



QUARTERLY REPORT

FOR THE PERIOD ENDING 31 MARCH 2005

The New Force in Iron Ore

SUMMARY

- During the period resource estimates for Fortescue's two key deposits of Christmas Creek and Cloud Break were updated to account for the area drilled to date. The respective estimates now stand at 1,016 million tonnes inferred & indicated (Fe grade 58.0%) and 391 million tonnes inferred (Fe grade 58.4%).
- A capital raising of US\$50 million was completed during the period via the issuance of convertible notes set at a strike price of \$6 per share. At the end of the March 05 quarter, Fortescue had cash on hand of A\$100 million.
- In April Fortescue's drilling team reached a milestone of 100,000 metres of drilling at its Christmas Creek deposit bringing the project's total drilling volume to over 170,000 metres. Further impetus for this drilling campaign was recently provided when Fortescue's Board approved an additional A\$4 million to bring the total resource definition budget to A\$11 million over April – June 2005 – and would bring the total exploration spend to end June 05 to over A\$30million. The Board's target is to delineate a minimum of 1 billion tonnes within its resource category at either indicated or measured status that can then be considered for reserve determination through the DFS process.
- The Definitive Feasibility Study "DFS" is progressing well however a revision to the project timeline has been made whereby the expected finish date for Infrastructure has moved from end March 2005 to end June 2005 and for Mining to end September 2005.
- Good progress has been achieved in the environmental approval process with both Stage A and Stage B having finished their respective public review period. Fortescue has subsequently lodged its formal response to comments received over the review period and has confirmation from the Environmental Protection Agency "EPA" that it has no further issues for Stage A and that it is reviewing those for Stage B. Final consent is required from the WA Minister for the Environment and a response in this regard is expected in May/June for Stage A and June/July for Stage B.
- The mine planning and related metallurgical and beneficiation testing is progressing well with Fortescue making progress on a number of specific fronts. For mining, testing has been completed in regards to abrasive index determination, compressive strength testing and material work index which are all designed to better understand and model the preferred mining methodology. Beneficiation test work has moved from small scale laboratory to bulk sample testing with a view to develop the most efficient process for that material requiring processing to reach Fortescue's target Fe shipping grade of 60%.



<i>Cash Reserves as at end March 2005 at A\$100 million.</i>	<u>CORPORATE ACTIVITY</u> Capital Raising <i>Convertible Notes @ A\$6.00 Exercise Price – US\$50 million Raised</i> In February the Company raised US\$50 million of new funding through a convertible note issue. The notes were purchased by a number of US Investment Funds. The key features of the notes are as listed; ⇒ Convertible to ordinary shares in FMG at A\$6.00 per share at the option of the holder but Fortescue has the right to demand conversion should the shares trade above A\$7.50 for a period longer than 5 business days; ⇒ Have a term of 6 years; ⇒ Are interest free for the first 3 years and then attract a coupon of 5% for the remaining 3 years; The Company's cash reserves at the end of the March 2005 quarter totalled A\$100 million. Beijing Meetings Fortescue's Executive Chairman Mr Andrew Forrest was in Beijing during April for meetings with China Metallurgical and various other Chinese counterparties. While the detail of such meetings can not be commented upon, Fortescue is able to state that the meetings did provide for a path forward with the Chinese parties with particular joint focus on completing the Definitive Feasibility Study process.
<i>New Resource Statements for both Christmas Creek and Cloud Break</i>	<u>RESOURCE DEVELOPMENT & EXPLORATION</u> Summary: All resource estimates are 'in-ground' and were prepared in accordance with the JORC code by Fortescue's independent advisor Snowden Mining Consultants, in conjunction with experienced Company geologists. At Cloud Break an inferred resource estimate of 391 million tonnes (Mt) at an average iron grade of 58.4% Fe was announced, including a higher grade inferred resource of 116 Mt at 60.9% Fe. The resource estimate is based on drilling of approximately 60% of the targeted strike area. At Christmas Creek, an updated interim resource estimate (classified as indicated and inferred) of over 1 billion tonnes (Bt) was announced at an increased grade of 58.0% Fe. This is a substantial increase in both tonnes and grade over the interim result in November 2004 of 653 Mt at 56.8% Fe. The increase in iron grade was primarily driven by tighter



