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

Dear Sir

Fortescue Celebrates First Train on Fortescue Hamersley Line

Fortescue Metals group (ASX: FMG, Fortescue) has celebrated a defining moment in the iron ore industry's history with the first train departing the Solomon iron ore mine bound for Port Hedland. Chairman Andrew Forrest and Chief Executive Officer Nev Power joined Traditional Owners, Fortescue employees and contracting partners at Solomon on Saturday to open the line before the train, carrying 240 wagons and 23,000 tonnes of ore from the Firetail deposit, made its maiden journey to the Herb Elliott Port over 300 kilometres away.

"This is a historic achievement," Mr Forrest said. "It is the first new railway built in the Hamersley Ranges in decades. Australia now boasts three of the four biggest iron ore companies in the world. The first two built their fortune from the Hamersleys. With many billions of tonnes of Hamersley iron ore reserves and resources, Fortescue will now cement its future among them.

"As the major tenement owner and recently its most prolific and successful explorer, we've achieved in years what took our competitors decades. This, in large part, is due to the modernisation and urbanisation of China and Asia. However, at least as fundamentally, it is thanks to the dedication, brilliance and the can-do attitude of our people. We have arrived at the Hamersleys. Our first Fortescue Hamersley train on the extension of the world's most efficient heavy haul rail system ushers in a new and dynamic era of Fortescue growth, an era that demonstrates our dedication to our customers. We will not falter."

Mr Power said Fortescue's rail team and its contracting partners have worked tirelessly since construction of the Fortescue Hamersley Line began in mid-2011. More than 1500 contractors worked on site during peak construction while more than 400,000 rail sleepers have been used to construct the line. "It's an incredible achievement made possible by the close collaboration of our people, our contracting partners and the Traditional Owners," Mr Power said.

The train travelled along the new 130km Fortescue Hamersley Line, then 175km along Fortescue's existing mainline to the Herb Elliott Port. In naming the new railway line, Mr Forrest referred to the courageous and intrepid explorers of the Pilbara, in particular his great aunt whose family's name was given to the Hamersley Ranges. Margaret Hamersley married the West Australian explorer, statesman, member of the House of Lords, Sir John Forrest. As Lady Forrest, she oversaw the evolution of the Colony to a State in the Federation and the universal suffrage for women in Australia.

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With the ramp up of the Firetail ore processing facility at Solomon in March next year, Fortescue will operate 11 trains per day from its three operations, Cloudbreak, Christmas Creek and Solomon, each hauling up to 33,000 tonnes of ore and completing at least one trip each per day to the Herb Elliott Port.

The Solomon mine, located 60 kilometres north of Tom Price, will produce an initial 20 million tonnes per annum (mtpa) from the Firetail deposit. The second stage of the development, the 40mtpa Kings deposit, will lift production to 60mtpa. Fortescue slowed the development of Kings in September because of volatile market conditions. The company will consider accelerating the development at the end of this calendar year, with a view to reaching its target of 155mtpa by the end of 2013.

Fortescue is a strong supporter of local indigenous communities, employing some 1,000 Indigenous people (including more than 10% of its direct workforce) in the project and operations, with \$550 million worth of contracts to Indigenous companies. This includes \$15 million per annum between the three Native Title Groups, Wirlu-murra Yindjibarndi, Eastern Guruma and Martu Idja Banyjima People. Eastern Guruma will also jointly manage the permanent mining camp, which is worth an estimated \$100 million over the term of the contract.

Mr Power said: "We want to make sure Aboriginal people and their communities are stronger, and more independent as a result of the experience and wealth they can build with Fortescue and their contractors through employment and business opportunities with our company."

Fortescue's Vocational Training Employment Centres (VTEC) in Roebourne and South Hedland train Aboriginal people to be job-ready and guarantee them a job when they successfully complete a course. More than a thousand men and women have been trained or assisted by VTEC since 2006. In Roebourne, Fortescue has provided jobs to 61 people and supplied 11 houses in Karratha to 14 of these people. Fortescue will continue to provide training for guaranteed jobs at the company's VTECs as the Solomon and Chichester mines continue to expand.

Yours sincerely
Fortescue Metals Group Ltd

Mark Thomas
Company Secretary

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