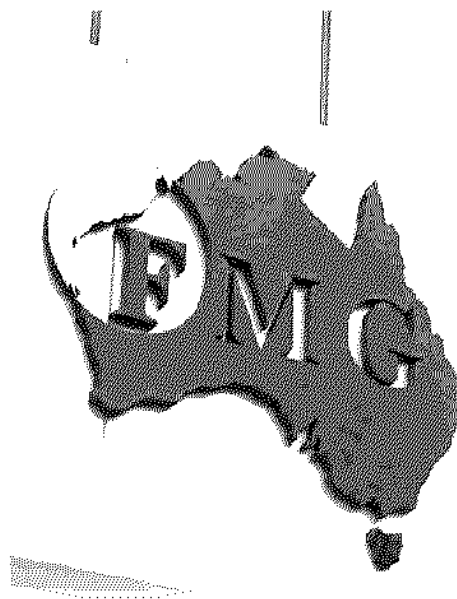




Fortescue Metals Group Ltd

“Diggers & Dealers Forum”

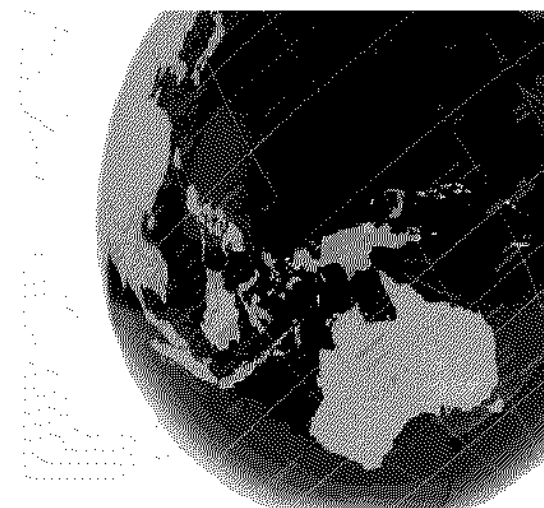
10 August, 2005

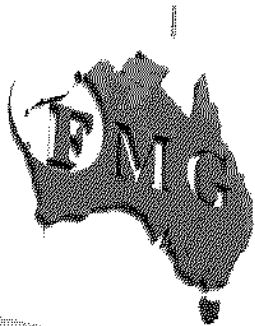
The New Force in Iron Ore

DISCLAIMER

Data and amounts shown in this presentation relating to capital costs, operating costs and project timelines are internally generated best estimates only.

