

# Sydney Mining Club Luncheon



**“A one-off Australian opportunity  
unlikely to be repeated in the future”**

## **Fortescue Metals Group Ltd**

**The New Force in Iron Ore**

### **Fortescue Metals Group Ltd**

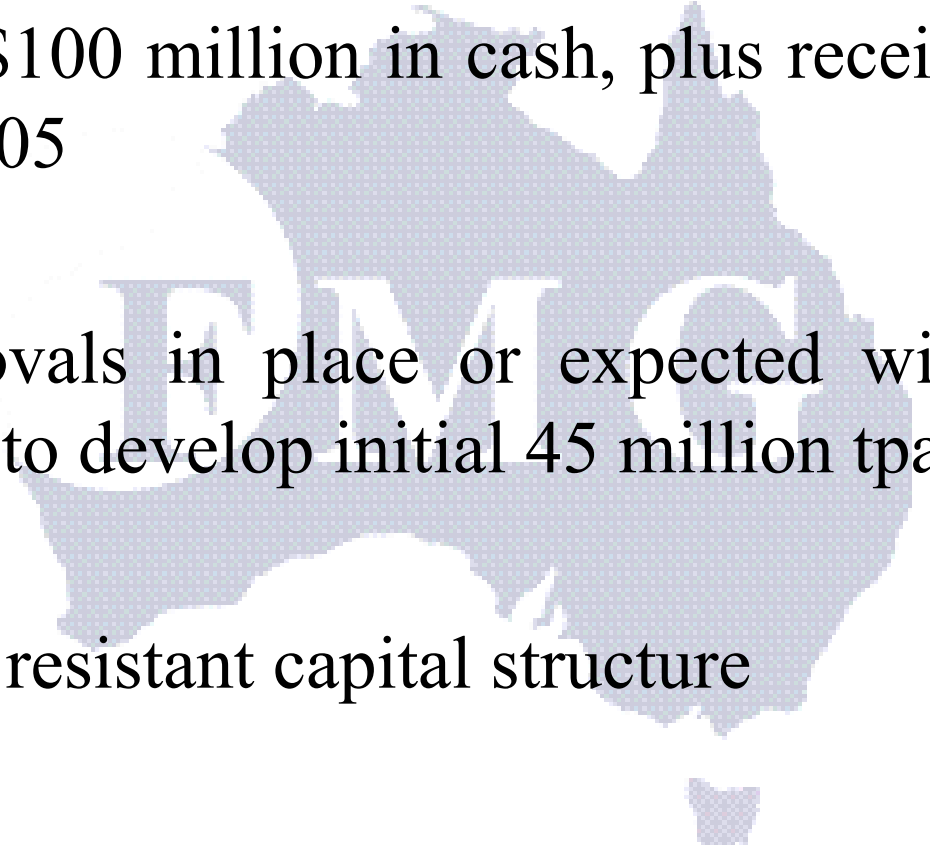
Fortescue House, 50 Kings Park Road West Perth, Western Australia 6005

PO Box 910 West Perth Western Australia 6827

**Telephone:** + 61 8 9266 0111 **Facsimile:** + 61 8 9266 0188 **Mobile:** +61 402 097 191

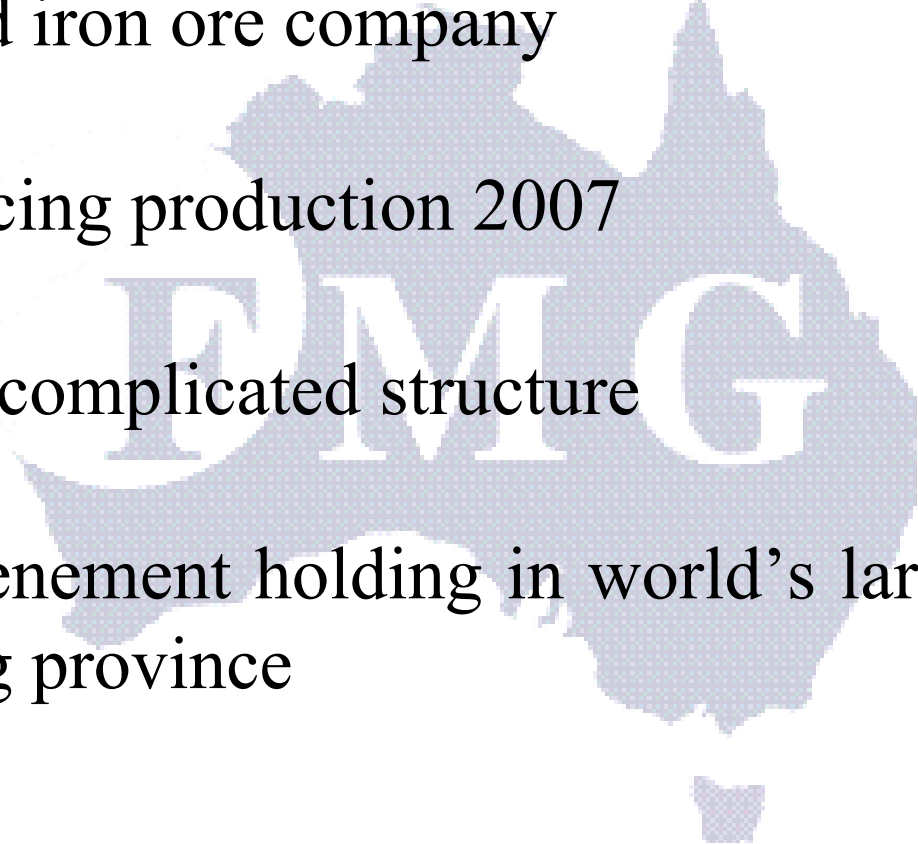
**Website:** [www.fmgl.com.au](http://www.fmgl.com.au) **Email:** [jmorris@fmgl.com.au](mailto:jmorris@fmgl.com.au)

