

30 November 2017



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

Dear Sir or Madam,

**Announcement from the Chairman: Fortescue's New Direction, Enhanced Culture and Leadership Team.**

Under the leadership of Mr Nev Power the company flourished and earned its reputation as one of the largest and most consistent seaborne iron ore suppliers, taking its place as the lowest cost most efficient producer in the world. Fortescue is now rapidly evolving, drawing on the entire Fortescue family to continue and improve on that efficiency and establish itself for dynamic future growth.

It is devolving authority to greatly empower its people to create a nimble, fast moving organisation capable of meeting the challenges of a world whose pace of change is historically unprecedented. Be it for iron ore, or any other products required for such a rapidly changing global market place, Fortescue's growth is being planned to meet it.

Into this environment, and where required, I will be calling on Fortescue directors to step in, on an occasional and part-time capacity, to further drive this product diversification and asset development. I will actively join this effort while encouraging our new CEO to maintain her focus on lowest quartile competitiveness in all existing and future production lines, in all our endeavours and at all times.

A change in marketing focus directly related to flexible operations and new markets will also lead to greater penetration in global iron ore markets. Complementing this is our target that in the future a majority of Fortescue's production will be >60% Fe competing head to head in the higher grade markets. This strategic target will be achieved through the Firetail replacement project without losing the company's focus on minimum mine lives of 20 years.

As a result of these challenges Fortescue will move from its traditional leadership focus to our new Core Leadership Team (CLT) with active Board support which is capable of and will devolve authority throughout the organisation. It is with considerable satisfaction and on behalf of the Board that I report that all appointments are internally originated. The new CLT will comprise;

**Chief Financial Officer**

Mr Ian Wells will be appointed to the role of Chief Financial Officer, moving from his current role as Group Manager, Corporate Finance.

Ian's role will be to promote the understanding and competence in global capital markets throughout the exploration and development teams of Fortescue. While maintaining tight reins on the company's finances, Ian will empower others reporting to him to maximise efficient discovery and/or acquisition of new projects. Utilizing strong operational expertise and rapid Fortescue execution, with ingrained non-recourse finance capability, we expect targets to be expediently converted to valuable assets.

## **Deputy Chief Executive Officer**

Ms Julie Shuttleworth will take up the new role of Deputy Chief Executive Officer, having most recently held the position of General Manager of Fortescue's Solomon Operations.

Julie has been an outstanding operator and leader and will broaden her expertise to all aspects of procurement, corporate finance and Fortescue diversification to support the Chief Executive who will be both running a high performance company and expanding it. Julie's leadership capability, cultural understanding of Fortescue and phenomenal intellect will be invaluable in this role.

## **Chief Operating Officer**

Mr Greg Lilleyman will be appointed as Chief Operating Officer, having most recently held the position of Director of Operations.

While all roles of these executives have changed, none perhaps more so than Greg. Greg will be charged with maintaining the world's lowest cost iron ore operations, including now Fortescue's mining and infrastructure assets while lifting the grade of the bulk of Fortescue's production to 60% plus Fe and holding true to Fortescue's minimum 20 year mine life. In addition Greg will accept accountability for all Sales and Marketing as well as the expanded Operations into his portfolio. Greg will continue the active diversification of the company's client base and ensure that the culture of innovation, personal ownership, empowerment over authority within all aspects of the company's culture is fully cemented throughout Fortescue's vast operational team.

## **Chief Executive Officer**

Ms Elizabeth Gaines will be appointed to the role of Chief Executive Officer, moving from her current role of Chief Financial Officer.

Elizabeth will lead an organisation where every person seeks advice from their immediate principal as opposed to industry accepted management method of upwards unilateral authority. It will take considerable perseverance and determined leadership to differentiate Fortescue from the more typical command and control environment in the resources sector. At Fortescue, every person in the organisation must live responsibly the decisions they make on behalf of the company, through the culture of Fortescue. Elizabeth has shown strong aptitude to encourage her colleagues and sleet recognition to them while actively supporting all those around her to be as successful as possible. It is this aversion to being the smartest person in the room, her obvious and effective collegiality and ability to communicate at all levels of both the organisation and the community that led to the Board's decision to select Elizabeth over an outstanding international field of CEO applicants.

This team brings together a group of incredible individuals who are ingrained with Fortescue's culture, who all possess the experience, talent and personal values required to lead our company's new direction. Collectively, they will champion Fortescue's unique culture, which is built on the strength of our family values, looking out for your mates and having the courage and determination to set immensely challenging stretch targets and to, in general, deliver against them.

CEO-elect, Ms Elizabeth Gaines said she was both privileged and humbled to be chosen as Fortescue's third Chief Executive Officer and is excited to support the CLT to take Fortescue through its next stages.

"Fortescue is a unique company and a feature of our success is the strong relationship between the Chairman and CEO. I embrace the culture and values that truly set this company apart and I look forward to working with Andrew, the Board and the newly appointed leadership team of talented individuals to continue to deliver success and value for our shareholders."

Commenting on his appointment as Chief Operating Officer, Mr Lilleyman said, “The opportunity to combine my operational role with the immense responsibility of driving a unique culture of empowerment and personal responsibility throughout the operations team is humbling. I am now particularly encouraged and excited to couple this with the unique ability to drive our global market and product strategy. I am looking forward to taking this on and working closely with our highly effective CLT, Operations and Marketing team.”

Ms Julie Shuttleworth said, “I am absolutely thrilled to take on this new role of Deputy CEO for Fortescue and contribute my operational experience and drive to our new leadership team. Working with Elizabeth, Greg and Ian will be a highlight of my career and I intend to use it to maximise Fortescue at every opportunity.”

CFO-elect, Mr Ian Wells said, “Joining Fortescue’s new leadership team as Chief Financial Officer is the opportunity I have been looking for to really empower the full team around me and contribute to a very strong development ethos and culture. I am excited to be sharing this with the Fortescue team and look forward to supporting Fortescue’s continued success through delivering extreme value.”

The appointments will mark a smooth transition of cultural change and encouragement by Mr Power and is expected to be complete early in the New Year. Nev has agreed with me, with his normal enthusiasm and Fortescue commitment, to settle the new team in to his fullest ability before the final handing over of the reins.

I join the entire Board in wishing the new team well and assure them and all shareholders of our reciprocal commitment.

Yours sincerely  
Andrew Forrest AO  
Chairman  
**Fortescue Metals Group Ltd**

**Alison Terry**  
Company Secretary

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