



**bhpbilliton**

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**Carbon Steel Materials  
President - Iron Ore**

Wednesday, October 12, 2005

Mr. Andrew Forrest  
Chief Executive Officer  
Fortescue Metals Group Ltd  
Ground Floor, Fortescue House  
50 Kings Park Road  
West Perth, Western Australia 6005

Dear Andrew,

Thank you for your email of 6 September 2005.

I take the suggestion in your email of "cooperation on that parallel line and port" to refer to shared use of both the BHPB and FMG rail lines in accordance with the "rail loop" suggestion you have previously made to the National Competition Council.

As you will be aware from our submission to the NCC concerning FMG's declaration application, we could not agree to such a proposal because we believe it is unworkable. There would be significant difficulties with control, flexibility of operation, asymmetric wear, incompatible equipment and technology as well as problems with delays in obtaining agreement to any proposals to modify or improve the lines. Overall, we believe that it would introduce substantial inefficiencies and costs without sufficient benefit for either party.

I note that you had also previously approached us in relation to supply by BHPB Iron Ore of a rail carriage service under the RTA, but that those discussions had not proceeded because your project was not sufficiently developed to enable terms and conditions to be formulated. As you are now building your own rail system, I take it that you will not be pursuing the RTA avenue in relation to your main project.

Presumably, you have not raised the RTA in relation to your Mindy Mindy project because you do not have sufficiently advanced plans in relation to the Mindy Mindy project. We are aware of our obligations to negotiate terms for rail carriage services with third parties whose plans for mining are "well advanced" and would be happy to discuss terms when your plans for Mindy Mindy are sufficiently well advanced to make this practicable.

In light of the above, I believe that there would little point to a meeting at this time.

Yours sincerely,

**Graeme P Hunt**  
President Iron Ore

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