



Fortescue Metals Group

Metal Bulletin's Australian Iron Ore Conference

25 November 2008



The New Force in Iron Ore



Fortescue Metals Group Ltd

DISCLAIMER

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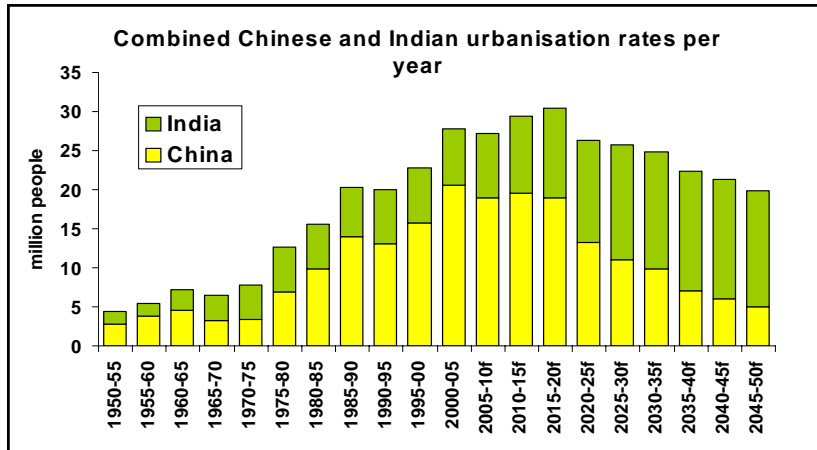
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COMPETENT PERSONS STATEMENT

The geological information in this presentation is based on information compiled by Mr Stuart Robinson, and by Dr John Clout. Mr Robinson and Dr Clout are both fellows of The Australasian Institute of Mining and Metallurgy and are both employees of Fortescue Metals Group Ltd. Mr Robinson and Dr Clout both have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for reporting of Exploration results, Mineral Resources and Ore Reserves'. Mr Robinson and Dr Clout consent to the inclusion in this presentation of the matters based on the information in the form and context in which it appears.



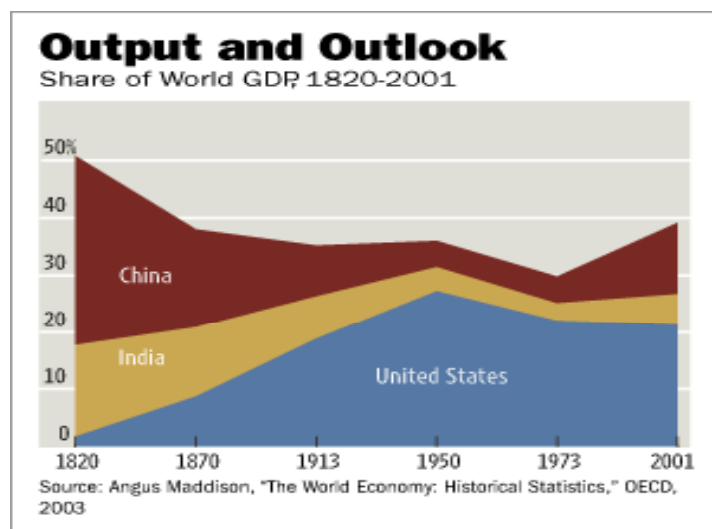
China and India Urbanisation



Source: United Nations, McKinsey, Macquarie Research, September 2008



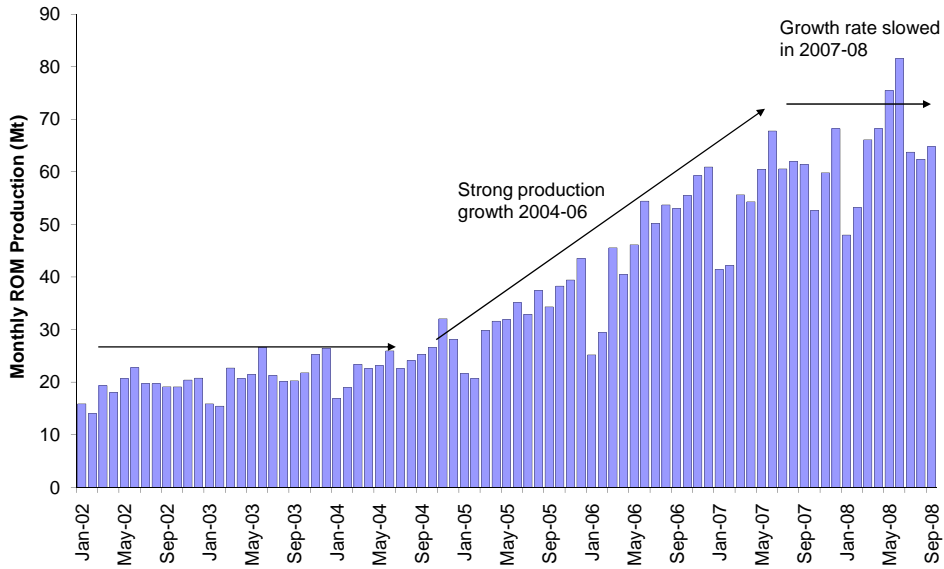
History remains the best guide to the future



