

5 September 2012

The Companies Officer
ASX Limited
2 The Esplanade
Perth WA 6000



Dear Sir

Fortescue announces sale of Solomon power station

Fortescue Metals Group Ltd (ASX: FMG, Fortescue) is pleased to announce the sale of the power station at its Solomon iron ore mine in the Pilbara region of Western Australia to a wholly-owned subsidiary of TransAlta Corporation (TSX: TA, NYSE: TAC, TransAlta) for net proceeds of US\$300 million.

Fortescue has concurrently entered into a long term Power Purchase Agreement with TransAlta for 100% of the power station's capacity over the current life of the Solomon mine.

The sale of the 125 megawatt dual-fuel power station represents another significant milestone in Fortescue's expansion of iron ore production to 155 million tonnes per annum (mtpa) and is consistent with the company's focus on core infrastructure.

Fortescue Chief Executive Officer Nev Power said the agreement provides for long term security of power supply to the 60 million tonne per annum Solomon mine, which is currently under construction.

"It was always our intention to divest the Solomon power station to an established owner and operator of power generation assets," Mr Power said. "We are pleased to establish a long term agreement with TransAlta, a company with more than 15 years of experience operating power stations and transmission and distribution systems to mining operations in WA."

The sale is subject to relevant approvals, including the Foreign Investment Review Board. Financial close is expected by the end of September, 2012.

About TransAlta

TransAlta is Canada's largest publicly traded power generator and wholesale marketing company of electricity and renewable energy. TransAlta has assets in Canada, the United States and Australia where it supplies electricity to mining operations in WA from its operations near Kalgoorlie.

Yours sincerely

Fortescue Metals Group Ltd

Mark Thomas

Company Secretary

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