# Fortescue Metals Group Limited

- Approx. \$100 million in cash, plus receivables at 31 March 2005
  - All approvals in place or expected within project timetable to develop initial 45 million tpa
  - Takeover resistant capital structure
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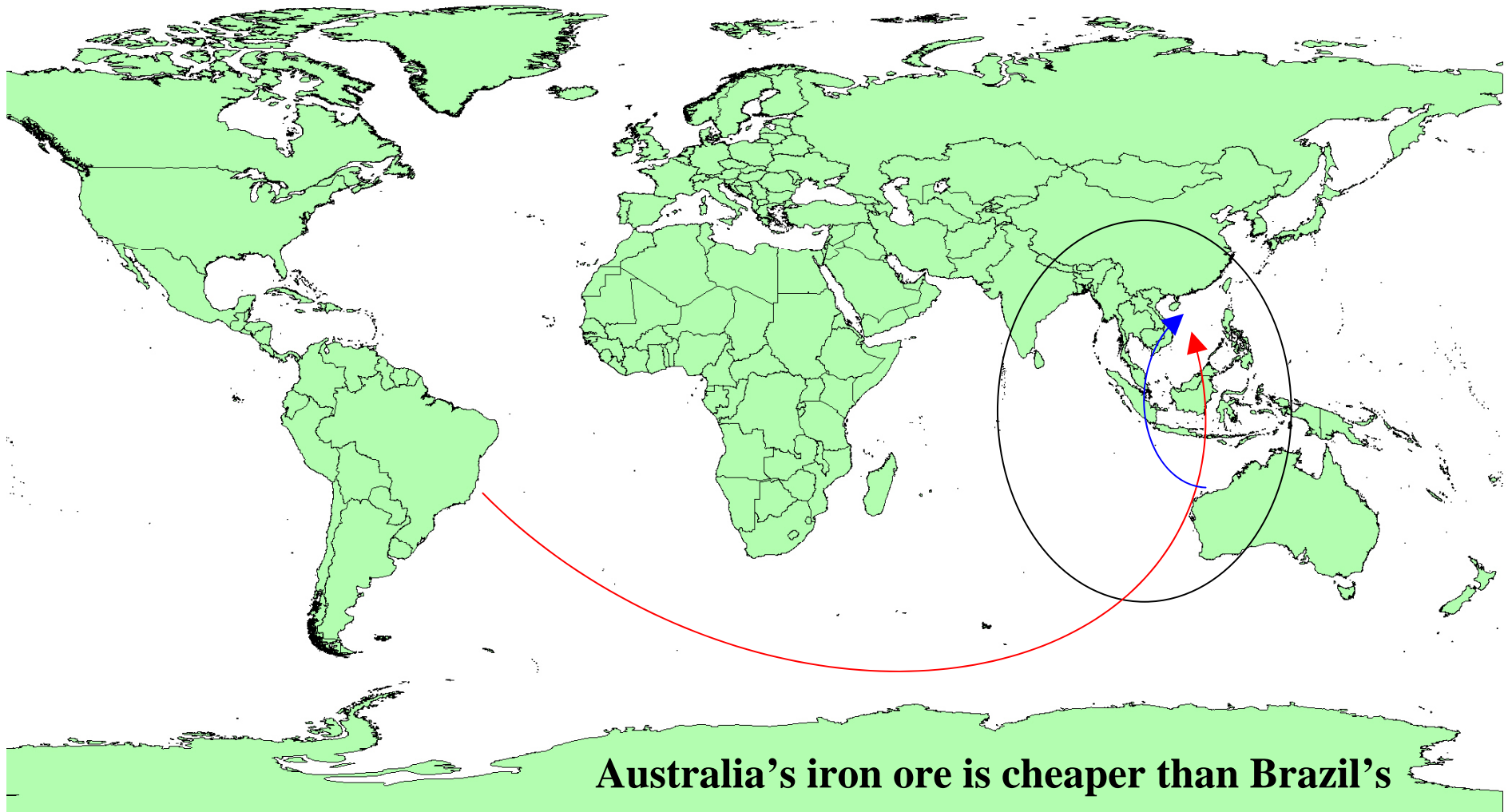
**The New Force in Iron Ore**

# Fortescue Metals Group Limited

- Dedicated iron ore company
  - Commencing production 2007
  - Clean, uncomplicated structure
  - Largest tenement holding in world's largest iron ore producing province
- 
- The background of the slide features a large, light blue map of Australia. Overlaid on the map is the FPMG logo, which consists of the letters 'FPMG' in a bold, serif font. The 'F' and 'M' are white, while the 'P' and 'G' are blue, matching the map's color.

**The New Force in Iron Ore**

# The Pilbara, the lowest supply costs



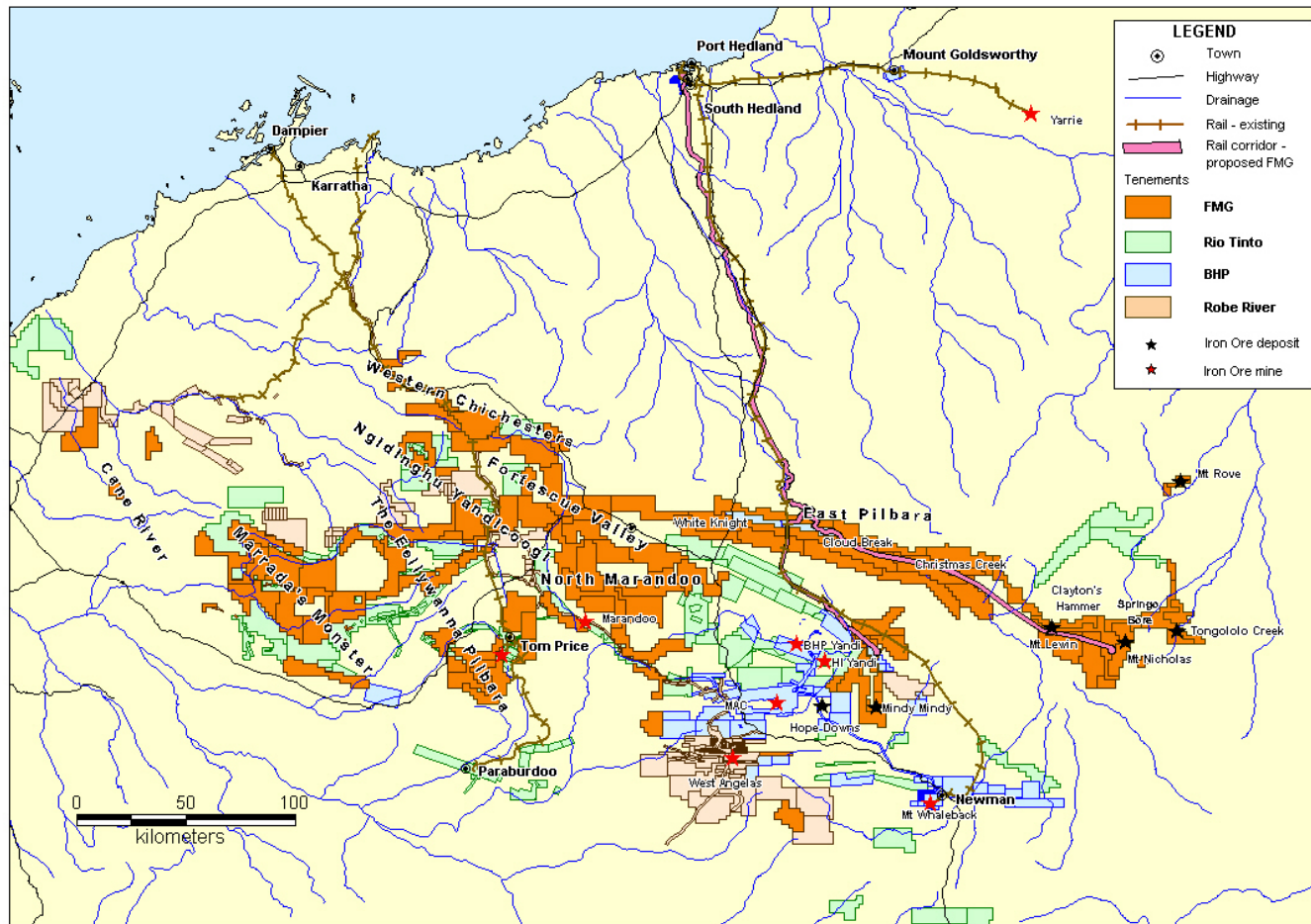
**The New Force in Iron Ore**

# Pilbara Tenement Holdings



**Fortescue's 17,200 sq km tenement reach dominates the Pilbara**

# Cloud Break & Christmas Creek only a fraction of Fortescue Pilbara holdings



**Distance equivalent: Los Angeles to San Francisco**

**The New Force in Iron Ore**

# Fortescue Metals Group Limited

- Sinter testing with CSIRO and international Steel Mill demonstrate high sinter grade productivity
- Testing demonstrates that ore productivity is highly competitive with existing Pilbara products
- Christmas Creek and Cloud Break resource target is 1.8 billion tonnes for targeted 20 year mine life
- Infill drilling accelerated to maximise conversion to reserves by Q3 2005