Source: Angus Maddison, "The World Economy: Historical Statistics," OECD, 2003



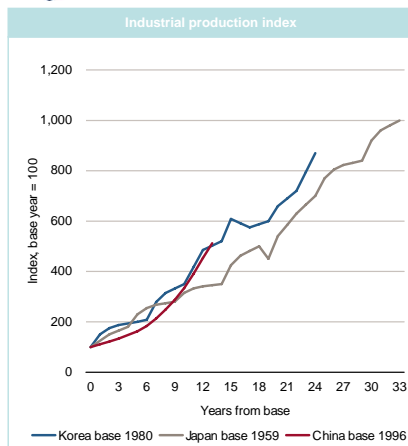
Chinese Iron Ore Demand



Source: Morgan Stanley



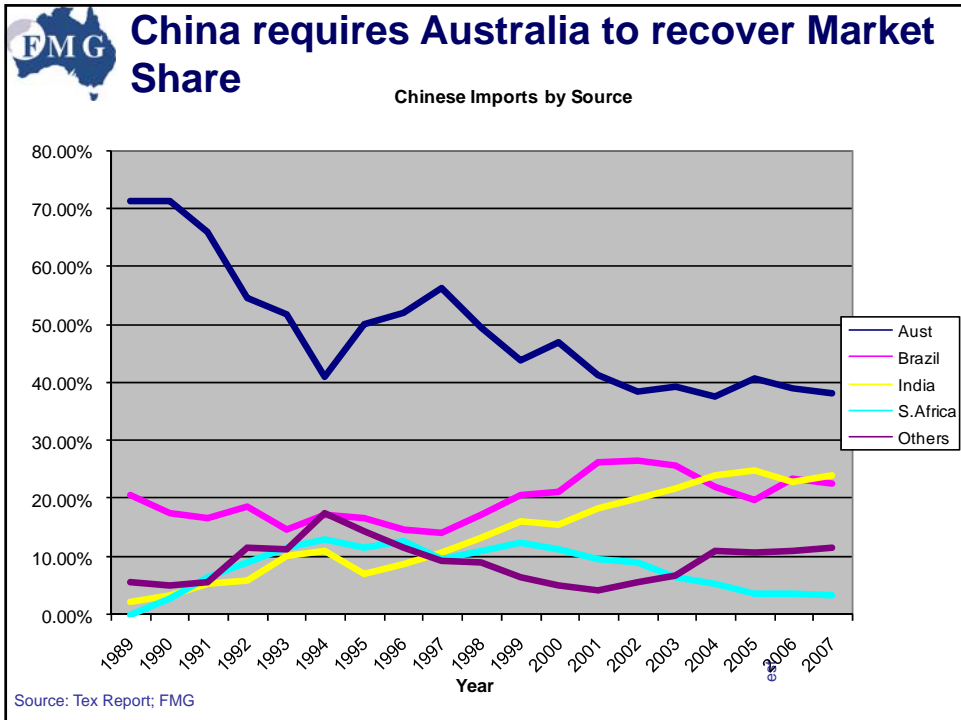
Further Promising Long-Term Growth Prospects for China



Source: The Economist (2008).

