



Fortescue Metals Group Ltd

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1 June 2007

The Companies Officer
Australian Stock Exchange Ltd
Exchange Plaza
Perth WA 6000

Dear Sir,

Agreement Renegotiation with BGC Contracting

Fortescue Metals Group Ltd ("Fortescue") advises that a new agreement has been negotiated by its wholly owned subsidiary The Pilbara Infrastructure Pty Ltd ("TPI") with BGC Contracting Pty Ltd ("BGC") to replace the pre-existing Rail Alliance Agreement between the parties.

The restructured agreement provides Fortescue with more flexibility in taking steps to deliver its objective of meeting deadlines for the Company's First Ore on Ship date of mid May 2008. BGC will continue to have a substantial role in the Project.

Fortescue has the ability, where appropriate, to appoint additional contractors to be deployed toward the rail line construction. As advised in the March 2007 construction report, a new contractor has already taken on the construction work at the southern section of the rail line being the last 60 kms to the Cloud Break mine site.

Yours sincerely
Fortescue Metals Group Ltd

Rod Campbell
Company Secretary

The New Force in Iron Ore