

1 August 2017



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

Dear Sir or Madam

STATUS OF SOUTH HEDLAND POWER STATION

Fortescue Metals Group Ltd (**Fortescue**) (ASX: FMG) refers to the market release issued by TransAlta Renewables (TSX: RNW) on 28 July 2017 and various media reports relating to the status of the South Hedland Power Station.

Fortescue is party to a power purchase agreement with TransAlta Corporation (TSX:TA, NYSE:TAC) and related entities in relation to the South Hedland Power Station.

Fortescue advises that it has notified TransAlta that in its view the South Hedland Power Station has not yet satisfied the requisite performance criteria under Fortescue's contract. Fortescue and TransAlta are currently conferring on this issue and in the meantime Fortescue is continuing to purchase electricity from other generators to supply its operations in Port Hedland.

Yours sincerely
Fortescue Metals Group Ltd

Alison Terry
Company Secretary

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