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391 million tonne resource estimate for Cloud Break	quarter a total of 605 reverse circulation holes and 29,840 metres were drilled, for a total of 677 holes and 33,688 metres for the project. The resource estimate released in March 2005 of 391 Mt inferred – the first for Cloud Break – includes a geologically distinct higher grade inferred resource of 116 million tonnes at 60.9% Fe. The estimate is based on drilling which has so far covered approximately 60% of the targeted strike area. The inferred resource is based on a drill spacing of 800 metres by 200 metres with a small proportion of the deposit drilled at 400 metres by 200 metres. Additional infill drilling to improve the understanding of the mineralisation and increase the confidence level of the estimation will commence on completion of infill drilling at Christmas Creek. During the quarter four diamond core holes were drilled for 170 metres to characterise mineralisation and for metallurgical test work. White Knight A total of 63 reverse circulation drill holes for 2,214 metres were completed during the quarter at the White Knight prospect, bringing the total for the project to 136 holes for 6,833 metres. Mineralisation has been intersected in the target Marra Mamba Iron Formation in many holes. Drilling has been temporarily suspended pending receipt of analyses of samples while the company focuses on the flagship Christmas Creek and Cloud Break deposits. Mt Lewin and Clayton's Hammer Four diamond core holes for 119 metres were drilled during the quarter at Mt Lewin, for metallurgical test work. Mt Nicholas There was no activity at Mt Nicholas during the period. Given that Christmas Creek is now the centre of activity for the project it is unlikely that further resource definition work will be conducted at Mt Nicholas in the near term as it is not a priority within the current DFS process. Aeromagnetic Survey An aeromagnetic survey flown over the principal prospects during the December quarter has been processed and interpreted. The data is proving valuable in identifying targets hidden beneath shallow cover. A further 12,000 line kilometre aeromagnetic survey is being flown during April, extending coverage of prospective areas. Approximately 150 line kilometres of airborne electromagnetic surveying will be completed over Christmas Creek and Cloud Break.
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<i>Extensive metallurgical test work conducted</i>	Target Generation Fortescue is maintaining an aggressive target generation and regional exploration program, building on the emerging understanding of controls on high grade mineralisation in the Chichester Range Project. <u>CLARIFICATION OF PRIOR RESOURCE STATEMENTS:</u> In response to a request from the ASX the Company includes the following information in this quarterly report regarding Fortescue's resource position. In a presentation provided in March 2005 a slide was included (refer attachment) which referred to Fortescue's resource estimates for its deposits known as Mt Nicholas, Christmas Creek, Mt Lewin, The Hammer and Cloud Break. In that presentation, a slide showed a target shipping grade. ASX has queried the juxtaposition of gross unprocessed tonnages in the ground with shipping grades without giving some indication of the tonnage that will be lost in the beneficiation process. Accordingly Fortescue would like to comment on the target grade and the issue of beneficiation yield. The shipping grade at Christmas Creek is an estimate based on simulated fines derived from approximately 60 diamond holes core subjected to process metallurgy test work. These tests were supervised by Promet Engineers in conjunction with AMMTEC, Amdel and the CSIRO. This work clearly demonstrates that the proposed shipping grades (ie > 60% Fe) are achievable. Test work on the Mt Nicholas material has demonstrated that samples can produce material in excess of 58% iron. These tests were supervised by Promet Engineers in conjunction with AMMTEC, Amdel and the CSIRO. The recovery through any process plant will be determined during the definitive feasibility study (DFS) and will impact on the reserve estimate. Clearly, the tonnage of material to be shipped will be a subset of the total resource. The provision of a product tonnage estimate at this stage will be unreliable and potentially misleading. Recoverable tonnage estimates (ie. yield estimates) will be presented in the DFS when a high level of confidence can be attributed to all the relevant modifying factors. The ASX also questioned whether the tonnes and grade shown in the abovementioned table for the various deposit sites, referred to Run of Mine ("ROM") grades or beneficiated grades. It should be noted that the iron grade quoted (average 56.5%) is an inferred resource estimate produced by Snowden and Fortescue and is by nature, an estimate of the material in the ground. This estimate is based on a geological interpretation using various geological, mining, metallurgical and analytical considerations. Once all the appropriate modifying factors for a reserve estimate as outlined in the JORC code have been applied to the resource, then FMG's independent mining consultants SRK will be in a position to
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produce an ore reserve. The grade of any ore reserve calculated by SRK would reflect the run of mine grade.

