



27 June 2017

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

Dear Sir/Madam

Fortescue announces FY18 Innovation Projects

Fortescue Metals Group Ltd (ASX: FMG, Fortescue) is pleased to provide an update on its continued investment in projects to improve safety, productivity and efficiency.

Roll-out of these productivity initiatives will include:

1. Expansion of autonomous haulage technology (AHS) at Solomon Hub

Fortescue has successfully deployed CAT autonomous haulage technology at the Solomon Hub since 2012 with 56 AHS trucks now operating, achieving a 20 per cent improvement in productivity.

Up to twelve 793F trucks will be converted to AHS to further improve productivity across the site.

2. Rollout of AHS across the Chichester Hub

The implementation plan for the rollout of AHS at the Chichester Hub from FY18 is now underway, including commencement of commercial negotiations with suppliers as well as upgrade of the IT network at both the Cloudbreak and Christmas Creek mines.

Approximately 100 haul trucks will be converted to AHS to deliver productivity improvements equivalent to those achieved at Solomon.

3. Trial of an overland conveyor

As part of Fortescue's assessment of options for the Firetail replacement project, the Company is investing in an innovative relocatable conveyor trial at the Cloudbreak mine.

Together, these projects will contribute to sustained productivity improvements across the business through reduced haulage costs to offset rising strip ratios. The investment will occur over the three year period FY18 to FY20 and will be included in the company's sustaining capital expenditure. Benefits will be partially delivered during FY18 and fully during the following financial years.

Fortescue Chief Executive Officer, Mr Nev Power, said “Fortescue is continuing to introduce leading edge technology across our business to ensure we remain at the lowest end of the global cost curve. Our focus remains on improving safety and increasing productivity and efficiency to deliver ongoing cost reductions.”

“These projects will encompass technological advancement, workforce skills development and collaboration with our suppliers to harness the best ideas and position Fortescue strongly for the future,” Mr Power said.

Fortescue Metals Group Ltd

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