**The New Force in Iron Ore**



## The Chichesters JORC standard (inferred and indicated) resources nearly 2 billion tonnes and growing

Ore Body	Million Tonnes	% Fe	LOI
<b>Christmas Creek</b> (80% Area drilled)	<b>1,016</b>	<b>58</b>	<b>7.5</b>
<b>Mt Lewin/The Hammer</b> (50% Area drilled)	<b>200</b>	<b>56.5</b>	<b>6.5</b>
<b>Mt Nicholas</b> (100% Area drilled)	<b>390</b>	<b>49.5</b>	<b>8</b>
<b>Springo Bore/Tongololo</b> (Under assessment)			
<b>Mt Rove</b> (Under assessment)			
<b>Cloud Break</b> (60% Area drilled)	<b>391</b>	<b>58.3</b>	<b>7</b>
<b>White Knight</b> (Major drilling campaign underway)			
<b>Total in JORC</b>	<b>1.98 billion (target achieved Q1 2005)</b>		



# Resource Estimates for Christmas Creek & Cloud Break

## Based on March 2005 data

Category	Mt	Grade				
		Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	LOI %
Indicated	372	58.2	5.1	2.43	0.052	7.42
Inferred	1,035	58.1	4.7	2.61	0.052	8.24
Including Higher Grade						
Indicated	109	60.2	3.5	1.97	0.058	7.30
Inferred	280	60.4	3.1	1.94	0.052	7.87
Total						
Total	1,407	58.1	4.8	2.57	0.052	8.02

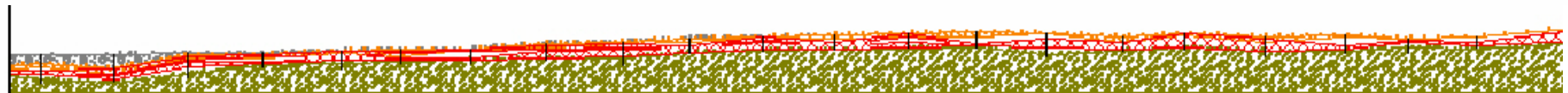
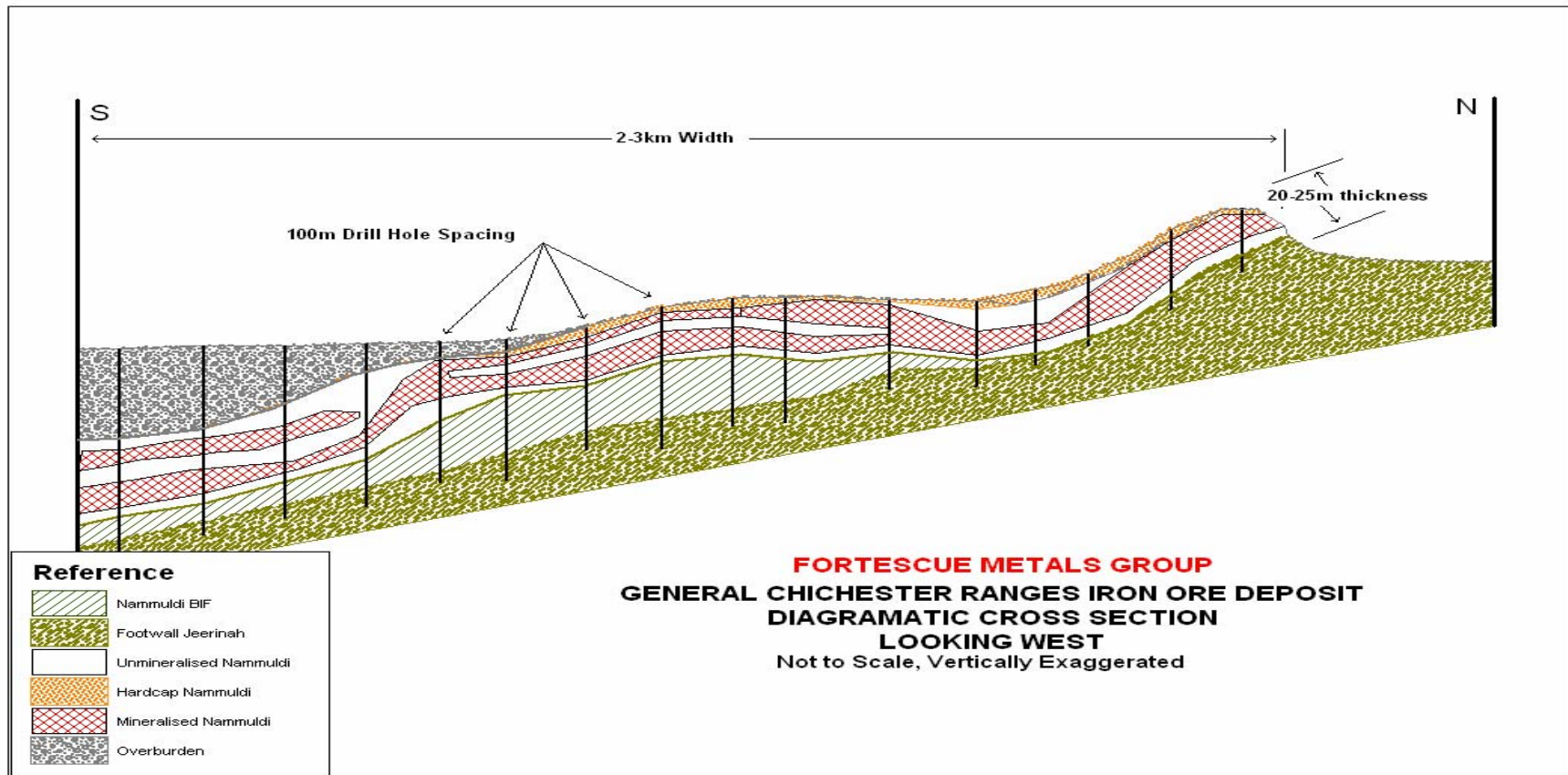
# Bulk Sampling

- **Bucket augur drill (used for pilings in bridges and buildings)**
- **15 major bulk sample holes drilled – 900 mm diameter**
- **800t of sample produced – 495t of ore material**



**The New Force in Iron Ore**

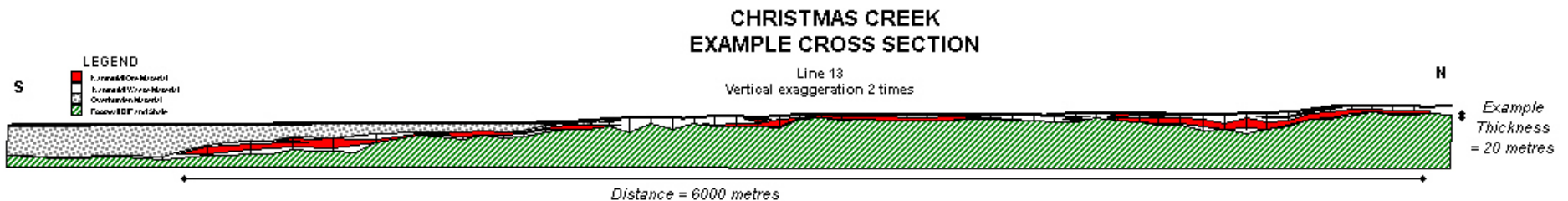
# Chichester Cross Section



**Diagrammatic Section of Christmas Creek**  
**No Vertical Exaggeration**

# Christmas Creek Geological Summary

- Insignificant hard cap compared to other Marra Mamba
- Limited overburden allowing easy exploitation of any part of the ore body
- Little open folding – structurally simple
- Ability to easily blend to process plant feed specification
- Ore body structure and chemistry is predictable

