

8 December 2016



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

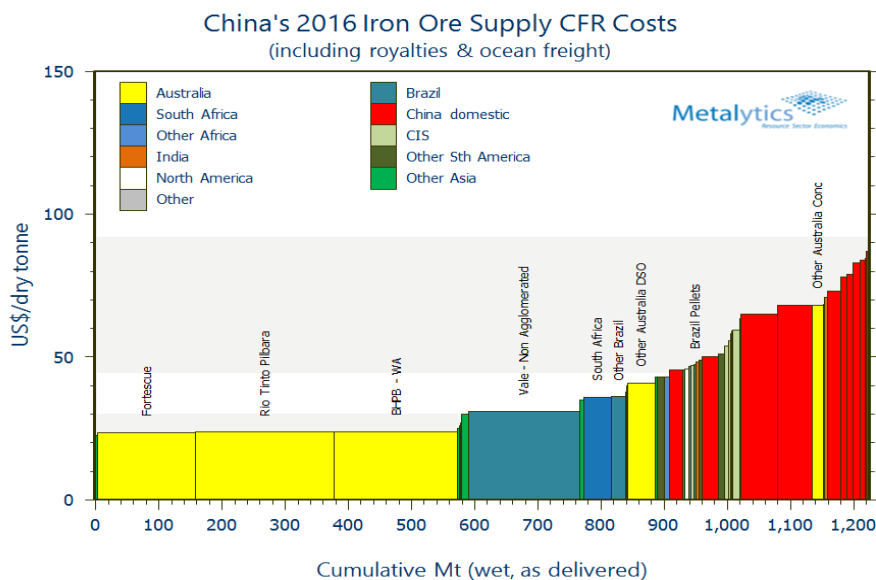
Dear Sir or Madam

Fortescue - Debt reduction to continue as Fortescue is recognised as lowest cost seaborne supplier of iron ore into China

Fortescue Metals Group (ASX: FMG, Fortescue) reconfirms its previously announced debt reduction strategy. Strong cash flows generated from our low cost operations together with buoyant market conditions will continue to be applied to ongoing debt reduction and deliver further shareholder value.

Fortescue CEO Mr Nev Power said, "At current iron ore prices we are generating strong cash flows and we will continue to repay our debt and strengthen our balance sheet."

Productivity and efficiency initiatives have delivered sustainable cost reductions and have resulted in Fortescue becoming the lowest cost seaborne supplier of iron ore into China, based on Metalytics Resource Sector Economics (Metalytics) November 2016 review. This is set out below.



This curve compares cash costs delivered to China (mining, processing, transport, port costs, pelletising if applicable, royalties, and sea freight) on a US\$/DMT basis.

Mr Power said, "We are very pleased that we have been formally recognised as the lowest cost seaborne supplier of iron ore into China. This is testament to the hard work and commitment of the Fortescue team who remain absolutely focused on being the safest, lowest cost and most profitable producer of iron ore."

Yours sincerely
Fortescue Metals Group Ltd

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Company Secretary

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