



Fortescue Metals Group Ltd

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3rd July 2008

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

Dear Sir,

Benchmark Iron Ore Price for 2008/09

Fortescue Metals Group Ltd ("Fortescue") confirms that its long term sales contract prices reference the agreed benchmark price for both Rio Tinto Limited and BHP Billiton Ltd.

Whilst Rio has agreed a price with China's Baosteel for the trading year commencing 1 April 2008 through to 30 March 2009, BHPB has yet to agree a price for the current trading year and accordingly, Fortescue is unable to formally conclude its benchmark reference point. Until this can be done, Fortescue is invoicing its customers at the Rio agreed benchmark which is a sales price for lump ore of US\$2.0169 per unit of iron "Fe" and a sales price for fines ore of US\$1.4466 per Fe unit.

Further, an article in today's Financial Review mentions a number of initiatives the company has reviewed in its examination of expansion and funding opportunities. In reference, Fortescue can confirm that while management have reviewed various proposals subject only to Practical Completion (as defined in the Bond Indenture) which is expected this quarter, none have been approved for implementation by the Board and the Company remains very focused on achieving Completion status.

Yours sincerely
Fortescue Metals Group Ltd

Rod Campbell
Company Secretary