

30 May 2016

The Companies Officer  
Australian Securities Exchange Ltd  
Level 40, Central Park  
152-158 St Georges Terrace  
Perth WA 6000



Dear Sir or Madam

### **Fortescue secures the Second Towage Licence at Port Hedland**

Fortescue Metals Group (Fortescue) today announced Pilbara Marine Pty Ltd (Pilbara Marine), a wholly owned subsidiary of Fortescue, has won the tender for the second towage licence at the Port of Port Hedland.

Fortescue Chief Executive Officer Mr Power welcomed the decision of the Pilbara Ports Authority (PPA) and Western Australian Minister for Transport Dean Nalder to increase competition in towage services at the Port.

Under the terms of the licence, Pilbara Marine will construct marine and landside facilities for the development of a tug haven behind Anderson Point berths 1 to 3 and provide towage services for an initial term of 15 years, expected to commence by 2019.

The licence and tug facilities will provide additional capacity and an alternative supplier of tug services for all users of Port Hedland, improving efficiencies and maximising port capacity.

The total capital cost of developing the infrastructure and operating vessels is expected to be less than US\$200 million and will be incurred in FY17 and FY18.

"The introduction of choice and competition through the award of a second licence will benefit all users of the Port, and will ensure Fortescue can provide long-term, sustainable towage services crucial to meeting the demands of our customers," Mr Power said.

"We look forward to working with the PPA and others to finalise arrangements that will safely deliver flexibility, efficiency and value," Mr Power said.

#### **Background**

- *Iron ore exports from Port Hedland topped 435 million tonnes last financial year*
- *There were 5,867 vessel movements in the Port of Port Hedland in 2014/15*

Yours sincerely

**Fortescue Metals Group Ltd**

**Ian Wells**

Company Secretary

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