

**Not for Release in the United States**

13 December 2010

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



Dear Sir

**Fortescue Raises US\$1.5 billion of Senior Unsecured Notes**

Fortescue Metals Group Limited (Fortescue) (ASX: FMG) has today priced its previously announced offering of senior unsecured notes. The offering, which was upsized to \$1.5 billion, is expected to settle on or about 15 December 2010, subject to customary closing conditions. Fortescue intends to use the net proceeds from this offering for the expansion to 155Mtpa, approved by the Board on 19 November 2010.

The US\$1.5 billion of notes are in two tranches, with terms and conditions consistent with the Unsecured Notes issued in October 2010. Details are provided below;

	<b>Tranche 1</b>	<b>Tranche 2</b>
Principal Amount:	US\$600 million	US\$900 million
Interest Rate:	6.375% per annum	6.875% per annum
Term:	5 years	7 years
Optional Redemption:	On or after 2 years, at Fortescue's option, some or all of the notes at a premium of 104.781%. The premium decreases annually thereafter.	On or after 3 years, at Fortescue's option, some or all of the notes at a premium of 105.156%. The premium decreases annually thereafter.
Guarantors:	Fortescue and each of its existing and future direct and indirect restricted subsidiaries	
Ranking of the Notes:	<i>pari passu</i> with all existing and future senior unsecured indebtedness	
Additional Indebtedness:	Fortescue is permitted to incur indebtedness, in addition to the US\$2.04bn refinance facility established in October 2010, of up to US\$4.0 billion, which is not subject to any leverage test.  Beyond the above US\$4.0 billion permitted indebtedness, Fortescue is able to raise additional secured debt subject to a maximum Senior Secured Leverage Ratio of 2:1.  Further unsecured debt is permitted, subject to a minimum consolidated Fixed Charge Coverage Ratio of 2.5:1. The Fixed Charge Coverage Ratio is inclusive of secured and unsecured debt.  The above mentioned incurrence ratios are based on the most recent two consecutive semi-annual fiscal periods.	

J.P. Morgan acted as sole book runner for the offering.

Yours sincerely  
**Fortescue Metals Group Ltd**

**Mark Thomas**  
Company Secretary

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