

21 June 2010

The Companies Officer  
ASX Limited  
2 The Esplanade,  
Perth, WA, 6000



Dear Sir

### **Signing of Co-operation Agreement**

Fortescue Metals Group Ltd ("Fortescue") advises that it will today sign a Co-operation Agreement with the Chinese engineering group China Gezhouba Group Company ("CGGC") pursuant to Fortescue's expansion planning for 95 million tonnes per annum ("Mtpa") of capacity within its Chichester Hub. The agreement commits both parties to negotiate and define an engineering and procurement role for CGGC, which would convert to a formal appointment, if mutually acceptable terms can be agreed.

Fortescue is currently well progressed in the implementation of its capital works program to increase production to 55 Mtpa from the Chichester Hub and completion of these works is expected within the March quarter of 2011. Planning for the next expansion phase up to 95 Mtpa is also advanced and the involvement of CGGC will bring benefits in areas such as procurement, engineering and overall project management oversight.

CGGC is one of China's pre-eminent engineering and construction groups having completed major domestic and international infrastructure projects. CGGC also works closely with China's export credit agencies and this may create a source of competitively priced finance should this be deemed desirable by Fortescue.

As advised to the ASX on 19 May, the expansion to 95Mtpa will proceed despite the proposed Resource Super Profits Tax ("RSPT") as it is intended to implement the works program prior to the commencement of the tax in 2012 and noting that the expansion can be financed from internally generated cash flow. Plans to take Fortescue beyond a 95Mtpa capacity remain on hold due to the RSPT impairment of operating cashflows that are required to support a separate project financing facility.

There are certain conditions precedent to the CGGC Agreement being converted to an award including amongst others, Fortescue Board approval.

Yours sincerely  
**Fortescue Metals Group Ltd**

**Rod Campbell**  
Company Secretary