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15 October 2012

The Companies Officer
Australian Securities Exchange Ltd
2 The Esplanade
Perth WA 6000

Dear Sir

Completion of Senior Secured Credit Facility Distribution

Fortescue Metals group (ASX: FMG, Fortescue) announces that lead arrangers Credit Suisse and JP Morgan have successfully completed the distribution process for the Senior Secured Credit Facility. The offering which was initially launched at US\$4.5 billion was upsized to US\$5.0 billion reflecting strong demand and attractive terms.

The proceeds of the facility will be used to repay the Leucadia Notes of US\$715m, refinance all existing bank facilities and provide Fortescue with additional liquidity. The facility will be closed and funded on or around the 18th of October, 2012 New York, subject to customary closing conditions. The increased facility size provides additional cash reserves and liquidity, further strengthening the company's balance sheet. Subject to iron ore market conditions, this additional liquidity will enable detailed consideration of the recommencement of the Kings expansion.

A summary of the key terms and conditions are as follows:

Principal amount	US\$5.0bn
Maturity	October 2017
Coupon	L + 4.25%
LIBOR Floor ¹	1.00%
Guarantors	Fortescue and all material subsidiaries
Security	Secured over the assets of Fortescue and each material subsidiary subject to agreed exceptions and, in certain circumstances, to obtaining third party consents.
Terms and conditions	Substantially consistent with the company's existing Senior Unsecured Notes. The facility has no maintenance covenants and is repayable at the company's option at par, without penalty, other than 1%, in the case of a refinancing in the first year of the facility.
Amortisation	1% per annum

¹ LIBOR Floor represents the minimum LIBOR base used to calculate the coupon.

Details of the refinanced bank facilities² are as follows:

- US\$1,500 million Capex Term Loan and Revolving Credit Facility Agreement
- US\$600 million Revolving Credit Facility
- US\$965 million Syndicated Master Finance Lease
- US\$490 million European Export Credit Facilities
- US\$715 million Unsecured loan note held by Leucadia (agreed settlement value)

² Not all of the refinanced bank facilities were fully drawn at refinancing

Fortescue CFO Stephen Pearce said, “The support from the US capital markets for the Fortescue story has again proven to be exceptionally strong. The facility provides funding flexibility to support the company through the commodity cycle and removes uncertainty around our financing arrangements. The additional liquidity strengthens our balance sheet and the additional operating cash flows generated from near term production tonnes puts the company in a strong position”.

“The potential for an early restart of the 40mtpa Kings mine in December 2012 using a staged approach that reflects prevailing conditions in the iron ore market is a valuable option for the company,” Fortescue CEO Nev Power said. “Our commitment to ultimately expand to 155mtpa and deliver the low cost production from the Solomon mining hub remains unchanged.”

Yours sincerely

Fortescue Metals Group Ltd

Mark Thomas

Company Secretary

Media Contacts:

Nathan Vass

0405 040 133

nvass@fmgl.com.au

Yvonne Ball

0417 937 904

yball@fmgl.com.au

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