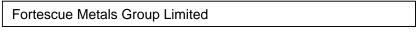
Appendix 4D Half year ended 31 December 2012

This information should be read in conjunction with Fortescue's Financial Report for the half year ended 31 December 2012





ABN

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Results for announcement to the market

Half year ended 31 December		2011 US\$'m		2012 US\$'m	Variance %
Revenue from ordinary activities	down from	3,357	to	3,301	-2%
Profit from ordinary activities after tax attributable to members	down from	801	to	478	-40%
Net profit attributable to members	down from	801	to	478	-40%

Dividends	Amount per security	Franked amount per security	
No interim dividend was declared for the half year ended 31 December 2012	-	-	
Previous corresponding period interim dividend – ordinary shares	A\$0.04	A\$0.04	

Dividend Reinvestment Plan

The Company operates a Dividend Reinvestment Plan (the Plan) which allows eligible shareholders to elect to invest dividends in ordinary shares which rank equally with the ordinary shares of the Company. This Plan will operate for all future dividends.

Half year ended 31 December 2012	2011	2012	
Net tangible asset backing per share	US\$1.00	US\$1.31	

Previous corresponding period

The previous corresponding period is the half year ended 31 December 2011.

Commentary on results for the period

A commentary on the results for the period is contained within the half year presentation and the financial statements that accompany this announcement.



ASX ANNOUNCEMENT



Record production volumes partly offset volatility Interim Net Profit of US\$478m

20th February 2013

"Fortescue has continued to demonstrate our rock solid ability to deliver against expansion and growth targets. Despite challenging market conditions during the half, we have delivered record operational performance from our world class assets. Increased production volumes have in part offset price volatility. We have exited the half a stronger and more resilient company with a renewed focus on achieving a production capacity of 155 million tonnes per annum by the end of CY2013 to underpin sustainable future earnings and increasing shareholder value."

Nev Power, Chief Executive Officer

Key points

- Record operational results with 35.7m tonnes shipped for the half-year up 32% on the prior corresponding period.
- Achieved an annualised run rate of 100m tonnes in December 2012.
- Net profit after tax US\$478m, EBITDA US\$1,134m with cash flow from operating activities US\$479m.
- Key T155 expansion milestones delivered and Kings development resumed in January 2013.
- US\$5.0 billion refinancing provides lower cost of capital and flexible debt repayment options.
- Infrastructure asset sale process commenced.
- Dividend to be considered after full year result.
- Continuing safety improvement with TRIFR decreasing by 17%.

Financial Highlights

Key performance measures	31 December 2012 US\$m	31 December 2011 US\$m	Variance %
Revenue	3,301	3,357	-2
EBITDA	1,134	1,534	-26
Profit before income tax	678	1,168	-42
Net profit after tax	478	801	-40
Net cash flow from operating activities	479	1,186	-60
Basic earnings per share (US cents)	15.35	25.72	-40
Operating cash flow per share (US cents)	15.38	38.09	-60

ASX ANNOUNCEMENT



EBITDA of US\$1,134m

Key factors contributing to EBITDA:

- Record production volumes across mine, rail and port with total tonnes shipped of 35.7 million wet metric tonnes (wmt) and an annualised run rate of 100 million tonnes per annum (mtpa) achieved in December 2012.
- Earnings were significantly impacted by a decrease in the global iron ore price with an average 62% CFR Platts Index price of US\$118 per dry metric tonne (dmt) compared to US\$160/dmt in the prior period.
- C1 for the half was US\$50/wmt (2011: US\$48/wmt) impacted by a higher average strip ratio
 of 5.2x (2011: 4.3x) across existing production mines and slightly higher exchange rate of
 A\$1.04 (2011: A\$1.03).
- Total operating cost of Fortescue tonnes sold inclusive of shipping costs, government royalties and corporate administration charges was US\$68/wmt (2011:US\$70).

Financial position and cash on hand

Cash on hand of US\$2,041m as at 31 December 2012 (US\$2,343m as at 30 June 2012). Key factors impacting cash position:

- Net cash flow from operating activities of US\$479m after net tax payments of US\$263m decreased by 60% following the reduction in global iron ore prices
- Net cash outflow from investing activities of US\$4,369m mainly represents T155 expansion expenditure and is in line with guidance
- Net cash inflows from refinancing of US\$3,533m included US\$5,000m proceeds from the Senior Secured Credit Facility established during the year.

Refinancing

- US\$5.0bn Senior Secured Credit Facility was successfully executed in October 2012. The
 proceeds from the facility were used to repay Leucadia debt and refinance all existing bank
 facilities.
- Refinancing of Leucadia debt significantly reduced Fortescue's cost of capital.
- Existing debt facilities provide funding flexibility to support Fortescue's expansion and liquidity requirements.

ASX ANNOUNCEMENT



Dividend

- The Board will consider a full year dividend in August based on the full year performance incorporating the interim results. This decision will take into account the strength of the iron ore price, successful completion and ramp up of the Firetail operations, the progress of Kings and proceeds from any asset sales.
- Further, the Board considered an ongoing dividend policy and has decided to adopt a profit
 pay-out ratio approach. Having regard to completion of the current capital program and the
 desire to reduce overall gearing levels the Board expects to move to a profit payout ratio of
 30 40 per cent over time.

Guidance

- The resumption of Solomon's 40mtpa Kings project was approved in December 2012. The
 current development program is expected to see the project completed and ramped up to
 achieve an annualised production of 155mtpa by the end of December 2013.
- FY13 guidance of total shipped tonnes remains between 82wmt and 84wmt. Solomon's Firetail mine is now expected to achieve a 20mtpa run rate during April 2013 after a severe rain event caused a minor delay in construction. This will increase Fortescue's production capacity to 115mtpa.
- We have had a strong start to the second half with a high iron ore price and cost savings initiatives flowing through to C1.
- Fortescue's C1 cost is expected to range between US\$45/wmt and US\$50/wmt for the remainder of FY13. When the Solomon Firetail and Kings mines are fully operational, total C1 costs are expected to fall to US\$38-US\$40/wmt.
- The Pilbara Infrastructure (TPI) sale process is expected to be completed by end of FY13.
 The process is continuing on schedule with strong interest received from a range of strategic and financial investors in our world class assets.

"The unqualified support received from institutional investors during Fortescue's refinancing has been justified by the company's performance during the half. Our focus remains on utilising existing assets together with realising operating cost and capital savings initiatives. This provides confidence in our ability to deliver growth in production volumes to 155mtpa, reduce balance sheet gearing, and continuing to deliver growth in shareholder value."

Stephen Pearce, Chief Financial Officer