- Japan and Korea provide a clear roadmap to China's potential
 - China early in its growth cycle
- China's economic growth averaged over 10% per annum from 2003 to 2007
 - China GDP expected to increase by 10.5% in 2008
 - Public works spending (airport, roads, water systems) of US\$400 billion through 2010
 - Shanghai spending US\$40 billion for 2010 World Expo
- China's growth expected to pickup again to normal levels post the olympic industrial slowdown

China's industrial development is just beginning which has significant implications for further iron ore seaborne trade growth and increased infrastructure spending will further translate into more iron ore demand



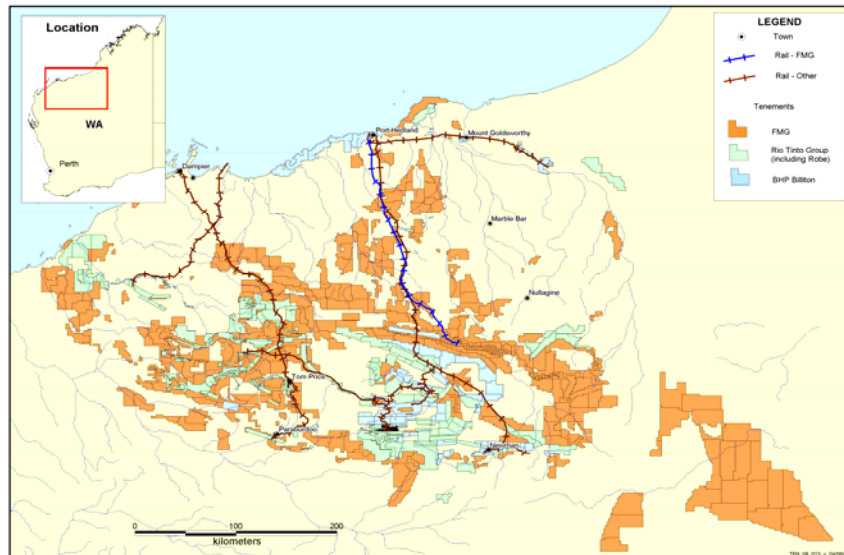
The growth engines of Asia need the Pilbara

- No iron ore major has the expansion leverage of Fortescue
- Australia is the most competitive supplier to Asia
 - Lowest Sovereign Risk
 - Best Location



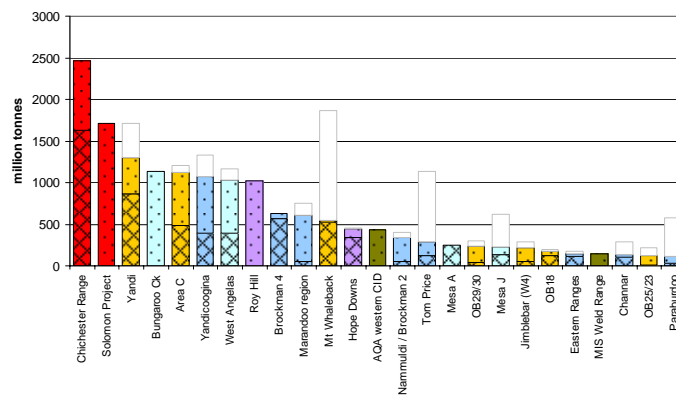
FMG Pilbara Holdings Dwarfs Others

FMG – 52,000 sq. km, Rio – 11,000 sq. km, (Robe 5,000 sq.km) BHP – 6,500 sq. km



Project pipeline underpinned by geology

- The largest bedrock hosted iron ore discovery in Australia
- Over 1.6 billion tonnes of reserves defined
- New exploration (Chichester only) 1.8 Bt – target only
- Total reserves, resources and targets (Chichester only) under current drilling 4.26 Bt