Finally the ASX sought a more detailed composition breakdown of Fortescue's resource at its Christmas Creek deposit both in regards to cut off grades used and the average grades of the key impurities. In response Fortescue would like to present the below tables which cover the initial project area inclusive of both Christmas Creek and Cloud Break. These two sites are 60 Km's apart and it is intended that collectively they will form the basis of Fortescue's production over the first period of operations however noting that such detail will be determined through the DFS process. The advantage of this is an ability to blend the material which has different mineralisation qualities where one deposit can supplement material from the other. This gives flexibility from both a marketing and mine life perspective. Accordingly the first table presented below shows the aggregated position of the two resource estimates split between the total resource and the higher grade component.

With regard to "cut off" grades and the process of resource determination it should be noted that the resource estimate is based on geological interpretations that use various geological, mining, metallurgical and grade parameters.

The grade constraints (referred to as cut-offs in previous resource statements) provide strong guidelines during the geological interpretation process but some material falling within the grade constraints may be rejected during this interpretation process owing to other modifying factors such as geology and metallurgy. The grades applied to the geological interpretation set upper and lower limits to key elements and act as cut-offs. However, no cut-off grade has been applied to the subsequent block model. As the grade constraints are only part of the interpretation process it could be misleading to publish these constraints.

With regard to the actual average grades that have been estimated for the key elements of Iron, Silica, Alumina, Phosphorus and LOI, the first table below shows the aggregated position for Fortescue's project area of Christmas Creek and Cloud Break only (ie. it does not include Mt Nicholas, The Hammer or Mt Lewin). The rationale for this is that these two deposits shown are intended to be the feeder regions for at least the first 15 years of the project. The resource areas not included may be used at some later time to either blend or supplement feed.

The information provided below relates to an "in ground" resource estimate. It has been clearly articulated that Fortescue intends to beneficiate the bulk of its ore (ie the exception being the higher grade zones identified) and this process is designed to remove substantial amounts of the non iron contaminants. The effect is to concentrate the remaining Fe levels which brings the chemistry of the proposed product to within the standard market specifications for material of this type. Fortescue believes its higher grade material is already at a market acceptable specification.



Aggregated Initial Project Area:

Based on Combined March 2005 Resource Estimates for Christmas Creek & Cloud Break						
Category	Tonnes Mt	Grade				
		Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Indicated	372	58.2	5.1	2.43	0.052	7.42
Inferred	1,035	58.1	4.7	2.61	0.052	8.24
Including Higher Grade						
Indicated	109	60.2	3.5	1.97	0.058	7.30
Inferred	280	60.4	3.1	1.94	0.052	7.87
Total						
Total	1,407	58.1	4.8	2.57	0.052	8.02

With reference to the specific sites included in the above the following tables provide information on Christmas Creek and Cloud Break.

Christmas Creek:

Christmas Creek Resource Estimate 15 March 2005						
Category	Tonnes Mt	Grade				
		Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Indicated	372	58.2	5.1	2.43	0.052	7.42
Inferred	644	57.9	4.8	2.66	0.051	8.21
Including Higher Grade						
Indicated	109	60.2	3.5	1.97	0.058	7.30
Inferred	164	60.0	3.4	2.12	0.054	8.08
Total						
Total	1,016	58.0	4.9	2.57	0.052	7.92

Cloud Break

Cloud Break Resource Estimate 23 March 2005						
Category	Tonnes Mt	Grade				
		Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Inferred	391	58.4	4.4	2.55	0.055	8.29
Including Higher Grade						
Inferred	116	60.9	2.8	1.68	0.050	7.56
Total						
Total	391	58.4	4.4	2.55	0.055	8.29