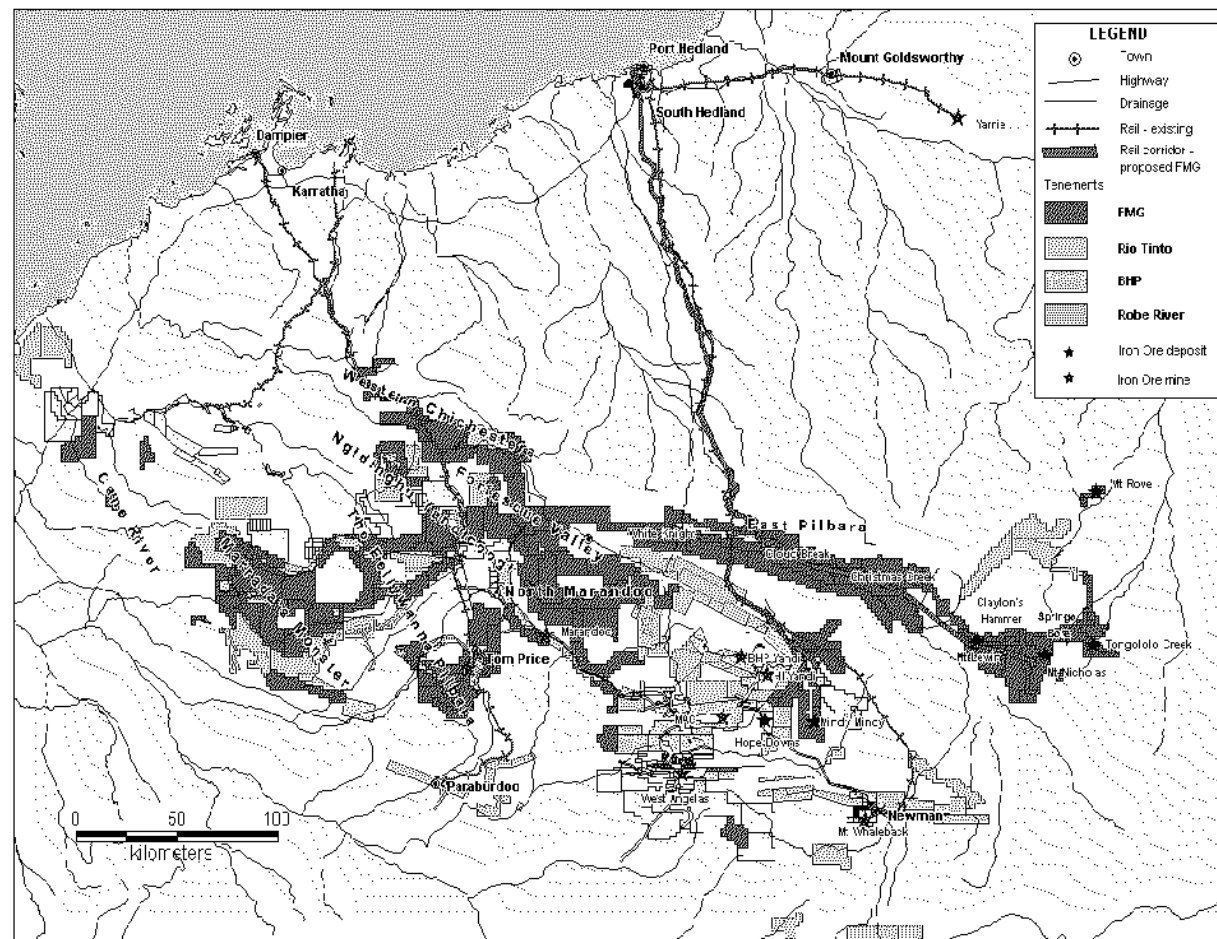
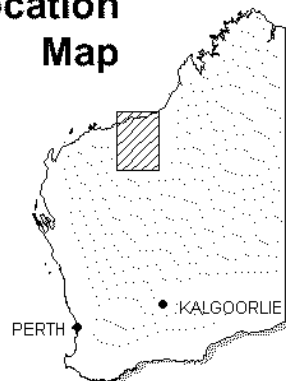
All such information and data is currently under review as part of Fortescue's ongoing Definitive Feasibility Study. Accordingly, Fortescue cannot guarantee the accuracy and/or completeness of the figures or data included in this presentation until that Definitive Feasibility Study is completed.



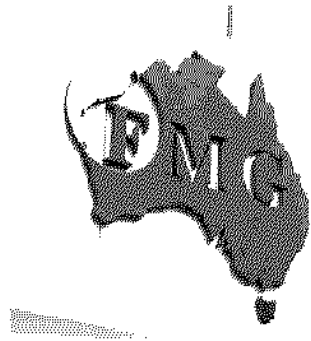


The Chichesters: part of Fortescue's 17,700 sq km Pilbara holdings – 1.5 years 2 billion tonnes