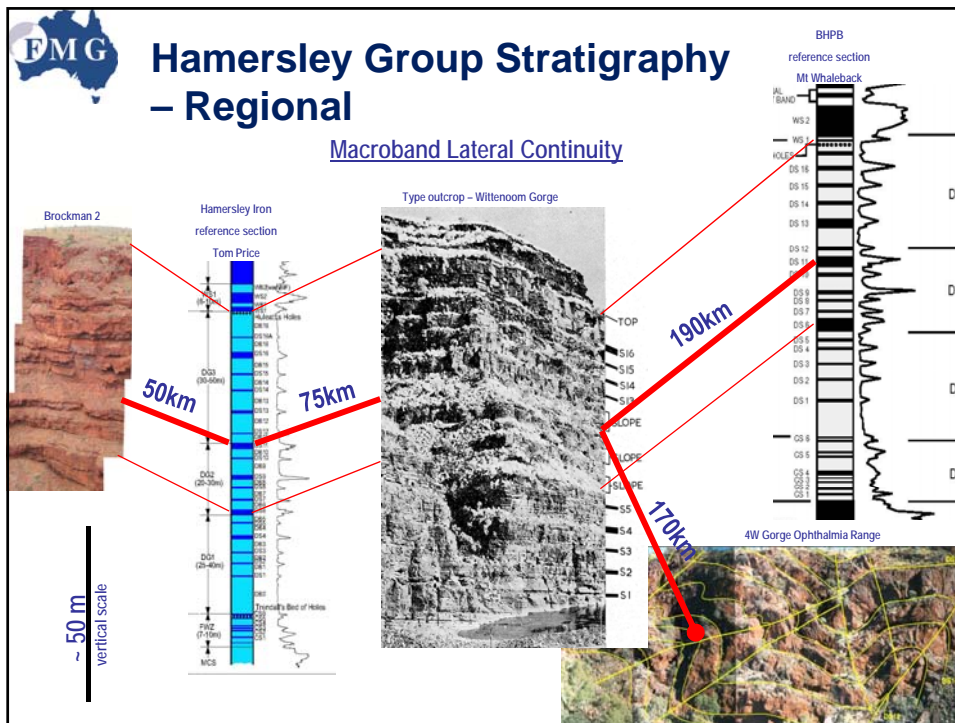


Note:

- Total resources are exclusive of total reserves

- Data derived or calculated from best available company, technical and government public report

Note: Targets are hypothetical estimates and may not be achieved



FMG Fortescue Facts

- Company started in July 2003
- Invested over US\$3.5bn
- Integrated Mine, Rail & Port completed mid 2008
- Total employees >1,500
- Exported over 11.6mt @ US\$895m

FMG **Proven Track Record in Project Management**

From Concept
Fortescue Mine Site - 2006



To Reality
Fortescue Mine Site - 2008



FMG built its major infrastructure faster than any other mining company has ever done before

Fortescue Rail Site - 2007



Fortescue Rail Site - 2008



Fortescue Port Site - 2007

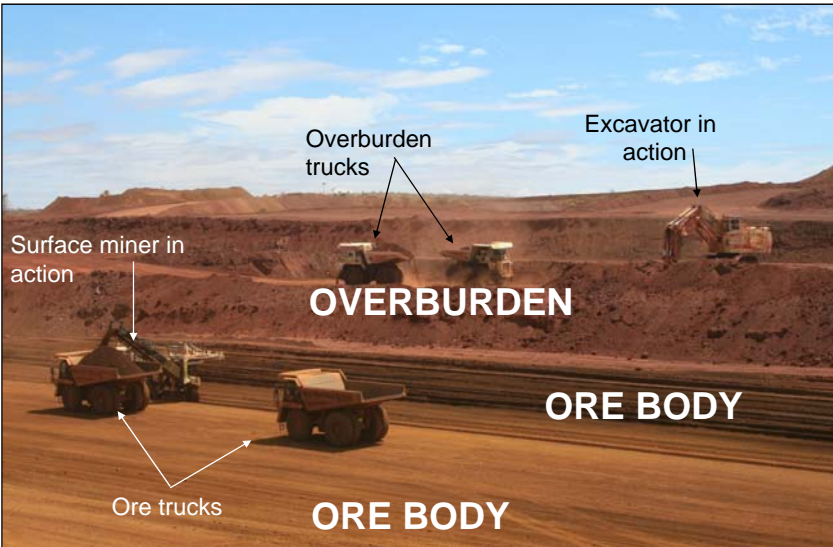


Fortescue Herb Elliot Port - 2008



FMG **State-of-the-art Mining operations**

Target - Lowest cost, highest efficiency in the Pilbara



Surface miner in action

Overburden trucks

Excavator in action

OVERBURDEN

Ore trucks

ORE BODY

ORE BODY



State-of-the-art Rail operations

Target - Lowest cost transport in the Pilbara



Rail

- Clean sheet design captures best of existing technology and takes it to the next step:
 - Bigger carrying capacity
 - Electronic braking system
 - Aerodynamics
- 40 tonne axle loads
- Low centre of gravity, long wheel base, means capable of higher speeds
- Shorter distance means shorter cycle times
- Designed with reduced maintenance costs in mind



