

**Not for Release in the United States**



10 November 2015

The Companies Officer  
Australian Securities Exchange Ltd  
2 The Esplanade  
Perth WA 6000

Dear Sir

**US\$750 million offer to repay debt**

Fortescue Metals Group Ltd (ASX:FMG) is launching a US\$750 million debt repayment offer for the 2019 8.25% and 2022 6.875% Senior Unsecured Notes via a tender.

The Company has offered to purchase up to US\$750 million in aggregate principal via a modified Dutch Auction. Note holders can tender their 2019 Senior Unsecured Notes within a range of US\$0.88 and US\$0.93 per US\$1.00 of principal and their 2022 Senior Unsecured Notes within a range of US\$0.75 and US\$0.80 per US\$1.00 of principal.

Chief Executive Officer Nev Power said, "Accelerating Fortescue's debt repayment programme through this tender will further reduce our interest costs while ensuring that we remain on track to achieve our initial gearing target of 40 percent."

"In line with our ongoing strategy to sustainably reduce our costs this offer further improves Fortescue's competitive position in the global iron ore market."

Chief Financial Officer Stephen Pearce noted that a tender offer is commonplace in the US debt capital market and will be finalised over the next few weeks. Mr Pearce said "This offer is an important part of Fortescue's long term debt reduction strategy, utilising our accumulated cash while maintaining liquidity levels."

The attached press release is required for U.S. regulatory purposes and sets out details of the tender offer process. This ASX release does not constitute an offer to participate in the tender offer. The tender offer is being made pursuant to an offer to purchase and a related letter of transmittal.

Yours sincerely  
**Fortescue Metals Group Ltd**

**Ian Wells**  
Company Secretary

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## MEDIA RELEASE



### FORTESCUE ANNOUNCES OFFER TO PURCHASE FOR CASH CERTAIN UNSECURED DEBT SECURITIES

**PERTH, 10 NOVEMBER 2015:** FMG Resources (August 2006) Pty Ltd (the “Company”), a direct wholly-owned subsidiary of Fortescue Metals Group Ltd (“FMG”) (ASX: FMG), announced today that it is offering to purchase (the “Tender Offer”) for cash up to US\$750,000,000 aggregate principal amount (subject to increase, the “Tender Cap”) of its debt securities from the series of notes described below (collectively, the “Notes”):

Title of Securities	CUSIP No.	ISIN	Aggregate Principal Amount Outstanding	Early Participation Amount <sup>(1)</sup>	Total Consideration (Acceptable Bid Price Range) <sup>(1)(2)</sup>
8.25% Senior Notes due 2019	144A: 30251GAH0 Reg S: Q3919KAD3	144A: US30251GAH02 Reg S: USQ3919KAD39	US\$888,130,000	US\$30.00	US\$880.00 - US\$930.00
6.875% Senior Notes due 2022	144A: 30251GAN7 Reg S: Q3919KAF8	144A: US30251GAN79 Reg S: USQ3919KAF86	US\$916,823,000	US\$30.00	US\$750.00 - US\$800.00

(1) Per US\$1,000 principal amount of Notes that are accepted for purchase by the Company.

(2) Includes the US\$30.00 Early Participation Amount.

The offer to purchase the Notes will be conducted as a modified “Dutch auction” cash tender offer upon the terms and subject to the conditions set forth in the Offer to Purchase, dated November 10, 2015 (the “Offer to Purchase”), and a related Letter of Transmittal.

Notes tendered by holders on or before 5:00 p.m., New York City time, on November 24, 2015, unless extended (the “Early Participation Date”), and accepted for purchase by the Company will receive the applicable “Total Consideration”, which includes an early participation amount of US\$30.00 per US\$1,000 principal amount of Notes validly tendered (the “Early Participation Amount”). Holders who validly tender their Notes after the Early Participation Date will not be eligible to receive the Early Participation Amount and, accordingly, holders whose Notes are validly tendered after the Early Participation Date and on or prior to the Expiration Date (as defined below) and are accepted for payment pursuant to the Tender Offer will receive the applicable “Tender Offer Consideration” consisting of the applicable Total Consideration less the Early Participation Amount.

The Total Consideration payable under the Tender Offer per US\$1,000 principal amount of Notes validly tendered and accepted will be determined based on a formula consisting of a base price (including the Early Participation Amount) equal to US\$880.00 for the 8.25% Senior Notes due 2019 and US\$750.00 for the 6.875% Senior Notes due 2022, plus a clearing premium not to exceed US\$50.00 per US\$1,000 principal amount as to either series of Notes.

