



19 December 2016

The Companies Officer
Australian Securities Exchange Ltd
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

Dear Sir or Madam

Fortescue update on Vale Non-Binding MOU

Fortescue Metals Group Ltd (ASX: FMG, Fortescue) wishes to confirm media reports on Friday 16 December and Saturday 17 December 2016 quoting CEO Neville Power regarding the status of the Joint Venture with Vale arising out of the non-binding Memorandum of Understanding entered in March 2016.

Negotiations are continuing between the parties on an amicable and commercial basis, however, it is looking less likely that any transaction will be completed. Fortescue's relationship with Vale remains strong while discussions are continuing more slowly than originally anticipated.

Fortescue is aware of its continuous disclosure obligations to the ASX and the ongoing commitment to update the market, if and when, there are matters to disclose.

Yours sincerely

Fortescue Metals Group Ltd

Ian Wells

Company Secretary

Media contact:

Michael Cairnduff

E: mediarelations@fmgl.com.au

M: +61 406 775 241

Investor Relations contact:

Stuart Gale

E: investorrelations@fmgl.com.au