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<i>DFS divided into 2 stages and completion date extended</i>	White Knight prospect and is considered to be a good prospect for iron ore. FMG continues to pursue negotiations with a number of iron ore prospective tenement holders throughout the Pilbara region. New tenement applications FMG acquired approximately 150 km² of Marra Mamba prospective ground during the quarter. Surrender of mining leases In light of FMG's marking out of over 400 km² of new mining leases during the last quarter over the company's White Knight, Cloud Break, Christmas Creek and Mt Lewin prospects, FMG has taken steps to withdraw the company's original mining lease applications over part of the Mt Lewin and all of Mt Nicholas prospects. This action has been made as a result of the shift in the center of gravity of the project to the Christmas Creek area. Application for miscellaneous licences – for groundwater search FMG is presently pursuing tenure to enable the company to explore for water to support the proposed mining operations. To this end, some 1,840 km² of miscellaneous licences have been applied for in the Fortescue Valley near the company's project area. <u>DEFINITIVE FEASIBILITY STUDY</u> The project timeline has been split into two parts being that for the rail, port and handling infrastructure and separately for the mining and process plant "beneficiation" infrastructure. This was adopted as the transport infrastructure is being considered as a separate operation within Fortescue's currently wholly owned subsidiary The Pilbara Infrastructure ("TPI") and in many areas the transport infrastructure has quite separate sets of approvals, tenure and engineering considerations. The timing of completion of the two DFS programs will vary despite the fact that they are inter-dependent from an operational perspective. The following provides some description as to the timeline status of the DFS process. ⇒ The Infrastructure DFS is substantially complete with the final study report currently being reviewed by the Worley Group. In anticipation of receiving this final version of the DFS report from the Worley Group within the next few weeks, Fortescue has appointed the advisory group GEM Consulting which with Fortescue management, will undertake a comprehensive review of the capital requirements of the Worley report. The objective of this review is to ensure that the DFS report and its assumptions will have been rigorously tested by Fortescue management before it is presented to Fortescue directors for their consideration.
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<i>Further refinement of mine planning to be incorporated into DFS</i>	⇒ The Mining DFS program is also progressing with Fortescue focussing on ensuring that its resource data is sufficiently complete to maximise the quantity of resource that has been classified within the JORC code to be either at indicated or measured status. This will then enable those resources to be considered for reserve determination through the DFS process. Given the sheer volume of assay results that need to be analysed and then interpreted by Fortescue's independent advisor the Snowden Group, it is now likely that this process will not be completed until July / August which will mean the application of the mining model, currently being formulated by Fortescue, will not be completed until end Q3 2005. ⇒ Although the stages following the DFS will be delayed by these amendments to the DFS schedule, Fortescue can report that it continues to run parallel discussions and negotiations with financiers and contractors in an effort to minimise any delay that may be incurred as a result of the final DFS timing. Notwithstanding Fortescue recognises that its original 2003 target production date of end Q4 2006 is unlikely to be achieved and at this stage, a current best estimate is for production to commence in Q2 2007. ⇒ The original construction term target of 22 months from financial close is still being maintained by Fortescue. The determination of the construction term has been reviewed by the Worley Group and is the timeframe incorporated within Worley's DFS program. <u>MINING:</u> Extensive work has been conducted over the period to better determine some key characteristics of the ore body and its relevance to optimising a mining method. Studies completed include; ⇒ Ultimate compressive strength testing; ⇒ Abrasive index determination; ⇒ Material work index. The objective of the above studies is to clearly define the ore body's sequential characteristics relating to these areas which ultimately determine material hardness and abrasiveness. This then provides important data as to how the material would be most efficiently mined both in regards to equipment used and mining methodology adopted. The nature of Fortescue's ore body lends itself to relatively straight forward mining methods given that the target mineralisation zones are on average under relatively low overburden cover. The deposits of Christmas Creek and Cloud Break both outcrop to the northern areas and then dip gently to the south. Accordingly the strip ratio (ie the ratio of minable ore to waste material) will vary depending on where within the north to south zone line, mining will be undertaken. Current planning is for mining to commence in the middle of the target area and then follow the face in both directions north and south. This
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will provide for an averaging effect for strip ratio over the life of the project. The actual average ratio will be determined through studies ultimately confirmed through the DFS process.

Fortescue is currently reviewing the adoption of Thin Seam Mining (TSM) equipment and its suitability to the nature of the company's ore body particularly regarding hardness and structure. Work is also focused on defining requirements in regards to sizers, roll crushers and conveying systems to assess operational factors, productivity and abrasion effects.

In the case of the TSM two operations were visited in the USA. In the view of the Fortescue personnel, the TSM could cut all the Christmas Creek over burden with the exception of the 'Hardcap'. It is likely also to be able to cut 60% of the mineralised body. It is planned to investigate the possibility of 'testing' a suitable machine at Christmas Creek over a three month period to assess production rates and costs under real operational conditions.