The clearing premium will be determined based on the bid prices submitted by tendering holders on or prior to the Early Participation Date. Accordingly, tenders of Notes after the Early Participation Date will not be used for purposes of calculating the clearing premium on the Early Participation Date. The bid price submitted by any tendering holder must fall within the acceptable bid price range specified for the applicable series in the table above in order to be accepted and used for purposes of calculating the clearing premium. The clearing premium for each series of Notes will be the lowest single premium for all tenders of Notes of both series on or prior to the Early Participation Date such that, for all such tenders of Notes of both series whose bid price results in a bid premium equal to or less than this lowest single premium, the Company will be able to accept an aggregate principal amount of Notes up to the Tender Cap under the Tender Offer, taking into account the aggregate principal amount of Notes that have been validly tendered (and not validly withdrawn), or in the event that the purchase of all the Notes validly tendered (and not validly withdrawn) would result in the Company acquiring Notes having an aggregate principal amount of less than the Tender Cap under the Tender Offer, the clearing premium will be the highest bid premium with respect to any Notes validly tendered (and not validly withdrawn).

If the Notes tendered at or below the clearing premium would result in an aggregate principal amount in excess of the Tender Cap, then holders of the Notes tendered at the clearing premium will be subject to proration as described in the Offer to Purchase. If on the Early Participation Date, the aggregate principal amount of Notes validly tendered (and not validly withdrawn) by holders would cause the Company to accept an aggregate principal amount of Notes in excess of the Tender Cap, then the Company will not accept any Notes tendered after the Early Participation Date. Any Notes validly tendered after the Early Participation Date and on or prior to the Expiration Date will be deemed to have been tendered with a bid price equal to the Tender Offer Consideration and any such tenders after the Early Participation Date will not be used for purposes of calculating the clearing premium.

Accrued and unpaid interest will be paid on all Notes validly tendered and accepted for purchase by the Company from the applicable last interest payment date to, but not including, the date on which the Notes are purchased. The Company may elect, following the Early Participation Date and prior to the Expiration Date (as defined below), to accept the Notes validly tendered at or prior to the Early Participation Date, provided that all conditions to the Tender Offer have been satisfied or waived by the Company, and Notes accepted on such date may be settled on such date or promptly thereafter (the "Early Payment Date"). The "Final Payment Date" is the date that the Company settles all Notes not previously settled on the Early Payment Date, if any, which the Company expects to be one business day following the Expiration Date. The Company currently expects the Early Payment Date to be November 30, 2015, and the Final Payment Date to be December 10, 2015.

The Tender Offer is scheduled to expire at 11:59 p.m., New York City time, on December 9, 2015, unless extended or earlier terminated (such time, the "Expiration Date"). Tendered Notes may be withdrawn any time on or prior to 5:00 P.M., New York City time, on November 24, 2015 (unless such withdrawal deadline is extended by us), but not thereafter.

As described in the Offer to Purchase, subject to applicable law, the Company may extend the Tender Offer at any time and may amend or terminate the Tender Offer if, before such time as any Notes have been accepted for payment pursuant to the Tender Offer, any condition of the Tender Offer is not satisfied or waived.

The Tender Offer is not conditioned upon the tender of a minimum principal amount of Notes, but is subject to certain conditions set forth in the Offer to Purchase.

This press release, including the following, is qualified in its entirety by the Offer to Purchase and, where applicable, the Letter of Transmittal.

The Company has retained J.P. Morgan Securities LLC (“J.P. Morgan”) to act as Dealer Manager, Ipreo LLC (“Ipreo”) to act as Information Agent and Continental Stock Transfer & Trust Company to act as Depositary, in each case in connection with the Tender Offer. For additional information regarding the terms of the Tender Offer, please contact J.P. Morgan at (866) 834-4666 (toll-free) or (212) 834-2494 (collect). Requests for documents and questions regarding the tendering of Notes may be directed to Ipreo by telephone at (888) 593-9546 (toll-free) or (212) 849-3800 or by email at [tenderoffer@ipreo.com](mailto:tenderoffer@ipreo.com).

This news release does not constitute an offer to participate in the Tender Offer. The Tender Offer is being made pursuant to the Offer to Purchase and the Letter of Transmittal, copies of which will be delivered to holders of the Notes, and which set forth the complete terms and conditions of the Tender Offer. Holders are urged to read the Offer to Purchase and the Letter of Transmittal carefully before making any decision with respect to their Notes. The Tender Offer is not being made to, nor will the Company accept tenders of Notes from, holders in any jurisdiction in which it is unlawful to make such an offer or solicitation. None of FMG, the Company, the Dealer Manager, the Information Agent, the Depositary or the trustee for the Notes makes any recommendation as to whether holders should tender their Notes in response to the Tender Offer or at what bid prices holders should tender their Notes.

Certain statements in this press release, including those describing the completion of the Tender Offer, constitute forward-looking statements. These statements are not historical facts but instead represent only FMG’s belief regarding future events, many of which, by their nature, are inherently uncertain and outside FMG’s control. It is possible that actual results will differ, possibly materially, from the anticipated results indicated in these statements.

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