



Fortescue Metals Group Ltd
Fortescue House
50 Kings Park Road West Perth
Western Australia 6005
PO Box 910 West Perth Western Australia 6872

Telephone: + 61 8 9266 0111
Facsimile: + 61 8 9266 0188
Website: www.fmg.com.au

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The Companies Officer
Australian Stock Exchange Ltd.
Exchange Plaza, 2 The Esplanade
Perth, Western Australia 6000

Dear Sir,

**Direct Ship Iron Ore
Microplaty Haematite**

Direct Ship Ore

Fortescue Metals Group Ltd ("FMG") is pleased to announce that CSIRO scientists together with the Company's exploration team have identified significant tonnages of direct ship ore at its Christmas Creek tenements in the Pilbara region of Western Australia. The ore is deposited over a wide area and is close to surface providing cost advantages from low stripping ratios compared to other iron ore mineralisation in the Pilbara. It has been conservatively estimated from the results of only the initial area drilled that there will be sufficient direct ship ore to meet at least the first two years of production tonnages.

Microplaty Haematite

The direct ship ore within Fortescue Metals' tenements contains significant quantities of microplaty haematite. This iron ore type is now quite rare in the Pilbara and has been normally associated with the deeper mineralisation at Whale Back and Tom Price's Brockman ore bodies. Prized by steel mills for its blast furnace properties, especially its low decrepitation characteristic (propensity to break down and clog up a blast furnace), microplaty haematite is very attractive to steel mills by improving their economics and melt times. The microplaty haematite discovery by FMG and CSIRO also has another highly unusual characteristic. Instead of being found in the above deep deposits over relatively low surface areas, the FMG microplaty haematite is found in varying concentrations from Mt Nicholas, through Mt Lewin to Christmas Creek, a distance of some 100 kilometres.

We refer to the media release on the Company's website at www.fmg.com.au.

Yours sincerely
Fortescue Metals Group Ltd

Graeme Rowley
Executive Director Operations