

Not for Release in the United States

27 October 2010

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



Dear Sir

Pricing of US\$2.04 billion offering of Senior Unsecured Notes

Fortescue Metals Group Limited (Fortescue) (ASX:FMG) has today priced its previously announced offering of senior unsecured notes. The response to the offering from US, European and Asian financiers has been extremely positive with the offering expected to settle on or about 29 October 2010, subject to customary closing conditions.

The principal terms of the notes include;

Principal Amount:	US\$2.04 billion
Interest Rate:	7.00% per annum
Term:	5 years
Guarantors:	Fortescue and each of its existing and future direct and indirect restricted subsidiaries
Ranking of the Notes:	<i>pari passu</i> with all existing and future senior unsecured indebtedness
Optional Redemption:	On or after 2 years, at Fortescue's option, some or all of the notes at a premium of 105.25%. The premium decreases annually thereafter.
Additional Indebtedness:	Fortescue is permitted to incur secured indebtedness of up to US\$4.0 billion, which is not subject to any leverage test. Beyond the above US\$4.0 billion permitted indebtedness, Fortescue is able to raise additional secured debt subject to a minimum Senior Secured Leverage Ratio of 2:1. Further unsecured debt is permitted, subject to a minimum consolidated Fixed Charge Coverage Ratio of 2.5:1. The Fixed Charge Coverage Ratio is inclusive of secured and unsecured debt. The above mentioned incurrence ratios are based on the most recent two consecutive semi-annual fiscal periods.

Fortescue intends to use the net proceeds from this offering to repay its US\$2.04 billion Bank Facility in full.

J.P. Morgan and Royal Bank of Scotland are acting as joint book runners for the offering.

As previously advised, the Board will review the Feasibility Study for Solomon Stage One and the Chichester Expansion plans in November 2010. Fortescue will provide further details of this review following the Board's consideration of the respective projects.

Yours sincerely
Fortescue Metals Group Ltd

Mark Thomas
Company Secretary

Media Contacts:

Paul Downie: + 61 414 947 129

Cameron Morse: + 61 433 886 871

This announcement has been prepared for use in Australia and may not be released in the United States. This announcement does not constitute an offer of securities for sale in the United States. Securities may not be offered or sold in the United States without registration under the US Securities Act of 1933 or an exemption from registration.