Several sizer and roll crusher operations were visited in Europe, the USA and Canada where concerns about abrasion within the unit were discussed. These concerns were generally alleviated as a result of these discussions and the opportunity to see units in action at a number of sites where operations included granite resources.

The visit to the Phelps Dodge Morenci Mine in Arizona was also of value. At this operation conveyors are used to build very large copper 'heap leach' pads and piles. This has a direct application for waste and reject spreading in the mined out areas in the Christmas Creek and Cloud Break operations. The electronic logic systems, which cause conveyors to align on their tracks as they move under their own power, will be an advantage and saver in time and production costs at the Chichester Range operations.

External to pit conveyor haulage systems will be utilized for distances beyond that which is economical for haul trucks. It is planned to convey the reject waste material from the process plant back to the pit for storage with a separate conveyor.

Global average grades for Christmas Creek demonstrate that process plant targets can be met over the life of mine. The iron mineralization is not uniformly distributed, however, and 'out of spec' material will be encountered in normal mining operations which cannot be immediately blended with other material. A system of 'out of spec' stockpiles will be established for later blending and placement on the process plant stockpiles.

The search for process water continued during the quarter with one drilling rig being utilized either for water exploration or environmental monitoring. The program so far has been successful in discovering ground water resource in quantities that lend considerable confidence in outlining a suitable process water supply.



Good progress made toward finalisation of the two stage PER process

SUSTAINABLE DEVELOPMENT

Environmental

Stage A Port and North South Railway (FMG)

- FMG submitted the “Response to Public Submissions” for the Stage A PER to the Environmental Protection Authority (EPA) in January 2005 – this included:
 - A summary of the 17 public submissions received and FMG’s response to all issues raised.
 - Additional studies including work on impact avoidance at the proposed port facilities and cumulative impacts of BHPBIO, Hope Downs and FMG infrastructure, should all three projects be built.
- The EPA Service Unit have assessed FMG’s Response to Public Submissions and have indicated there are no further issues to be resolved.
- The EPA Report and Recommendations to the Minister for Environment and Science, is anticipated to be released in May 2005.
- A Ministerial decision on the approval of the Stage A project is anticipated shortly thereafter.

Stage B Mines and East West Rail Spur (FMG)

- The Stage B PER was released for public comment on the 17th of January 2005.
- The public submission period for the Stage B PER concluded on the 14th of March 2005 and 15 public submissions were received.
- FMG submitted the “Response to Public Submissions” for the Stage B PER to the Environmental Protection Authority (EPA) in April 2005 – this included:
 - A summary of the 15 public submissions received and FMG’s response to all issues raised.
 - Additional work including further hydrogeology and subterranean fauna studies.
- The EPA Service Unit are currently assessing FMG’s Response to Public Submissions.
- It is anticipated that the EPA Report and Recommendations to the Minister for Environment and Science will be released in June/July 2005.
- A Ministerial decision on the approval of the Stage B project is anticipated shortly thereafter.



Stakeholder Consultation

- Continued to develop FMG's housing strategy including planning for both construction workforce accommodation and operational workforce housing.
- Attendance at regional and local community meetings regarding local community development and regional capacity building.
- Further work on the Community Development Plan, including consultation with relevant stakeholders on its content.
- Ongoing consultation with environmental stakeholders regarding the Stage A and Stage B PER's.
- Ongoing discussion with Shire of East Pilbara & Shire of Ashburton.
- Ongoing consultation with Pastoralists.
- Contributed to the development of the FMG Vocational Training and Education plan, focusing on both the indigenous and non-indigenous community.

TENURE:

Discussions regarding the development of the proposed State Agreement with the Western Australian Government covering Fortescue's mining and processing operation have progressed over the period. The Company believes it is close to reaching a final draft and expects that it will be agreed and signed by end June 2005. This Agreement will follow that executed in November last year covering Fortescue's planned rail and port facilities.

A number of meetings have been held with the Pilbara Native Title and the various claimant groups. Fortescue is currently in the process of negotiating a Land Access Agreement which will provide for further surety of tenure for the project.