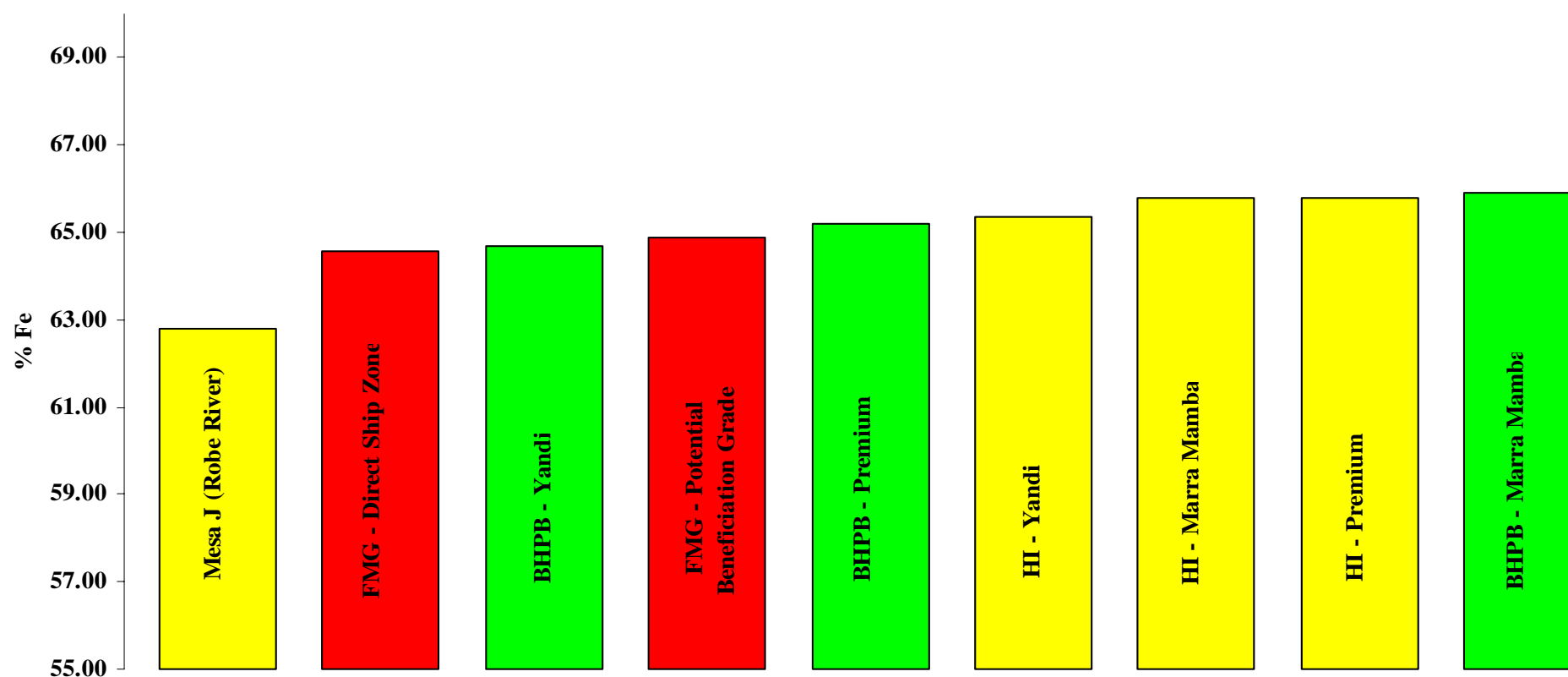


The New Force in Iron Ore

# The New Force in Iron Ore



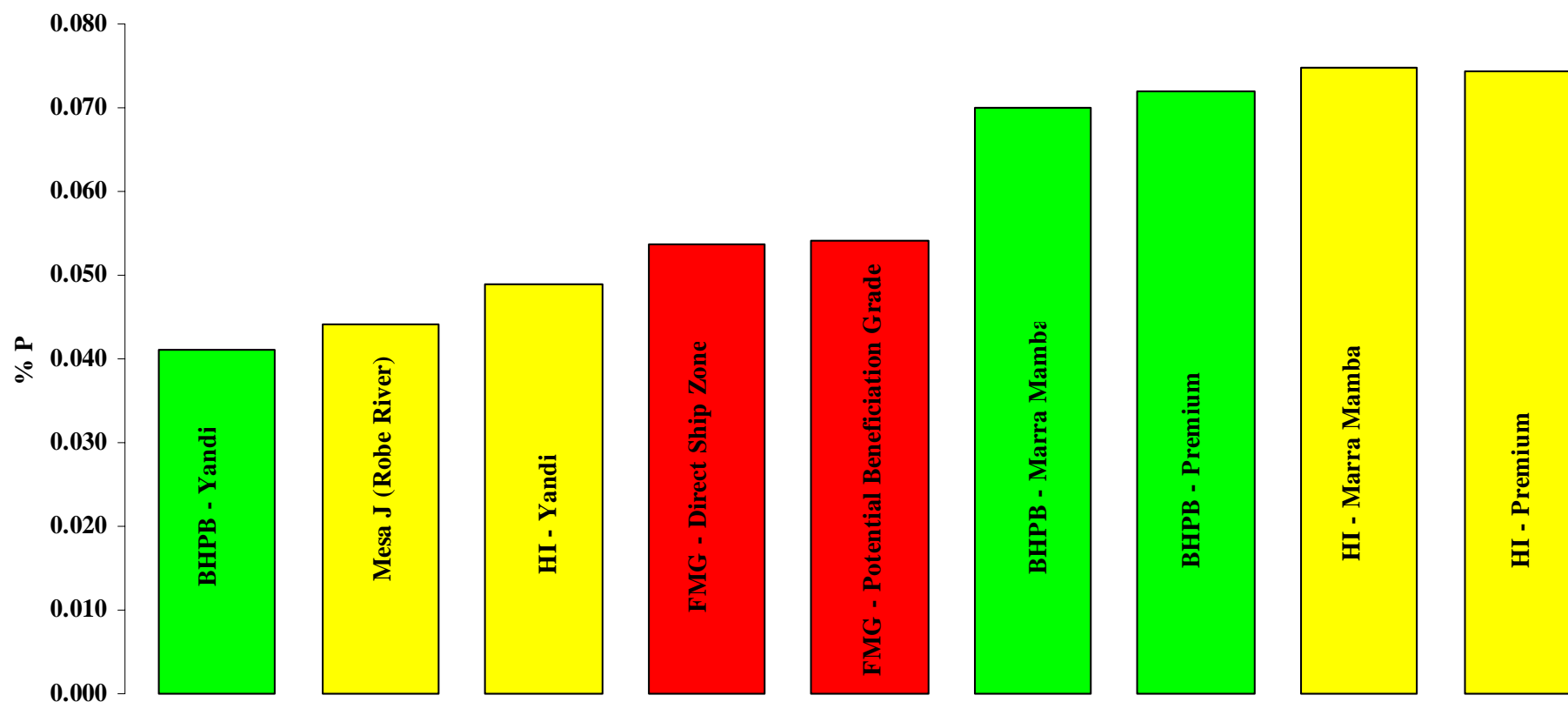
## Calcined Fine Iron Ore Iron Content



Data Sources: Robe River – Website, BHPB – Direct from Company, HI – Industry Sources, FMG – Own Tests



