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

Dear Sir,

Additional USD\$50 Million Raised Under Unsecured Convertible Notes

Fortescue Metals Group Ltd ("**Fortescue**") is pleased to announce an additional USD\$50 million (AUD\$64 million) unsecured convertible note issue under its comprehensive Capital Management Plan which provides the foundation for Fortescue's Pilbara Iron Ore and Infrastructure Project. This follows Fortescue's AUD\$70 million capital raising announced in January 2005 and means Fortescue now has total cash and payment commitments of approximately AUD\$200 million.

This latest capital raising forms part of Fortescue's funding platform for payment of the 10% deposit under the three Design, Construct and Finance Agreements announced in Fortescue's November 2004 ASX Release. In that ASX Release, Fortescue announced the signing of Construction Agreements with China Railway Engineering Corporation, China Metallurgical Construction (Group) Corporation and China Harbour Engineering Corporation. Under these Agreements, Fortescue provides a 10% deposit on the capital works as a prerequisite to the commencement of construction. Interestingly, since that time, significant Australian and international construction groups have expressed a strong interest in participating in the delivery of the Project.

In response, Fortescue has developed its abovementioned Capital Management Plan to prepare for this funding in the most cost effective manner. Fortescue is focused on minimising any dilutive effect on its equity base in the delivery of this capital. Implementation of financing structures with equity participation at a substantial premium to the prevailing share price, are considered by Fortescue to be an integral component of its Capital Management Plan. Other non-equity diluting

capital market structures, including sale of a minority interest in one of its various planned Pilbara mining precincts, are also being considered.

Details of this latest Convertible Note issue are as follows:

- Capital raised USD\$50 million (AUD\$64 million);
- Six year term;
- Conversion Price of AUD\$6.00 per share;
- Interest free for the first three years, and thereafter 5% per annum;
- Unsecured;
- At any time during the first three years of the term, Fortescue can demand conversion if its shares trade in excess of AUD\$7.50.

The majority of the Convertible Notes issued today have been acquired by the global investment group, Harbert Management Corporation, which has in excess of USD\$5 billion under management from offices in the United States and the United Kingdom.

Yours sincerely
Fortescue Metals Group Ltd

Rod Campbell
Company Secretary