



4 February 2013

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

Dear Sir

Early Termination of Iron Valley Option with Iron Ore Holdings

Fortescue Metals Group Ltd (ASX: FMG, Fortescue) has agreed with Iron Ore Holdings Ltd (ASX: IOH) to cease activities and assessment into development of IOH's Iron Valley deposit as part of an expanded Nyidinghu development and mining program. The parties have agreed to early termination of Fortescue's exclusive option on Iron Valley, as previously agreed under the Memorandum of Understanding ("MOU") signed on 10 February 2012.

Iron Valley is contiguous to Fortescue's Nyidinghu deposit and the iron ore resource at Nyidinghu extends into Iron Valley.

Under the terms of the deed of release, IOH will pay Fortescue A\$4 million in consideration for the early termination of the option period, which was due to expire on 31 March 2013.

The joint decision to terminate the option period early was based on the current development focus of each company and agreement that Iron Valley and Nyidinghu will not be developed as an integrated mine in the time frame as contemplated in the original transaction.

The Nyidinghu project is an important part of Fortescue's portfolio of expansion projects and options. Further development by Fortescue will be based on customer requirements and market conditions.

Yours sincerely
Fortescue Metals Group Ltd

Mark Thomas
Company Secretary

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