## Calcined Fine Iron Ore Phosphorus Content



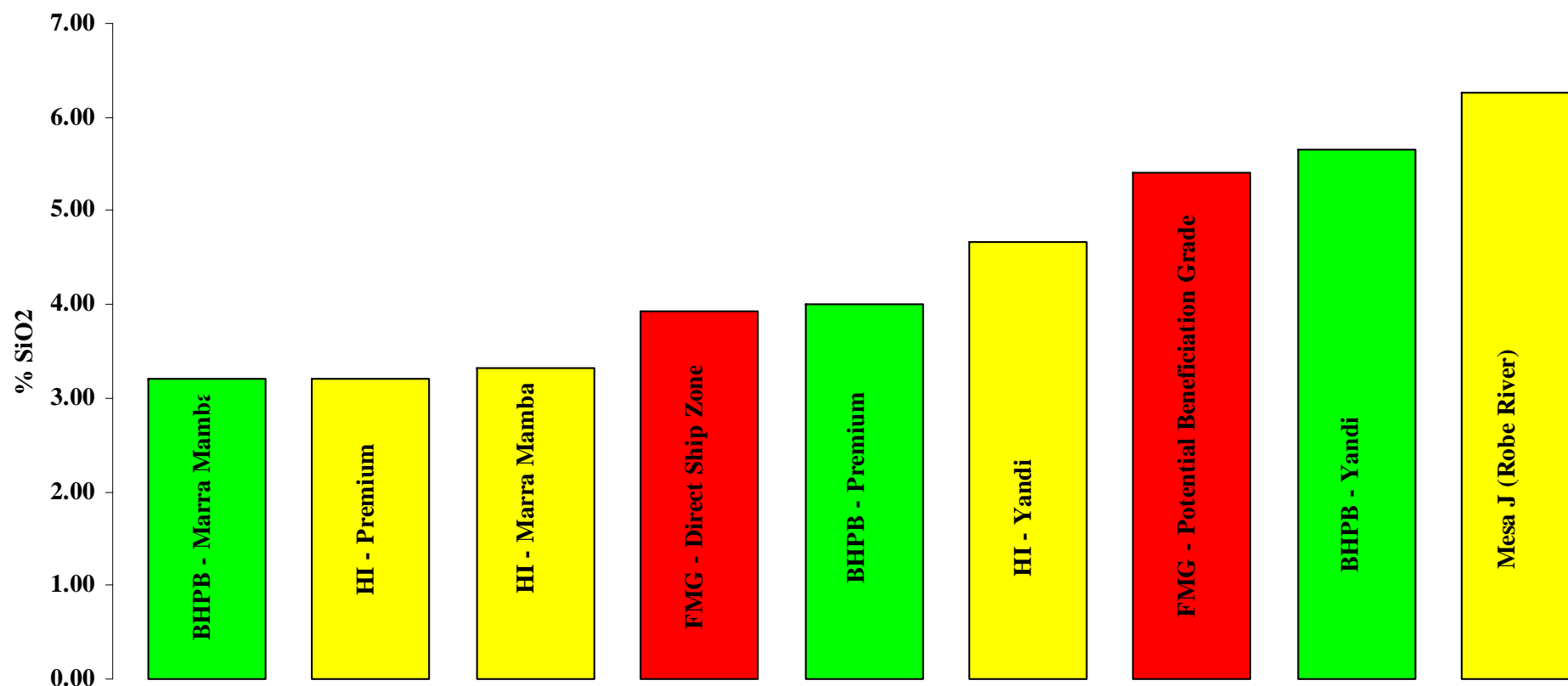
Data Sources: Robe River – Website, BHPB – Direct from Company, HI – Industry Sources, FMG – Own Tests



# The New Force in Iron Ore



## Calcined Fine Iron Ore Silica Content



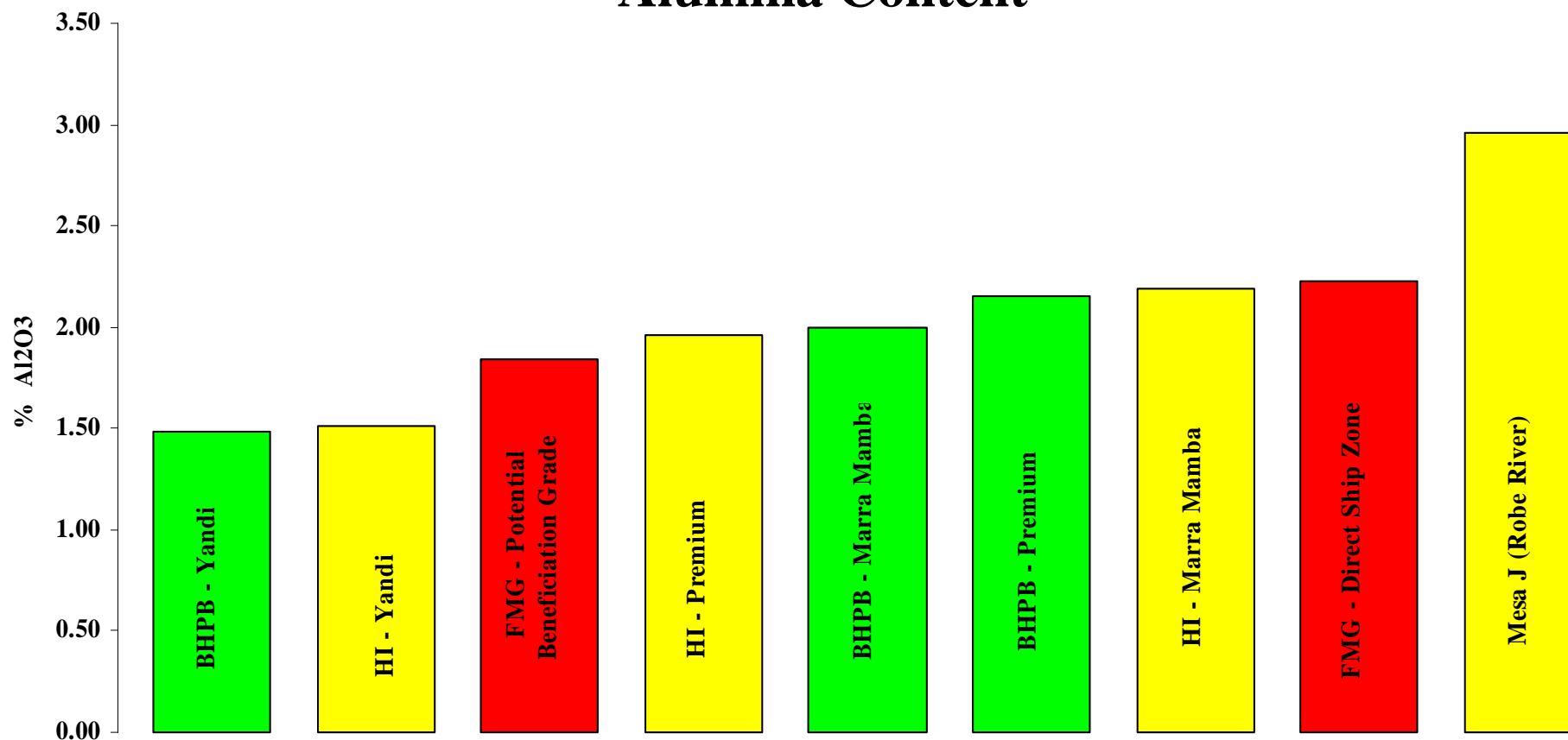
Data Source: Robe River – Website, BHPB – Direct from Company, HI – Industry Sources, FMG – Own Tests



