

19 September 2012

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



Dear Sir

Leucadia National Corporation Agreement

Fortescue Metals Group Ltd (ASX: FMG, Fortescue) announces that it has agreed terms with Leucadia National Corporation (Leucadia) to repay the whole of the Leucadia unsecured loan notes for an amount of US\$715 million. The agreement effects the early repayment of the Leucadia loan notes, releases the parties from all liability in relation to the notes and settles the ongoing court proceedings and all other claims between the parties. The Leucadia loan notes had a book value in the Company's accounts of US\$897 million as at 30 June 2012 using a 42% discount rate.

Leucadia purchased US\$100 million of unsecured loan notes in July 2006 with a maturity date of August 2019. Interest payable under the notes is calculated as four per cent of FOB revenue, net of government royalties, from the Cloudbreak and Christmas Creek tenements.

"Depending on future iron ore prices, interest payments on the Leucadia Note would have increased considerably over coming years with the ramp up in production at Christmas Creek and Cloudbreak. This agreement significantly reduces the overall cost of debt for the company, reflecting Fortescue's continued commitment to profitability," said Nev Power, CEO of Fortescue.

The agreement is expected to settle by November 2012 and is conditional upon completion of the recently announced \$4.5 billion Senior Secured Credit Facility.

Yours sincerely
Fortescue Metals Group Ltd

Mark Thomas
Company Secretary

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