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

Dear Sir,

### **Further Exploration Success**

Until now the accepted exploration model for finding iron ore in the Marra Mamba Formation within WA's Pilbara Region has been to target potential deposits by the identification of outcropping iron mineralisation at surface. Drilling programs have then been scheduled around the immediate vicinity of this feature.

Previous exploration work within the Marra Mamba Formation of the Chichester Range, effectively discounted any possibility of finding product grade mineralisation at distance from surface outcrops. This was because conventional wisdom held that the Marra Mamba's enrichment process, particularly in lightly deformed areas such as the Chichester Range area, relied upon various geological processes that had occurred close to the present land surface. Accordingly over the last 35 years the numerous exploration projects that had targeted this area had drawn similar conclusions that the potential of finding significant quantities of product grade ore were limited given the "poddy" nature of the mineralisation at or near surface.

Despite this historical perspective of the region, very recent exploration results have now provided FMG with the supporting knowledge to depart from such convention. FMG is pleased to be able to announce some very interesting finds where drill holes have intersected significant thicknesses of Direct Ship Ore "DSO" at distances greater than 3 kilometres down dip from the outcropping mineralisation. FMG has successfully drilled numerous holes where, upon further analysis, the deposit area is showing average Fe grades of greater than 60% and in certain isolated instances showing specific sample grades as high as 67% Fe. The other interesting feature, particularly from a commercial perspective, is the occurrence throughout the samples of the premium iron oxide type known as microplaty haematite.

In addition to the qualitative features of the samples being very positive, an important feature of the exploration program is that the mineralisation is being found in significant quantities at depths of between 20 – 40 metres. The consistency of such findings along a number of key sites across FMG's Chichester Range tenement portfolio, is giving FMG the confidence to predict that its potential resource base will be both easily accessible for mining and in sufficient quantities of product grade material to substantiate a number of potential mine sites along the proposed route of the railway.

The exploration information being generated by FMG is being worked up in conjunction with its consultants to develop exploration models that will be both innovative and efficient in their approach to FMG's tenement areas.

Yours sincerely

**Fortescue Metals Group Ltd**

**Barry Knight**

Chief Geologist

The New Force in Iron Ore