# The New Force in Iron Ore

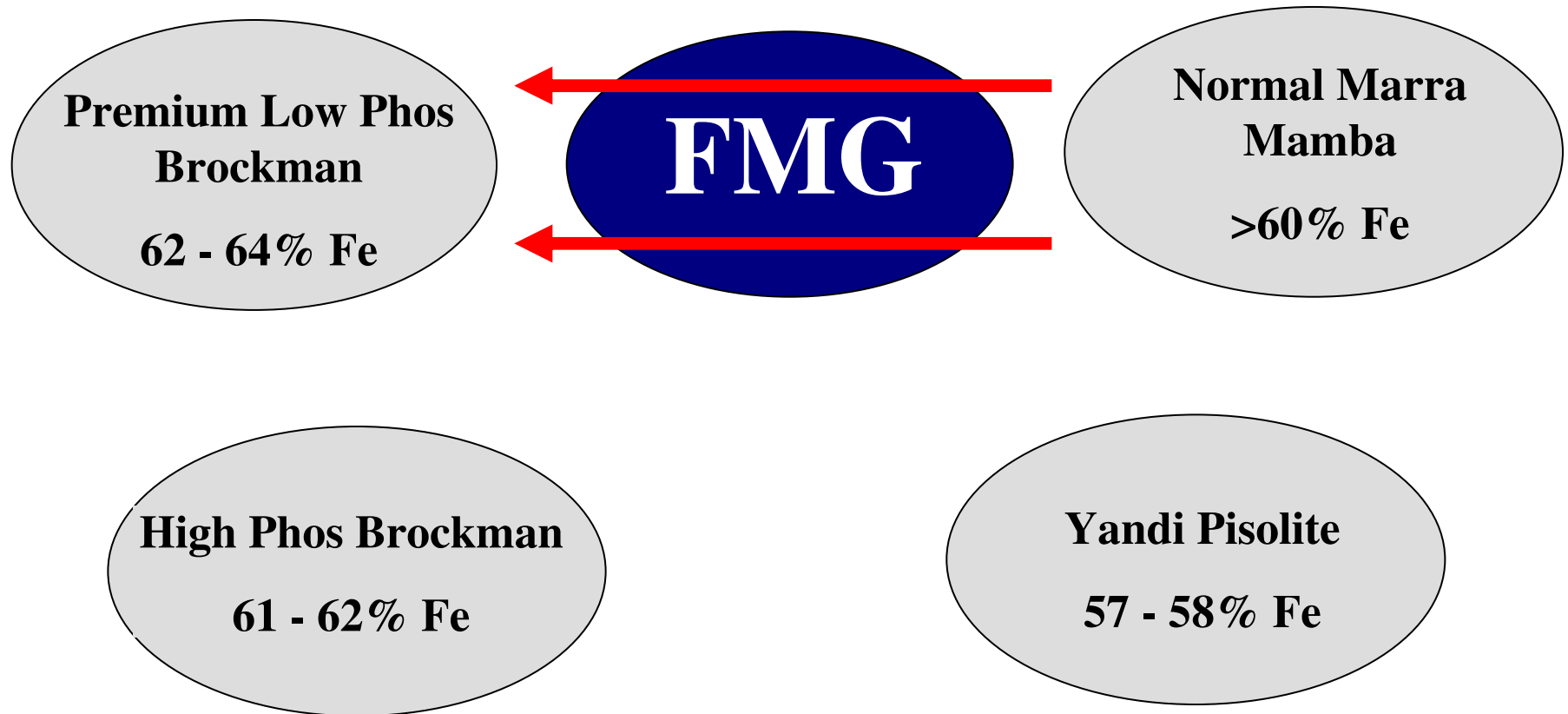


## Calcined Fine Iron Ore Alumina Content



Data Source: Robe River – Website, BHPB – Direct from Company, HI – Industry Sources, FMG – Own Tests

# Ore Quality is Competitive



**“The identification of microplaty hematite at such shallow depth and across such large strike length is one of the most significant exploration discoveries in the Pilbara in the past 15 years”**

**Dr John Clout – FMG Head of Resources Strategy (previously CSIRO)**

**The New Force in Iron Ore**

# Comparison of Fines

Brand	+6.3 mm	-0.15 mm	Moisture %	L.O.I %	T.Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	S %	P %
Christmas Creek CCF1	8	11	7.0	5.3	61.7	3.3	1.6	0.030	0.060
Beneficiated Fines – estimated range				6-7	60-61	3.5- 4.7	1.5-1.8	0.030	0.050
Typical Brockman * 1	16	14	6.0	3.0	62.6	4.7	2.3	0.01	0.070
Typical Marra Mamba * 2	1.0	30.4	7.5	6.5	61.5	3.10	2.05	0.022	0.070
Typical HG Pisolite *3	4.7	4.9	7.7	8.6	58.6	5.0	1.3	0.02	0.035
Typical LG Pisolite *1	8.7	16.3	9.0	9.17	57.04	5.69	2.69	0.013	0.04

Data Sources: \*1 The Robe West Angelas Development Plan 2000: \*2 Website for Robe River Mining; \*3 Loo, C E, Witchard, D, Penny, G C, 1994, IMM

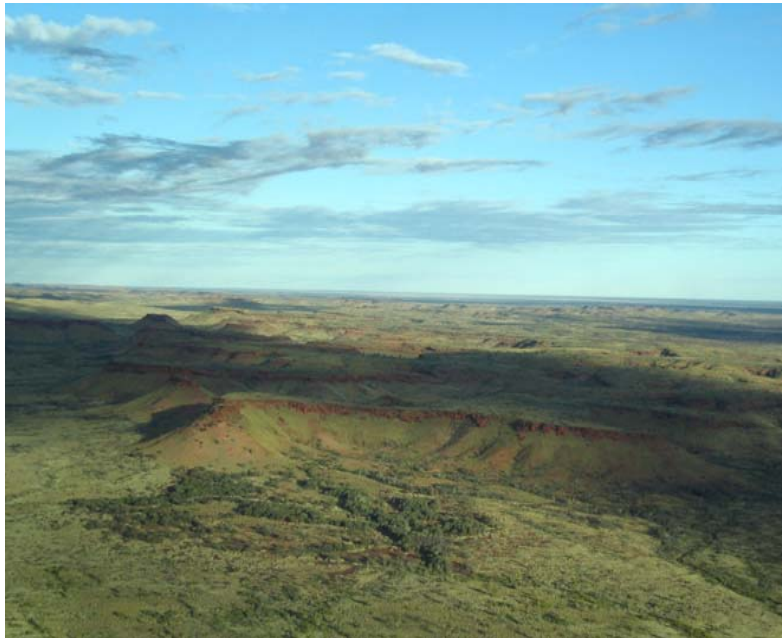
# Comparison of High Grade Lump

Ore Brand	T.Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	S %	P %	LOI %	Fe <sub>c</sub> %	TI % + 6.3mm	AI % -0.5mm	DI % -6.3 mm	SI % +10 mm	RDI % -3mm	RI % (JIS)
FMG Christmas Creek CCL1 *4	63.1	2.1	1.1	0.030	0.050	5.4	66.7	84.9	7.6	8-10	94.5	24.1	70.9
Typical Marra Mamba*2	62.8	2.21	1.25	0.016	0.050	6.2	67.0	89	8	8	96	22	64
Typical Brockman*1	65.0	3.0	1.40	0.010	0.055	2.0	66.0	85	11	8	95	23	56
Typical LG Pisolite*2	57.4	5.30	2.47	0.013	0.040	9.33	63.3	77	16	3	94	39	61

Data Sources: \*1 The Robe West Angelas Development Plan 2000: \*2 Website for Robe River Mining;

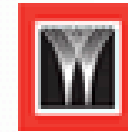
**2 Test Methods:** TI: 15kg test - % -6.3mm using ISO 3271; AI – 15kg test - % -0.5mm using ISO 3271; DI: average of 10 tests of 0.5kg each at 700°C - % -6.3 mm (ISO8371); SI: Two 20kg tests - % -10mm using JIS 8711; RDI: Two 0.5kg tests @550°C - % -3.15mm using JIS M8713; RI: average of two 0.5kg tests @900°C -% reduction using JIS M8713.; \*4 not conditioned

