



Fortescue
The New Force in Iron Ore

AMMA 2014 Resources People Summit

Nev Power, CEO



Disclaimer

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Additional Information

This presentation should be read in conjunction with the 2013 Annual Report for the year ended 30 June 2013, the half year financial report at 31 December 2013 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 resource estimations should be read in conjunction with Fortescue's 2013 Annual Report which is available on the Fortescue website. Fortescue confirms that it is not aware of any new information or data that materially affects the mineral resources and ore reserves statement included in the 2013 Annual Report.

All amounts within this presentation are stated in United States Dollars consistent with the Functional Currency of Fortescue Metals Group Limited. Tables contained within this presentation may contain immaterial rounding differences.

Building a World Class Company

Mature, reliable and competitive supplier

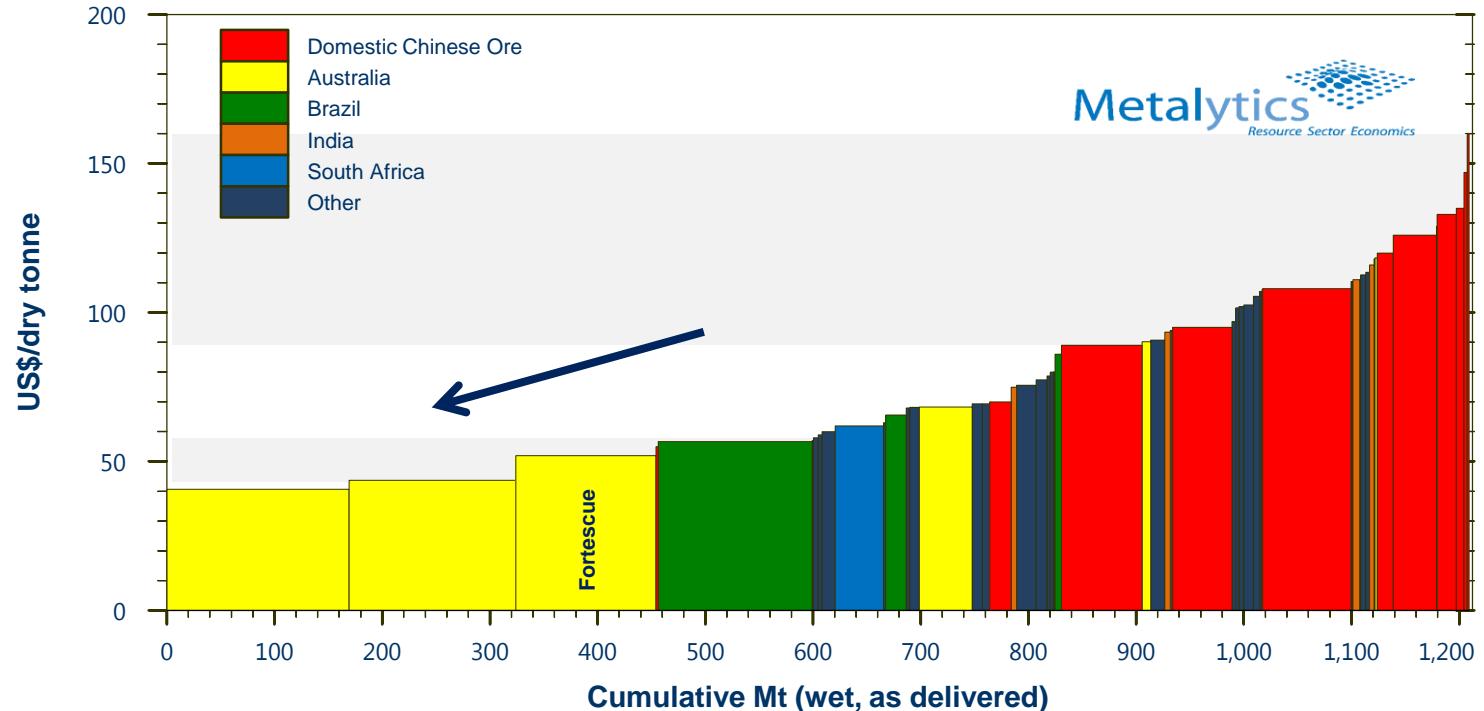
- **Founded** 2003
- **First ore** 2008
- Over **360mt** shipped to date
- Achieved **155mtpa** production rate
- Large and growing **resource base**
- Unique **culture** drives success



Fortescue and productivity

Moving down the global cost curve

China Iron Ore Supply CFR Costs – May 2014 (including royalties & freight)



National workforce productivity

Something needs to change!

