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

Dear Sir,

FMG reaches Agreement with Aboriginal Elders

Fortescue Metals Group Ltd ("FMG") is pleased to announce the reaching of an agreement with Aboriginal Elders representing the indigenous community within the East Pilbara region, regarding access to a highly prospective mineralisation site within a section of FMG's Christmas Creek tenement area. This ethnographically sensitive area had previously been avoided by FMG.

Approval for entry from the traditional owners is the result of nine months of extensive negotiation culminating in an on-site meeting on August 26 when a team from FMG lead by Chief Executive Andrew Forrest met with 40 of the region's most senior Aboriginal Elders and Lawmen to finalise the necessary protocols to access the area.

According to the Pilbara Native Title Service who are the regional representative body for Native Title, this meeting was without precedent being the first time a gathering of this size and nature has been held in the Pilbara region. It highlights FMG's close working relationship with the Aboriginal people and their representative body. It also reflects the great respect that FMG holds for the indigenous community and FMG believes that the positive outcome is further evidence of the high level of encouragement that this community is providing to FMG.

Exploration of this part of the Christmas Creek tenement will commence immediately as FMG's exploration team is in the final stages of its initial drilling program on the area to the immediate west of the site. This addition to FMG's drilling area portfolio will enable it to make a more complete announcement regarding the resource potential at Christmas Creek in due course. Notwithstanding, in accordance with FMG's previous undertaking to the ASX, an interim Christmas Creek JORC compliant resource number will be released by the end of September. The announcement will cover the total area that has been drilled over the last few months and represents by area approximately 1/3 of FMG's targeted mineralisation zone within the broader Christmas Creek region.

The new area cleared under the abovementioned agreement will be drilled extensively over the following weeks and it is anticipated that an announcement on the results of this drilling program will be made by end October 2004. A further announcement on the resource potential of the final area of Christmas Creek is expected by end 2004 after FMG is given access to the southern area of its Christmas Creek tenement portfolio following the granting of the exploration license application which is expected during October 2004.

Yours sincerely

Fortescue Metals Group Ltd

Chris Catlow

Chief Financial Officer