



**Fortescue Metals Group Ltd**

ACN: 002 594 872  
87 Adelaide Terrace East Perth  
Western Australia 6004  
PO Box 6915, East Perth, Western Australia 6892

Telephone: + 61 8 6218 8888

Facsimile: + 61 8 6218 8880

Website: [www.fmgl.com.au](http://www.fmgl.com.au)

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

Dear Sir

**Long Term Offtake with Wuhan Iron & Steel Group ( WISCO )**

Fortescue Metals Group Ltd ("Fortescue") is pleased to advise a further iron ore offtake agreement has been signed with a major Chinese steel mill.

Wuhan Iron & Steel Group (WISCO), through its trading arm International Economic & Trading Corporation, has contracted 4.4% of Fortescue's initial planned production of 45 million tonnes per annum ("Mt/a") up to a maximum off-take of 2 Mt/a. The offtake covers all of Fortescue's product range being both high grade lump and fines and super value fines ores.

The offtake agreement also contemplates additional sales tonnages of up to a further 5 million tonnes per annum should Fortescue expand its production base beyond the initial 45 Mt/a level. Such expansion by Fortescue would only be done when timing was appropriate, consents and approvals had been received and financing was agreed.

The agreement term is 10 years with pricing based on the industry standard of annual benchmark price setting with adjustments made for product type and volumes.

As background, Wisco produced 20 Million tonnes ("Mt") of steel in 2005 and is forecast to reach 30 Mt of steel production by 2010. It currently ranks as the third largest steel producer in China and the 16<sup>th</sup> largest in the world.

Fortescue and Wisco reached this agreement following the successful testing of Fortescue's material at Wisco's facilities. Both parties envisage the signing of this agreement paves the way for a mutually beneficial relationship over the longer term.

Yours sincerely  
**Fortescue Metals Group**

**Rod Campbell**  
Company Secretary

The New Force in Iron Ore