Rising industrial **disputation**

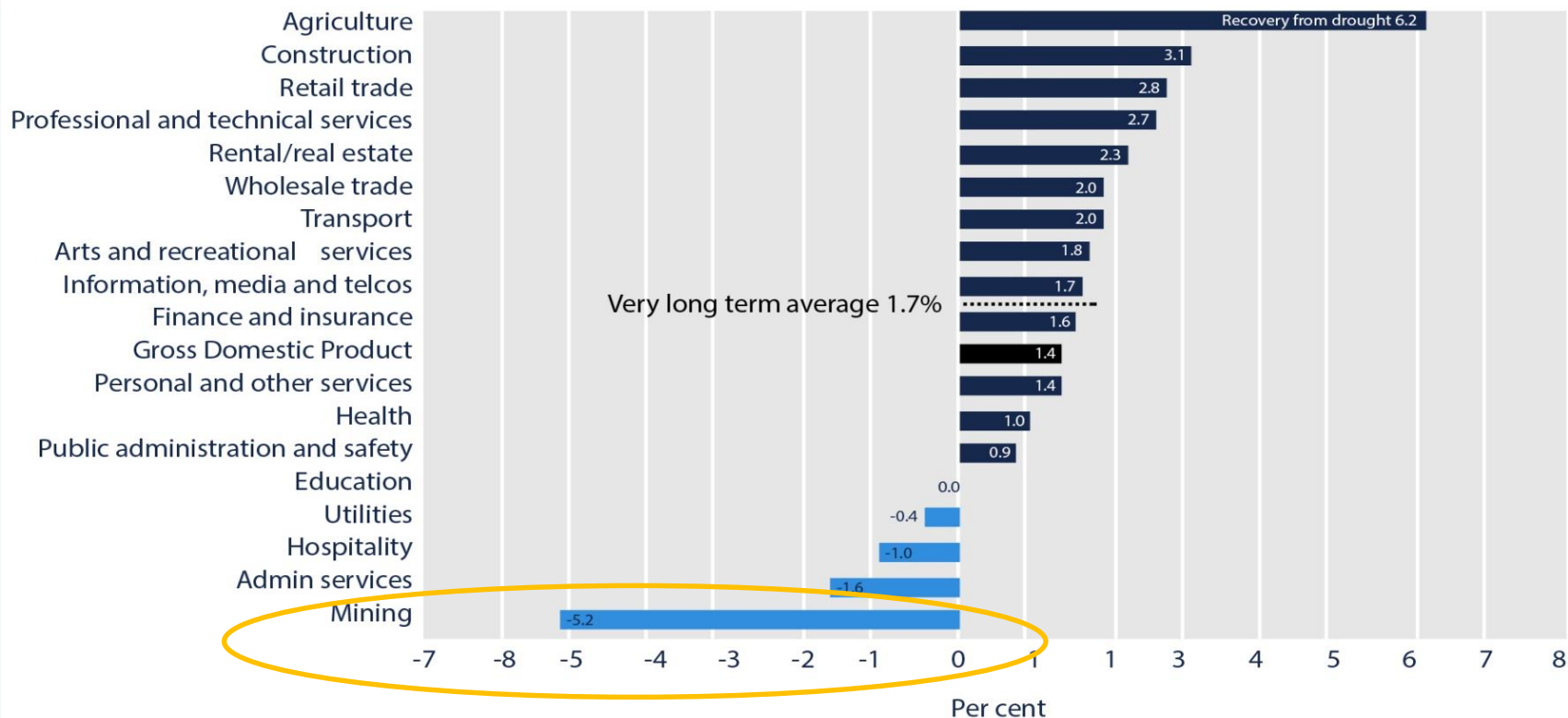
49,700 working days lost in **2007**

289,500 days lost in **2013**

Back to the **bad old days**

Australia's Labour Productivity Growth

Value Added / Hour Worked Growth Average Change March 2008 - 2013

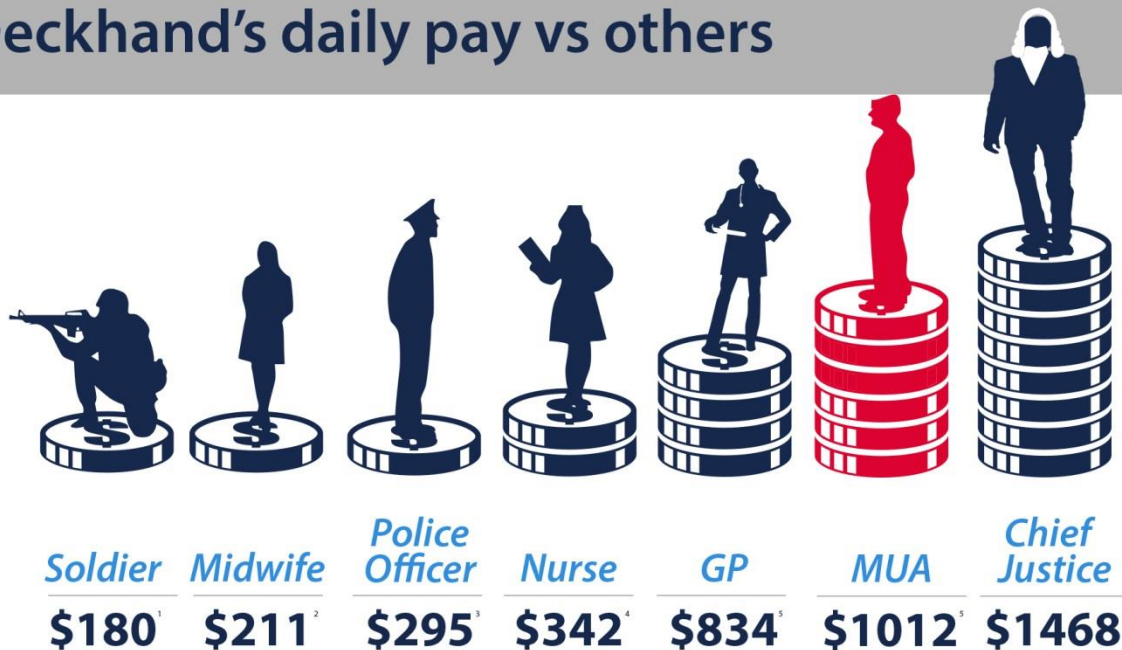


Is there a sense of entitlement?

A perspective on fairness

Deckhand's daily pay vs others

The MUA wants
a payrise to
\$156,000
and to work a
maximum of 4.5
months a year



¹ <http://www.defencejobs.gov.au/army/army-life/what-you-will-be-paid/> ² <http://content.mycareer.com.au/> ³ <http://content.mycareer.com.au/> ⁴ <http://content.mycareer.com.au/salary-centre/healthcare/-/australia>

⁵ <http://www.gpastralia.org.au/content/what-can-you-earn/> ⁶ <http://remtribunal.gov.au/media/documents/2015/2014-determinations/2014-09-principal-determination-judicial-and-related-offices-remuneration-and-allowances/2014-09-Judicial-Determination-for-1.7.2014.pdf>

If a strike goes ahead

It won't just be a “big mining company” that gets impacted

- **Impacts on people**
hardest to predict
- **Cashflow stops** when
shiploaders stop
- Who do our IR laws **protect?**



Impacts widen quickly beyond Fortescue

Every day of strike action impacting Fortescue costs taxpayers...



