



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

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

Dear Sir

Opportunity for Wharf and Mine Process Plant Shut Down

Fortescue Metals Group ("Fortescue") advises that it is taking the opportunity to bring forward a planned shut down of the port and mine processing plant as part of its optimization program to increase infrastructure capacity to 55 million tonnes per annum "Mta" and also to refine the Company's product offering to best meet Chinese demand for "value in use" material.

The schedule is for an approximate 10 day shut of the wharf and processing plant to commence from November 17. During this time mining and stockpiling will continue at full production capability.

The key objectives for the shut down are:

- To upgrade the wharf to commission the 2nd loading deck. This will enable the ship loader to traverse the two decks thereby optimizing the load out capacity;
- To upgrade the mine processing plant to prepare for the commissioning of the de-sand plant which will beneficiate the ultra fine portion of the run of mine "ROM" fines; and
- To commission the lump circuit which will come on stream progressively over the following months.

The short term impact of the shut will be for lower tonnages over the immediate term which will impact the overall performance for calendar year 2008. Going forward the medium term outcome will be higher production and loading volumes and efficiencies to be timed for a return to more normal market demand conditions expected for 2009 and beyond.

The current market conditions in China are highlighting the increasing focus steel mills are making on the "value in use" proposition for different product types. Fortescue's Rocket fines product is recognized as high value in use material given its attractive chemical and metallurgical properties and its high calcined (*1) iron "Fe" content.

**1- The measure of calcined Fe is the iron content of the ore after it has been processed through the sinter plant and the molecular moisture "LOI" has been subjected to intense heat and burnt off.*

The commissioning of the de-sand plant will further enhance Fortescue's product offering as in-pit sections of material containing higher than normal impurities such as Alumina can now be mined and beneficiated into product by the de-sand plant. To date the Company's mining and processing activities have been constrained in some sections of the ore body by the inability to mine certain areas due to above specification alumina levels.

In addition, the absence of a lump circuit has placed an abnormally high throughput load on the ore processing facility "OPF". These constraints have challenged Fortescue's target to mine 22 million tonnes "Mt" to end December 2008 with a ~ 10% reduction now likely, noting that some of the mined material will be stockpiled at the OPF and not processed into product until 2009.

As advised in the September report, Fortescue remains in ramp up mode and expects to hit the initial targeted run rate of 45 Mta by the end of 2008. The step up to the optimized rate of 55 Mta is then scheduled for the end of Q1 2009, subject to market conditions, as the lump circuit and de-sand plant come into full operation.

As at end October, Fortescue had shipped 10.416 Mt across a customer base of 27 Chinese mills. Once the second berth becomes active following the shut down, the loading rate capacity out to the end of the calendar year and beyond will be increased to accommodate the 45 Mta production rate.

Yours sincerely

Fortescue Metals Group Ltd

Rod Campbell

Company Secretary