



23 May 2006

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

Dear Sir,

**Declaration Decision – Mindy Mindy
No Impact on Fortescue Development Timetable**

Fortescue Metals Group Ltd ("Fortescue") provides the following commentary regarding the decision by the Federal Treasurer not to declare the BHP Billiton Ltd's ("BHPB") Mt Newman rail line. Fortescue lodged the declaration application pursuant to the prospective tenement area known as Mindy Mindy which is held under a 50 / 50 joint venture with Consolidated Minerals Ltd. The area is located some 80 kilometres from the nearest access point to Fortescue's proposed rail line from the Chichester Range deposits to its ship loading facilities at Port Hedland

The Mindy Mindy holding lies adjacent to the BHPB rail line that runs from Newman to Port Hedland. Accordingly Fortescue's preferred transport option was to access the existing rail line and move material using its own wagons and locomotives.

Notwithstanding the declaration decision, the outcome does not affect Fortescue's main project which is the development of its 100% owned Chichester Range tenements at the flagship deposits of Cloud Break and Christmas Creek. Fortescue's project modelling took no account of product coming from Mindy Mindy.

The Treasurer's decision will now require Fortescue to examine other transport options for Mindy Mindy product as and when this area is developed. For example the company will study making its own infrastructure available under the less efficient route of trucking product to a receival point along the rail line.

In addition Fortescue will be strongly encouraging the West Australian Government to pursue a State-based access regime for haulage services that was suggested by the State Treasurer as a preferable option to a declaration. Fortescue believes the development of this regime was precipitated by its declaration application and may well provide an outcome that benefits the many tenement holders within the Pilbara.

Yours sincerely
Fortescue Metals Group Ltd

Rod Campbell
Company Secretary