Royalties stop flowing when shiploaders stop

Budget pressure worsened

A 1 day strike affecting Fortescue and BHP will blow a

\$7million

hole in the Western Australian budget

Based on lost revenue to Fortescue and BHP of \$100m per day



Here's how it hurts

The homeless

That's money that could be spent on

A three day strike will cost \$21m =
*Every dollar the Government has
allocated to helping the homeless
in FY15**

Source: <http://www.ourstatebudget.wa.gov.au>



Here's how it could impact

The next generation

That's money that could be spent on

A three day strike will cost \$21m =
1.3 Primary Schools

Source: <http://www.ourstatebudget.wa.gov.au>



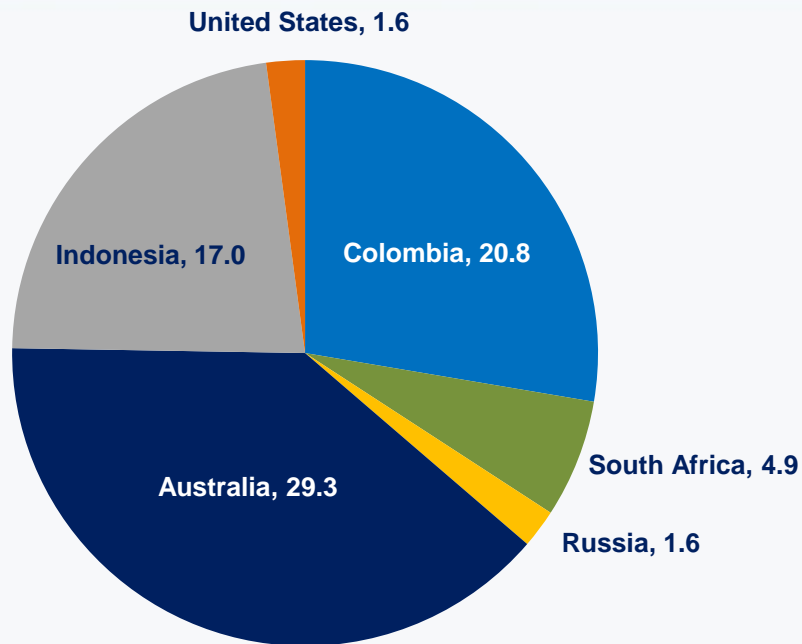
The damage to our international reputation

Can't be undone

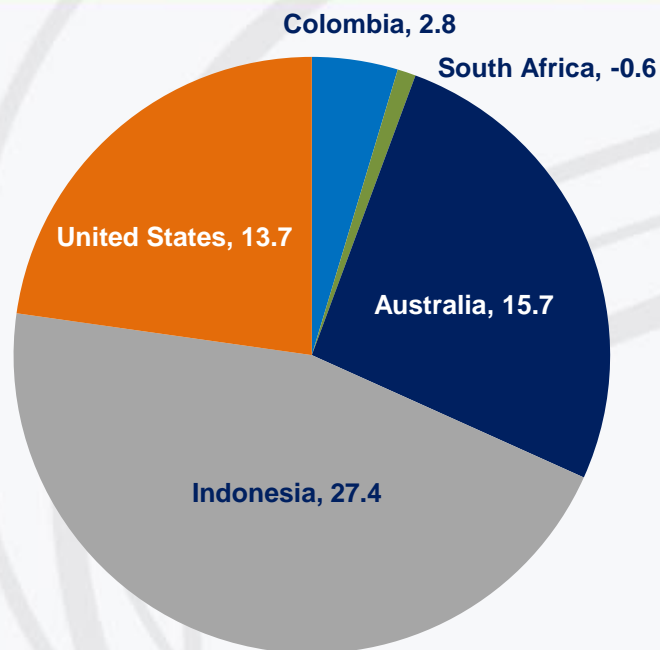


Canary in the Coal Mine

Production swamped by Indonesia and U.S. producers



2013-15 supply growth by country



2015-18 supply growth by country

2014 Coal Mine Closures and Production Cutbacks

Mine Closure/Cutbacks	Company	Jobs
Newlands Northern coal	Glencore Xstrata	50
Wollongong Coal	Gudjerat NRE	47
Rail Workshops	Aurizon	480
Newcastle Waratah	Arium	120
Illawarra Coal	BHP Billiton	36
Ravensworth coal mine	Glencore Xstrata	120
Integra Coal Complex	Vale	500
Drayton Coal Mine	Anglo	500
Saraji Coal Mine	BMA	230
Hail Creek Coal Mine	Rio Tinto	Unknown
		>2,500

Summary

Our nation needs to move to a merit-based workplace system

- Monopoly power has **economic and social costs**
- We have to **earn our place in the world:**
 - as workers
 - as companies
 - as a nation
- a **new approach to fairness** is needed



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