# Project Implementation Partners



**The New Force in Iron Ore**

# Construction Partners



**WorleyParsons**



**BARCLAY MOWLEM**



**MULTIPLEX**



**The New Force in Iron Ore**

# Corporate Finance



**Citigroup appointed to conduct  
global joint venture tender**

GRANT SAMUEL

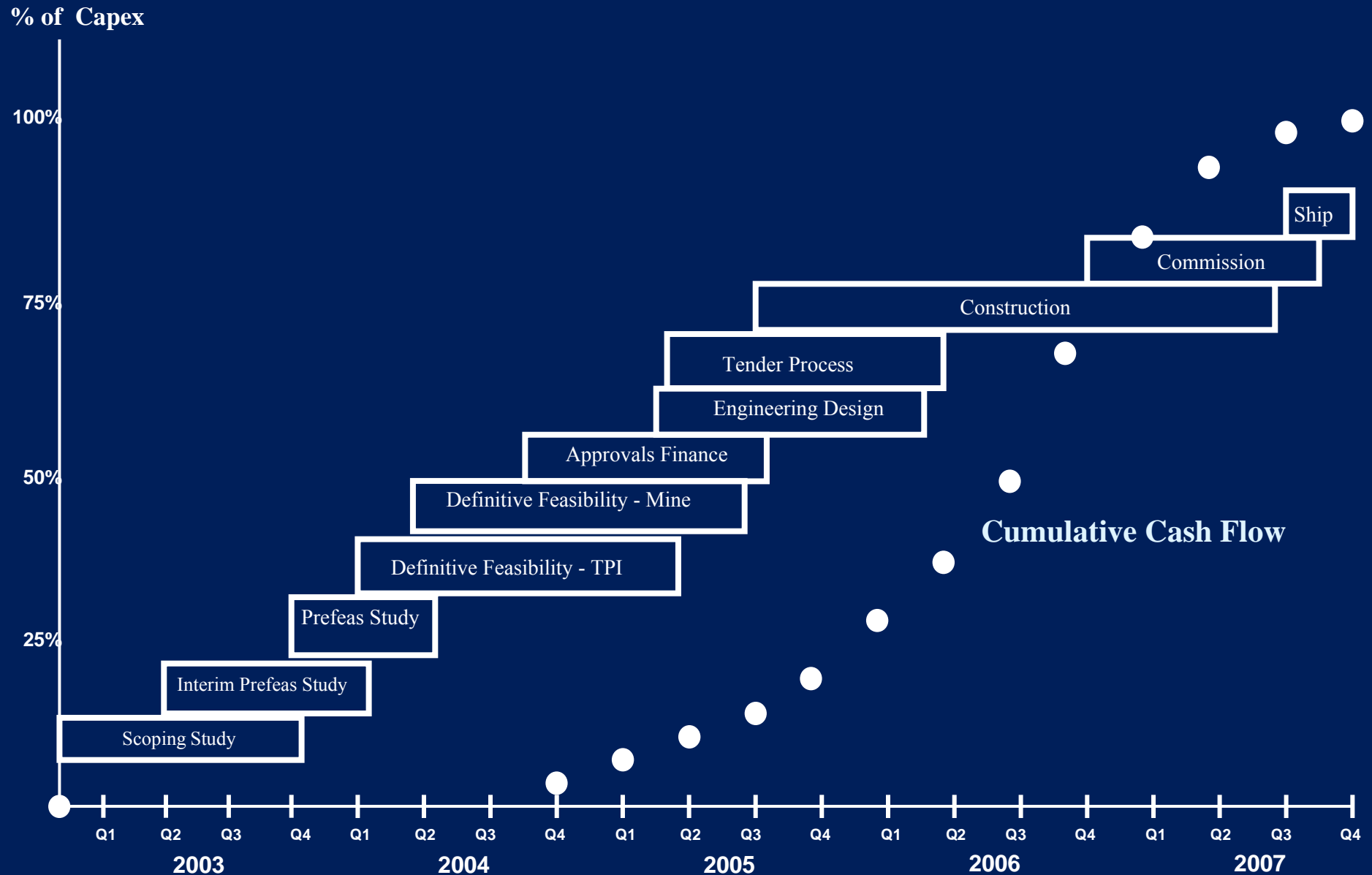


**Grant Samuel appointed to conduct  
global tender for Christmas Creek  
royalty**

**The New Force in Iron Ore**



# Fortescue Development Timeline – Shipping 2007



# Port & Rail Development Schedules



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# Rail & Port Construction

## Rail Construction 18 Months Fast Track

- ☐ Computer aided designed rail corridor and alignment
- ☐ Engineering design “Worlds Best Practice”
- ☐ Order locomotives and sleepers prior to financial close
- ☐ Rolling stock compatibility on key features

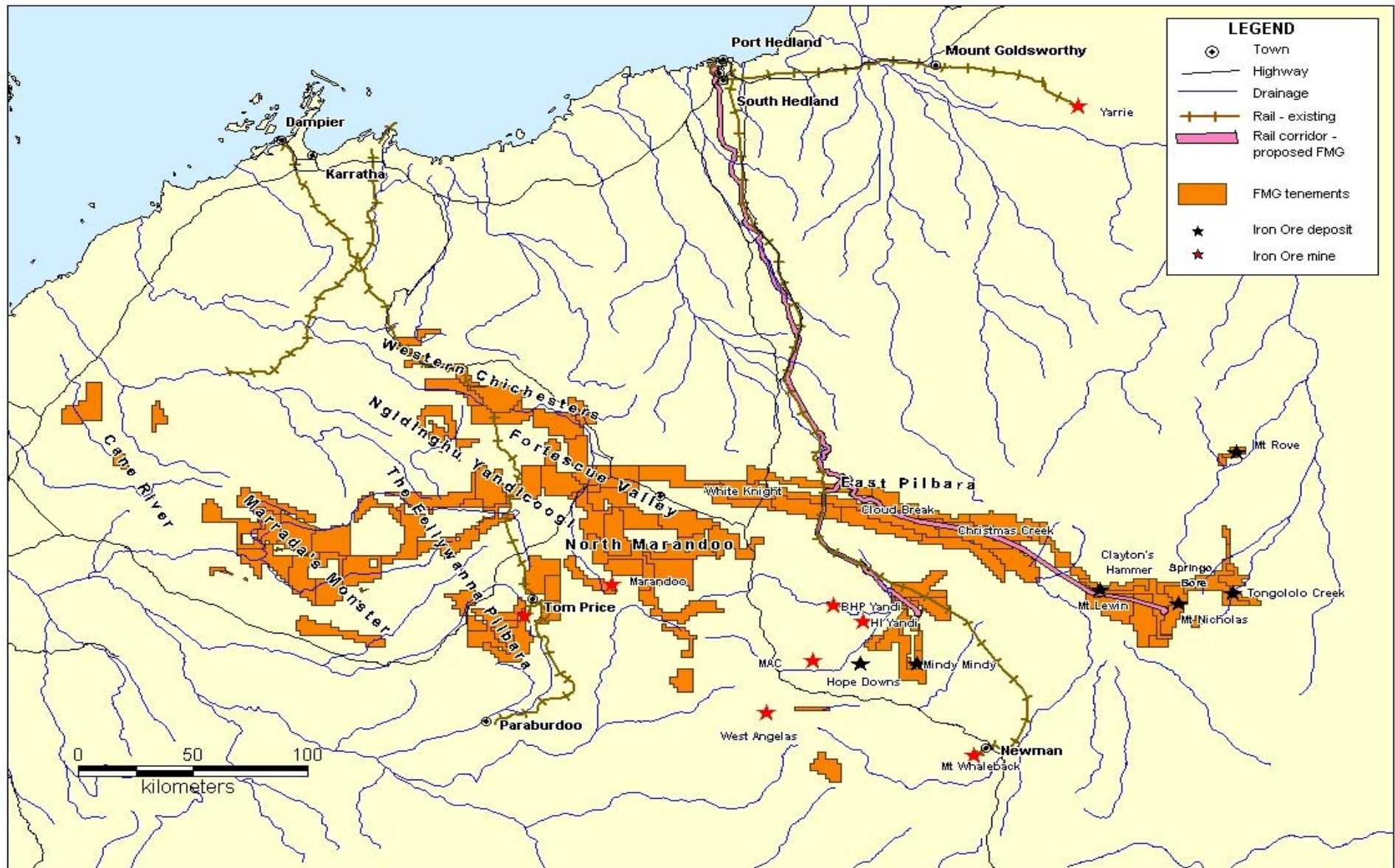
## Port Construction 20 months (Paralleled with Rail Construction)

