

**CLM** Top Stories  
**HD** **Iron-Ore** Miner Fortescue Orders New Ships  
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SYDNEY--Fortescue Metals Group Ltd. (FMG.AU) said it has signed a US\$275 **million** deal with a **Chinese** shipyard to build four large ships to transport **iron ore** from Australia to Asian buyers.

Perth-based Fortescue didn't name the **Chinese company** which will build the ships.

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It said the deal would help reduce its freight costs and ensure it has a secure supply of vessels after lifting its annual production capacity in Australia's remote Pilbara **mining** region to 155 **million** metric tons from 55 **million** tons two years ago.

**Mining** companies are aggressively seeking to cut costs at a time when **iron ore** prices have tumbled their lowest level since September 2012. Fortescue is striving to cut a multibillion-dollar debt pile amassed during its transformation from a tiny explorer to the world's fourth-largest **iron-ore** miner in the decade starting 2002.

The ships, which can carry up to 260,000 tons of **iron ore**, will be delivered to Fortescue between November 2016 and May 2017. The **purchase** will be funded with operating cash flow.

According to Fortescue, they will account for about 6% of its shipping needs at the major Western Australian **iron-ore** hub of Port Hedland.

"Owning and managing vessels especially designed to complement conditions at the port and to maximize shipped volume is expected to reduce our costs," Fortescue Chief Executive Nev Power said in the statement.

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