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

Dear Sir,

Confirmation of Christmas Creek Beneficiation Plans
- Roche Mining Test Results -

Fortescue Metals Group Limited ("Fortescue") provides the following results of the pilot scale beneficiation test program conducted on its Christmas Creek "fines" bulk samples.

- The 58% feed grade produced a 60.1% product grade at a 67% yield
- The 57% feed grade produced a 59.7% product grade at a 64.7% yield

The tests involved processing two samples of 1.8 tonnes each. The feeds were selected to test a worst case silica scenario given they contained high levels of this element at 7.71% and 7.78% respectively. Such high silica levels are beyond the 7% cut off limit applied to Fortescue's resource envelope as reported in the recent ASX Resource Statement of 2 June 2005. The feeds were also selected to be representative of the iron "Fe" levels of Fortescue's in ground resource with grades of 58% and 57% respectively. For reference, a detailed results schedule is attached to this letter.

To provide context to the test program, in its resource estimate statements (indicated and inferred JORC classifications) Fortescue has reported two grade classifications at its Christmas Creek and Cloud Break deposits with 493 million tonnes described as "high grade" and 1,047 million tonnes of resource that requires some beneficiation. High grade material is so described as it has an in ground iron percentage of at least 60%, being Fortescue's targeted shipping grade without the need for further processing. The balance requires some beneficiation being a process designed to remove non iron elements thereby concentrating the iron content up to a shipping grade specification.

To determine the optimal type of beneficiation, Fortescue contracted Roche Mining (MT) Pty Ltd ("Roche Mining") to conduct this current series of trials. The pilot plant tests used single passes through production scale spirals, WHIMS (wet high intensity magnetic separation) and a segment of a plant scale jig. In a full plant, multiple passes through spirals are used to further improve Fe grade and yield. As such, one potential outcome of the test work is that the WHIMS circuit may not be necessary for Fortescue's beneficiation requirements. This will be further examined when more representative samples are trialled over the next few weeks.

Targets:

The next stage of fines testing is underway and the feed stock selected will be more representative of the average Christmas Creek silica grades. As recorded in the Christmas Creek Resource Statement dated 2 June 2005, Fortescue's total 1.145 billion tonne resource estimate (587 Mt Indicated and 558 Mt Inferred) has an average iron Fe grade of 58.2% and an average silica grade of 4.72%. Based on the trialling of a feed stock with a much lower silica component, Fortescue reasonably expects the pilot scale test results will show an improvement over these initial results.

Based on information generated to date, Dr John Clout – Head of Fortescue's Resource Strategy Team – has forecast an overall Christmas Creek resource beneficiation target schedule as depicted below;

Targets	Average Yield	Iron "Fe"	Silica "$Si0_2$"	Alumina "Al_2O_3"	Phosphorous "P"
Average Feed		57.6%	5.0%	2.9%	0.06%
Target Product	> 65%	> 60.0%	< 5.0%	< 1.90%	< 0.06%

As mentioned the Roche results are based on analysis of "fines" grade material which is described as mined material with a granular size of less than 8 mm – granular size greater than this is described as "lump" grade. Laboratory test work suggests material from Fortescue's Christmas Creek deposit will generate a lump to fines split of 35% and 65% respectively.

Bulk sample test work on lump material will be conducted within the next 6 weeks. Earlier diamond drill laboratory test work by ProMet indicated that the beneficiation yield from lump material was higher than that for fines and with this in mind Fortescue is targeting a beneficiation yield of up to 75% for lump.

Testing of samples from Fortescue's Cloud Break deposit will commence soon with the results to be completed in line with the resource Definitive Feasibility Study conclusion targeted for end September 2005.

As noted in Fortescue's ASX release of yesterday, the discovery of high grade deposits at Christmas Creek and Cloud Break has provided Fortescue the opportunity to delay the requirement of a beneficiation plant. This creates time for the continuance of the Company's proven record of exploration success which may lead to further high grade discoveries. Notwithstanding, the above results provide confidence to Fortescue that when required, the installation of a beneficiation plant will facilitate the supply of shipping grade material well into the future.

Yours sincerely,
Fortescue Metals Group Ltd

Rod Campbell
Company Secretary

ATTACHMENT:

Christmas Creek - 58% Fe Head Grade Feed

Beneficiation Process	Mass Split %	Yield %	Total Yield %	Fe %	SiO_2 %	Al_2O_3 %
Jig	69.24	77.2	53.5	60.0	5.80	1.70
Spiral	21.31	47.1	10.0	60.2	6.19	1.88
Whims	9.45	38.6	3.6	60.9	6.00	2.20
Front End Feed Stock			100	58.1	7.71	2.36
Product			67.1	60.1	5.87	1.75

Christmas Creek - 57% Fe Head Grade Feed

Beneficiation Process	Mass Split %	Yield %	Total Yield %	Fe %	SiO_2 %	Al_2O_3 %
Jig	66.9	77.6	51.9	59.7	5.10	2.20
Spiral	21.5	43.0	9.2	60.0	5.84	2.12
Whims	11.6	30.1	3.5	59.6	6.40	2.81
Front End Feed Stock			100	57.0	7.78	3.30
Product			64.7	59.7	5.28	2.22

The attachment has been independently verified by Roche Mining (MT) Pty Ltd ("Roche Mining"). The Competent Person supervising the test work is identified below.

Mr Dale Henderson who is an employee of Roche Mining, has verified the accuracy of the information presented in the attachment. These data were generated from the results of test work conducted at Roche Mining metallurgical test facility on test samples provided by Fortescue. Mr Henderson is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and type of processing under consideration, to qualify under JORC as a Competent Person in this regard. Mr Henderson, on behalf of Roche Mining, consents to the inclusion of the attachment in this report in the form and context in which it appears.

Further, the test work was supervised by Mr Dolf MacHunter who is employed by Roche Mining as Principal Technologist and has over 30 years experience in this area of work.