State-of-the-art Port operations

Target - Lowest cost transport in the Pilbara

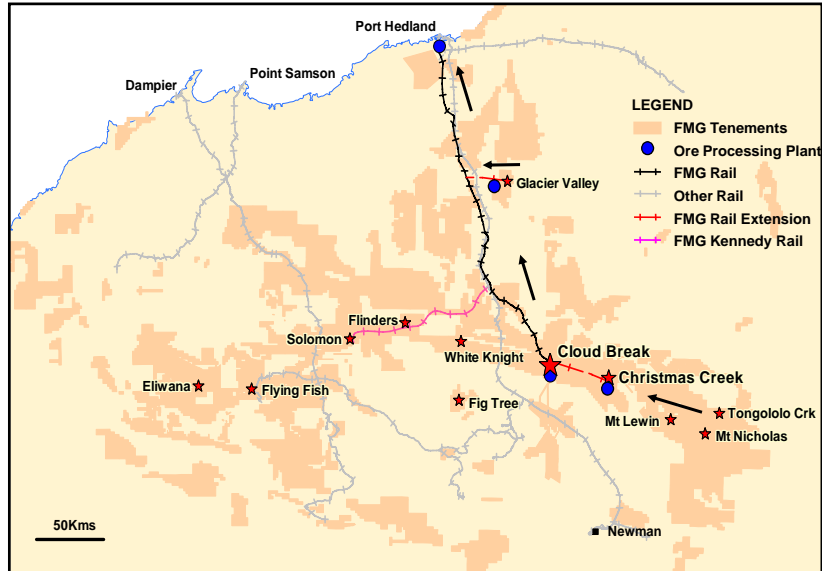


Port

- Significant expansion area
- Highly automated
- Extensive use of conveyors
- Largest shiploaders in Australia



Expansion Map



Exploration - 4.1 Billion tonnes in 4 years

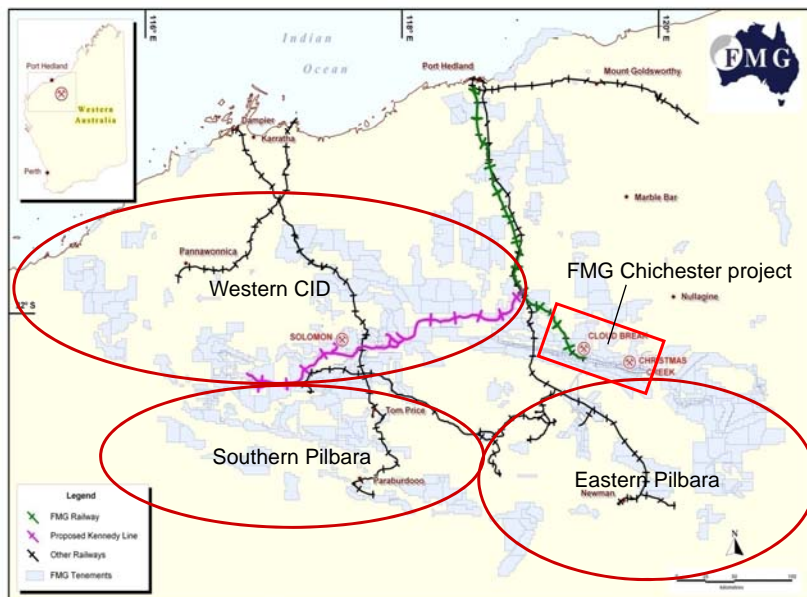
- Christmas Creek drilling commenced May 2004; Cloudbreak, November 2004, Solomon Drilling commenced June 2007
- In-ground resource of 4.1 billion tonnes
- Reserves now 1.65 billion tonnes
- Discovery cost under 2 cents per tonne
- The next 3 billion tonnes is targeted



Surface miners hard at work



Project Pipeline development areas will create a large iron ore export operation





A massive footprint - inbuilt expansion capacity



160+ Mtpa Anderson Point



- 5 x Cape size
- 3 x Rail Loop
- 3 x Train Unloader
- 160+ Mtpa stock yard expandable to 200+mtpa



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