Regarding the Company's declaration application for access to BHPB's rail line from Newman to Port Hedland, Fortescue can report that the National Competition Council "NCC" produced a Full Issues Paper on March 11 2005 requiring a response by all parties by not later than May 6 2005. Following receipt of submissions, the NCC will then proceed with the making and issue of a draft determination before a final decision is made. Any determination by the NCC will be forwarded to the Federal Treasurer who then makes the final decision as to the acceptance or otherwise of the NCC's declaration.

OTHER:

The Company notes the heightened level of activity within the iron ore sector of the Pilbara and the emergence of other new projects or the reinvigoration of older projects. Clearly the provision of open access infrastructure as being proposed by Fortescue through its subsidiary TPI, would be well served by the development of those projects located within the reach of the proposed new Fortescue rail line.



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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

FORTESCUE METALS GROUP LIMITED

ABN

57 002 594 872

Quarter ended

31 March 2005

Consolidated statement of cash flows

		Current quarter \$A000	Year to date (9 months) \$A000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	402	1,239
1.2	Payments for (a) exploration and evaluation	(14,487)	(29,889)
	(b) development		
	(c) production		
	(d) administration	(913)	(1,272)
	(e) Allied Medical payments to suppliers and employees	(360)	(1,280)
	(f) Other		
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	433	591
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other		
	Other Payments – Deposits Paid		
Net Operating Cash Flows		(14,925)	(30,611)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets	(192)	(448)
1.9	Proceeds from sale of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities - (to associated JV company)		
1.11	Loan repaid by other entities		
1.12	Other		
Net investing cash flows		(192)	(448)
1.13	Total operating and investing cash flows (carried forward)	(15,117)	(31,059)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(15,117)	(31,059)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc	7,372	22,073
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other: Issue of Convertible Notes	102,915	102,915
	Net financing cash flows	95,170	93,929
	Net increase (decrease) in cash held	95,170	93,929
1.20	Cash at beginning of quarter/year to date	4,089	5,330
1.21	Exchange rate adjustments to item 1.20	327	327
1.22	Cash at end of quarter	99,586	99,586

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A000
1.23	Aggregate amount of payments to the parties included in item 1.2	86
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A	Amount used \$A
3.1	Loan facilities	-
3.2	Credit standby arrangements	-

Estimated cash outflows for next quarter

	\$A000
4.1 Exploration and evaluation	-
4.2 Development	20,000
Total	20,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A000	Previous quarter \$A000
5.1 Cash on hand and at bank	99,586	4,089
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Bill	-	-
Total: cash at end of quarter (item 1.22)	99,586	4,089

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil			
6.2 Interests in mining tenements acquired or increased	Nil			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>	N/A	N/A	N/A	N/A
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	*Ordinary securities	217,822,928	217,822,928	N/A	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	65,580,000 750,000 1,000,000 1,000,000	65,580,000 750,000 1,000,000 1,000,000	8 cents 50 cents 75 cents 100 cents	Fully paid Fully paid Fully paid Fully paid
7.5	*Convertible debt securities Convertible Notes Convertible Notes	8,797,396 10,554,398	- -	450 cents 600 cents	Fully paid Fully paid
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options FMGAW FMGAX	2,000,000 250,000	Nil Nil	<i>Exercise price</i> 267 cents 100 cents	<i>Expiry date</i> 31 Dec 2009 28 Nov 2006
7.8	Issued during quarter FMGAX FMGAY	1,000,000 10,610,000	Nil Nil	100 cents 8 cents	28 Nov 2006 23 Jan 2010
7.9	Exercised during quarter FMGAM FMGAK FMGAO FMGAP FMGAQ FMGAS FMGAU FMGAV FMGAX FMGAY	4,970,000 10,610,000 15,000,000 390,000 750,000 20,000,000 4,000,000 1,000,000 750,000 10,610,000	Nil Nil Nil Nil Nil Nil Nil Nil Nil Nil	8 cents 8 cents 8 cents 8 cents 50 cents 8 cents 8 cents 75 cents 100 cents 8 cents	17 Apr 2008 29 Jul 2008 24 Oct 2008 21 May 2009 28 Nov 2006 20 Jan 2009 1 Aug 2009 28 Nov 2006 28 Nov 2006 23 Jan 2010
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>	N/A	N/A		
7.12	Unsecured notes <i>(totals only)</i>	N/A	N/A		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 29 April 2005
Print name: **CHRISTOPHER J CATLOW**
(Chief Financial Officer)

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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