

Media Release



Fortescue's transparent tax structure explained

PERTH, 9 APRIL 2015: Fortescue Metals Group (Fortescue) today welcomed the opportunity to appear before the Senate Economics References Committee's inquiry into corporate tax avoidance and minimisation.

Fortescue Chief Financial Officer, Mr Stephen Pearce said:

"As an Australian company, Fortescue has a simple and transparent tax structure with all group earnings taxed in Australia regardless of their source. We pay approximately 30% tax on our profits consistent with the Australian company tax rate, and an additional 7.25% of revenue in royalties to the West Australian Government."

"Fortescue has always acknowledged its obligation to ensure the Australian people get a fair return from their resources and paying our share of tax to the Australian government is a key element of this contribution."

"We are particularly proud of our strong relationship with the Australian Taxation Office, characterised by a cooperative and transparent working arrangement. With the majority of our operations in Australia, and a clear and straightforward business model, the ATO has confirmed that Fortescue has a low risk rating in relation to all key tax issues," Mr Pearce said.

Fortescue has since 2008 paid more than A\$4.5 billion in corporate income tax and royalty payments to Federal and State Governments in Australia.

The table below summarises Fortescue's effective company tax rate for the income years ended 30 June 2012 to 30 June 2014.

Item	30 June 2014 *US\$m	30 June 2013 *US\$m	30 June 2012 *US\$m
Profit before income tax	3,913	2,466	2,263
Tax payable at the Australian tax rate (30%)	1,174	740	679
Research and development	9	(20)	(9)
Foreign exchange	(11)	9	1
Tax impact of overseas jurisdiction	(9)	-	-
Other	10	(9)	33
Income tax expense	1,173	720	704
Effective tax rate	29.98%	29.20%	31.11%

*Fortescue has a US\$ functional currency for income tax purposes.

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