

11 July 2014

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



Dear Sir

### **Fortescue Achieves 160 Million Tonne Annualised Run Rate for June 2014**

Fortescue Metals Group Ltd (ASX: FMG, Fortescue) achieved a record 160 million tonne (mt) annualised run rate in June 2014. Shipments were:

- 13.3mt for the month of June 2014, an annualised run rate of 160mt;
- 38.7mt for the June 2014 quarter, an annualised run rate of 155mt;
- 124.2mt shipped for financial year 2014 (FY14); and
- 118.4mt of shipped Fortescue mined ore for FY14.

Fortescue's average realised price across its suite of products for FY14 was US\$106 per dry metric tonne (dmt) generating revenues from the sale of Fortescue mined ore of approximately US\$11.4 billion. Index prices declined in the June 2014 quarter as a result of volatility driven by significant new iron ore supply entering the market. Fortescue expects the iron ore market to re-balance in the short term as higher cost production leaves the market flattening the global cost curve and stabilising the price.

Fortescue continues to focus on costs in order to move down the global cost curve. In FY14 C1 costs were US\$34 per wet metric tonne (wmt) plus shipping, state government royalties and administration costs of US\$18/wmt, resulting in a delivered cost of US\$52/wmt.

The US\$9.2 billion expansion to 155mtpa is now complete with capital expenditure in FY14 slightly below guidance at US\$1.9 billion. US\$0.1 billion has been deferred into FY15 giving an estimated capital expenditure for FY15 of US\$1.3 billion, excluding capital associated with the fully funded Stage One Iron Bridge joint venture. Depreciation and amortisation expenditure for FY14 is approximately US\$1.0 billion and as previously advised is approximately US\$8.50/wmt for FY15.

All numbers above are subject to finalisation of the annual financial statements.

Fortescue CEO Nev Power said Fortescue's latest record quarter was an outstanding end to FY14, with an annualised rate of 160mtpa for the month of June.

"The accelerated rapid ramp up to a sustained 155mtpa rate for the June quarter highlights the outstanding achievements and commitment of everyone at Fortescue. I am very excited about FY15 with our continued drive towards global safety leadership and the dedication of our people to deliver another exceptional result for our company," Mr Power said.

Yours sincerely

**Fortescue Metals Group Ltd**

**Mark Thomas**

Company Secretary

**Media Contacts:**

Yvonne Ball

0417 937 904

[yball@fmgl.com.au](mailto:yball@fmgl.com.au)