- ☐ Rail dumping 8,000 t/h
  - Twin cell car dumper
  - Lump/fines screening
  - Two stackers
- ☐ Ship loading 10,000 t/h
  - Single reclaimer
  - Single ship loader
- ☐ Loading berth, 19.6 m depth to suit all vessels

**The New Force in Iron Ore**

# Meeting the Demand for Major Independent Supply

## Wholly Owned Iron Ore Regions





# Fortescue Metals Group Ltd

**“A one-off Australian opportunity  
unlikely to be repeated in the future”**

Fortescue House  
50 Kings Park Road West Perth Western Australia  
[www.fmgl.com.au](http://www.fmgl.com.au)

Sydney Mining Club Luncheon May 2005

# Opening Comments

- **It is great to be back in Australia, as the past few weeks have seen us involved in wide-ranging negotiations across the globe.**
- **That travel and negotiating doesn't mean there has been any slackening in activity back home in Western Australia.**
- **That travel and negotiating doesn't mean there has been any slackening in activity back home in Western Australia.**
- **In fact, it has been quite the opposite - our effort towards delineating our resource to reserve status continues apace and during the next few weeks we will be reporting further increases in the indicated and measured status of our vast resource.**

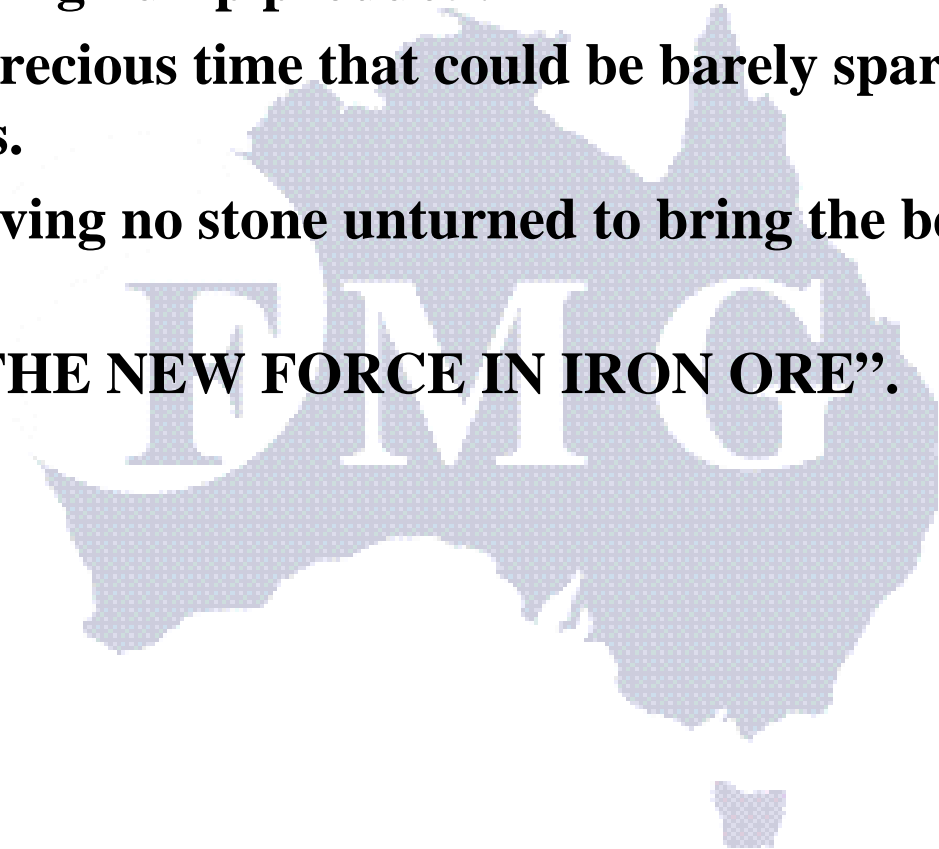
# Opening

- **Activity is also quite hectic on all aspects of our Definitive Feasibility work which is on target to be completed this year – both for infrastructure and mining.**
- **FMGL technical people are open minded and are investigating various production opportunities to cut costs both operationally and capital wise.**
- **Our technical people are investigating various production opportunities to cut costs both operationally and capital wise.**
- **In order to eliminate inter bedded waste seams diluting the plant ore feed and entering the process plant various alternative techniques are being evaluated.**
- **The Head of Mining and the Head of Resource Strategy have visited Germany, UK, Spain, United States and Canada in the last month to investigate equipment that could greatly improve FMGL's efficiency.**



# Opening Comments

- In addition crushing technology is being reviewed with the aim of maximising 'lump product'.
- This was precious time that could be barely spared by those individuals.
- We are leaving no stone unturned to bring the best to our project.
- Now, to **“THE NEW FORCE IN IRON ORE”**.



# Closing Comments

- **So – in summary - .....**
- **At the end of day, some key fundamentals about our Chichester Range project will not change markedly in the near to medium term.**
- **Let me run through some of them: -**
- **We have a significant resource, which is continuing to be proven up**
- **This includes maintaining a solid pace in the field, to further delineate tonnages at either indicated or measured status.**
- **It is a massive discovery in anyone's language.**
- **We are continuing to drive hard, the project development strategy – it is firmly on the rails.**

# Closing Comments

- **We are cashed up right through to the project's financial close – and beyond.**
- **There is unsatisfied global demand for iron ore.**
- **Chinese GDP reached \$5,600 per capita in 2004 on a Purchasing Power Parity basis. AME believe this is the takeoff point. It was this level of economic development in Japan in 1959 or Korea hit in 1980. From that position Japan trebled its real GDP per capita in 14 years. Korea also took off at that Purchasing Parity Point. India is expected to hit that point in 2013.**

# Closing Comments

- **This demand will not go away, this year, next year or for years to come**
- **Our Pilbara resource is very much in lead customer contention to help service this demand**
- **We have WA and Federal Government support for our project initiatives**
- **Fortescue originated, and continues to promote, in harmony with the WA Government, the sensibility of requiring future major iron ore infrastructure to be constructed around third party access**

# Closing Comments

- **We will not flinch from this position, and we find it quite puzzling, for instance, that Rio-controlled operations in Canada actually share iron ore transport facilities and carry other parties' ore, but that Rio and BHP Billiton claim this is not possible in Australia's Pilbara.**
- **The commercial negotiation process continues, in parallel with bringing the Definitive Feasibility Study to completion**
- **We've been to China, we've been to Europe, we've been to London, we've been to New York in the past four weeks**
- **We've done the rounds**
- **We know the market sentiment towards our project**
- **We know what we have to do to bring about financial close**

# Closing Comments

- **And we'll detail that when we're good and ready and when commercially appropriate to do so**
- **Yes, its a tough negotiating environment - but we are tough negotiators as well**
- **Let me assure you of one thing**
- **We're not about to sell our project. We are not about to hand over control or sell it anytime soon.**
- **Our firm stance on those matters might make our road ahead a little bumpy at times, but we're not getting off the road - period!**

# Closing Comments

- **Ladies and gentlemen - you, and the Australian investment community, have a choice**
- **You can sit on the roadside and watch**
- **Or you can join us on the journey with this great Australian project.**
- **Thank you very much for your time today.**



**The New Force in Iron Ore**