

7 August 2013

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



Dear Sir

FORTESCUE ACKNOWLEDGES HIGH COURT DECISION

Fortescue Metals Group Ltd (ASX: FMG, Fortescue) is disappointed by today's decision by the High Court of Australia to uphold the MRRT.

Fortescue Chief Executive Officer Nev Power said: "Fortescue challenged the MRRT because it was an unreasonable intrusion into an area of state responsibility and that it was also an unfair, discriminatory and complex tax. We're disappointed by today's decision."

Mr Power said Fortescue and the mining industry already pays more tax than other sectors taking into account company tax and state royalties. "Fortescue expects to pay \$1.5 billion in company tax and royalties this financial year rising to \$2 billion in the years ahead."

Mr Power thanked Fortescue's legal team, Peter Huston, David Jackson QC, Brahma Dharmananda SC, William Edwards and Corrs Chambers and premiers Colin Barnett and Campbell Newman whose states, Western Australia and Queensland joined in the action, and their solicitors general Grant Donaldson SC and Walter Sofronoff QC who made submissions at the hearing.

Mr Power also acknowledged and thanked The Hon Tony Abbott MHR, Leader of the Opposition, and the Coalition who have stood by the mining industry with their promise to repeal the MRRT.

The ill-conceived introduction of the MRRT, without proper industry consultation has resulted in an unfair and administratively burdensome and inefficient tax. Fortescue's objections have been borne out by the very low revenue collected by the tax. Fortescue has already incurred compliance costs of between \$3 and \$5 million and given the complexity of the tax expects industry to continue to incur significant compliance costs.

Yours sincerely

Fortescue Metals Group

Mark Thomas

Company Secretary

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