

7 November 2014

The Companies Officer
Australian Stock Exchange
Exchange Plaza
2 The Esplanade
Perth WA 6000



Dear Sir

Outstanding Operational Performance Maintained

Fortescue Metals Group (ASX: FMG, Fortescue) has continued its outstanding operational performance delivering 14.4 million tonnes (mt) of iron ore for the month of October 2014, an annualised run rate of 172mt. C1 costs continued to improve and were US\$29 per wet metric tonne for the month of October 2014.

Fortescue continues to see strong demand for its ores, reflecting the value of its high quality, low impurity products. This is further evidenced by the successful execution of US\$600 million of additional and rolled over customer prepayments. The proceeds are expected to be received on or around 7 November 2014 and will increase current cash on hand to over US\$2 billion. Fortescue will continue its strategy of debt reduction as it moves towards its initial targeted gearing level of 40 per cent and once this is achieved a 30 to 40 per cent dividend pay-out ratio.

Chief Executive Officer Nev Power said the Fortescue team remained absolutely focused on delivering additional efficiencies throughout its entire operations. The performance through to October 2014 represents a strong start towards its previously guided shipping target of 155-160mt for FY15.

“Our continued excellent performance is testament to Fortescue’s dedication to increasing productivity and reducing costs and has reinforced our position as a world-class, low cost producer of iron ore,” Mr Power said.

“At Fortescue, we concentrate on the things we can control and that means innovating and finding efficiencies in our operations as part of our hardwired culture of reducing costs and delivering the high volumes of low cost iron ore demanded by our customers.”

Yours sincerely

Fortescue Metals Group

Mark Thomas
Company Secretary

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