

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

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Key strategic focus

Balance sheet strength

Long term sustainability

Growth and development options

Returns to shareholders

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Fortescue's values

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

FMG Fortescue

The New Force in Iron Ore

www.fmgl.com.au

FortescueNews

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Glossary

C1 - Operating costs of mining, processing, rail and port on a per tonne basis, including allocation of direct administration charges and production overheads.

CFR - Cost and freight rate

Dmt - Dry metric tonnes

Free cash flow - Net cash inflow from operations less capital expenditure

FY - Full year

Gross gearing – (Gross debt) / (Gross debt + Equity)

HY - Half year

mtpa - Million tonnes per annum

Net debt - Total borrowings and finance lease liabilities less cash and cash equivalents

Net gearing ratio - (Net debt) / (Net debt + Equity)

NPAT - Net profit after tax

SIFR - Significant Incident Frequency Rate per million hours

TRIFR - Total Recordable Injury Frequency Rate per million man hours worked

wmt - Wet metric tonnes

Underlying EBITDA - Earnings before interest, tax, depreciation and amortisation, exploration, development and other expenses.

Underlying NPAT - Net profit after tax adjusted for the after tax impact of one-off refinancing and early debt repayment costs.

The reconciliation of underlying EBITDA and underlying NPAT to the financial metrics disclosed in the financial statements prepared under the Australian Accounting Standards is presented below:

US$ millions	1H19	2H18	1H18
Operating sales revenue	3,540	3,208	3,679
Cost of sales excluding depreciation	(1,905)	(1,844)	(1,821)
Net foreign exchange gain	39	28	1
Gain on sale of fixed assets	-	1	-
Administration expenses	(41)	(39)	(31)
Underlying EBITDA	**1,633**	**1,354**	**1,828**
Finance income	9	12	12
Finance expenses	(141)	(438)	(214)
Depreciation and amortisation	(581)	(647)	(630)
Exploration, development and other	(4)	(10)	(22)
Net profit before tax	916	271	974
Income tax expense	(272)	(74)	(293)
Net profit after tax	**644**	**197**	**681**
Cost of early debt repayment	-	190	12
Underlying net profit after tax	**644**	**387**	**693**

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