



MEDIA RELEASE

FORTESCUE WELCOMES THE BURYING OF THE RSPT; FURTHER CONSULTATION NEEDED

Perth 2 July 2010: Fortescue Metals Group Limited (Fortescue) is relieved that the RSPT is now withdrawn. The RSPT would have damaged the Australian mining industry and the entire economy.

While it was disappointing that the outcome was the result of meetings between the Government and three big multinational mining companies with no input from local Australian companies, Fortescue believes the draft Heads of Agreement provides a reasonable framework for on-going industry consultation.

Fortescue CEO Mr Andrew Forrest said the broad thrust of the agreement generally reflects the key elements of a discussion paper Fortescue was expecting the former Rudd Government to release last week.

“However, it is very disappointing that right at the time that junior and smaller Australian iron ore and coal miners have managed to develop a foothold into the industry, they are immediately slugged with this proposed new and additional tax,” Mr Forrest said.

Mr Forrest said the narrow and complex nature of the proposed tax would serve as a disincentive for other mining project developers to enter the industry that has served as the mainstay for the Australian economy, while the rest of the world struggled with the global financial crisis.

The key elements of the proposed tax on which Fortescue has sought further clarification include transitional arrangements, treatment of infrastructure costs and the uplift over the bond rate as opposed to real borrowing costs which hurts developing companies and not the multinational giants.

We recommend that the Minister for Resources and Energy Martin Ferguson ensures that his scheduled visit to Western Australia next week is undertaken with an open mind to ensure the details of any finally agreed tax will allow our developing mining companies to become established so they too, not just the multinationals, enjoy a successful long term future.

ENDS

For further information:

FD Third Person – Perth
Paul Downie
Phone: +61 8 9386 1233
Mobile: +61 414 947 129