Location Map



Distance equivalent: Los Angeles to San Francisco

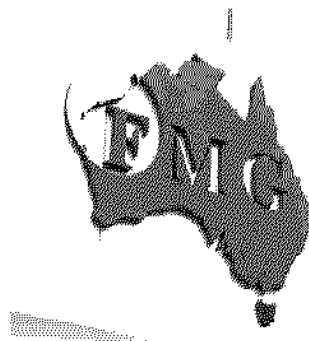


The Pilbara Iron Ore and Infrastructure Project

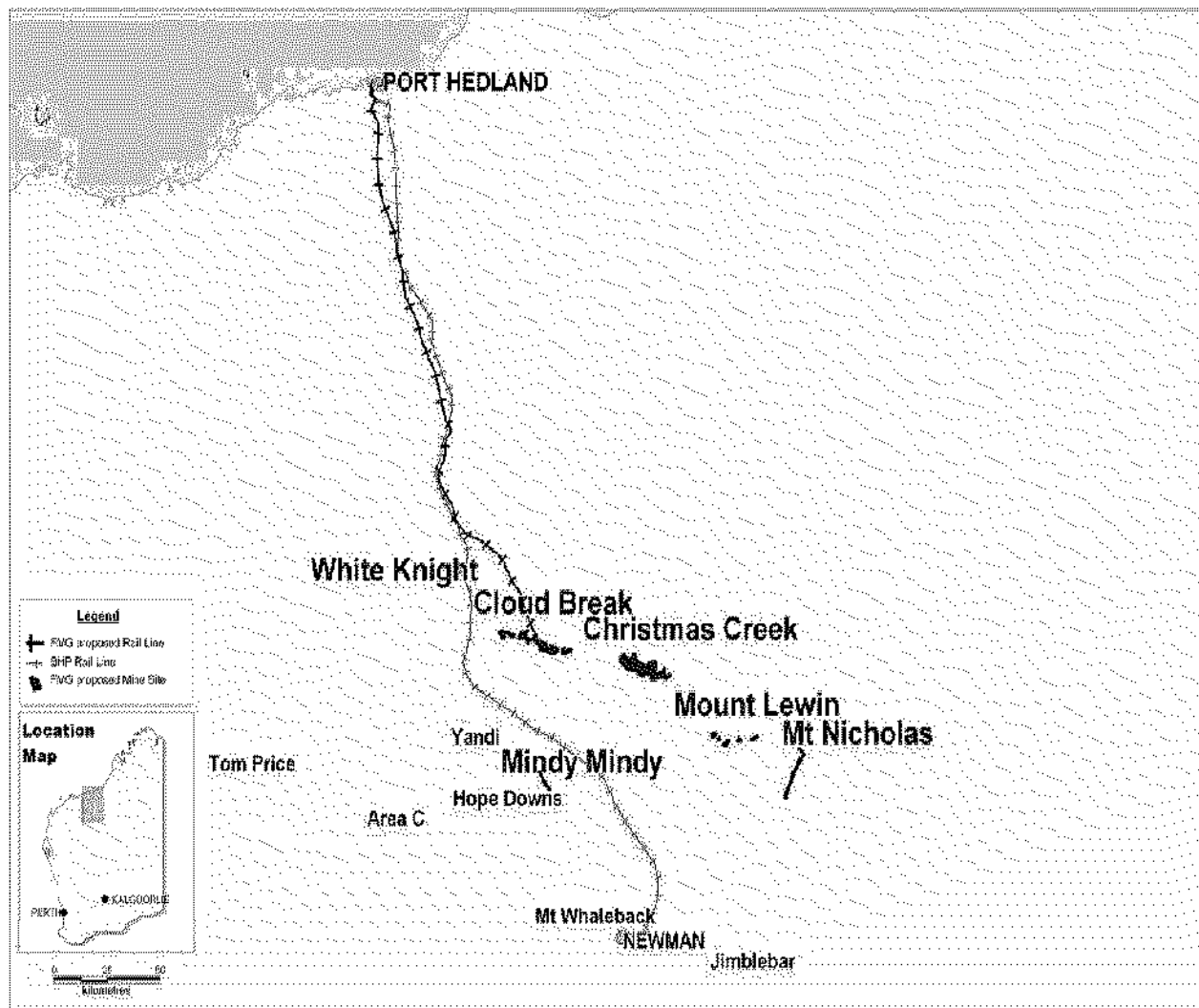
The New Force in Iron Ore

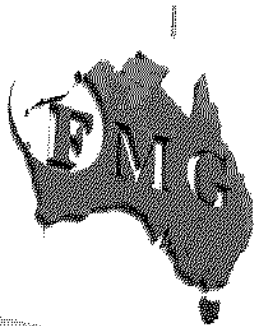
Overview

- **45mtpa iron ore exports commencing 2007**
- **Top 200 S&P ASX Company**
- **\$70 million invested to date**
- **\$80 million in cash, plus receivables at 30 June 2005**

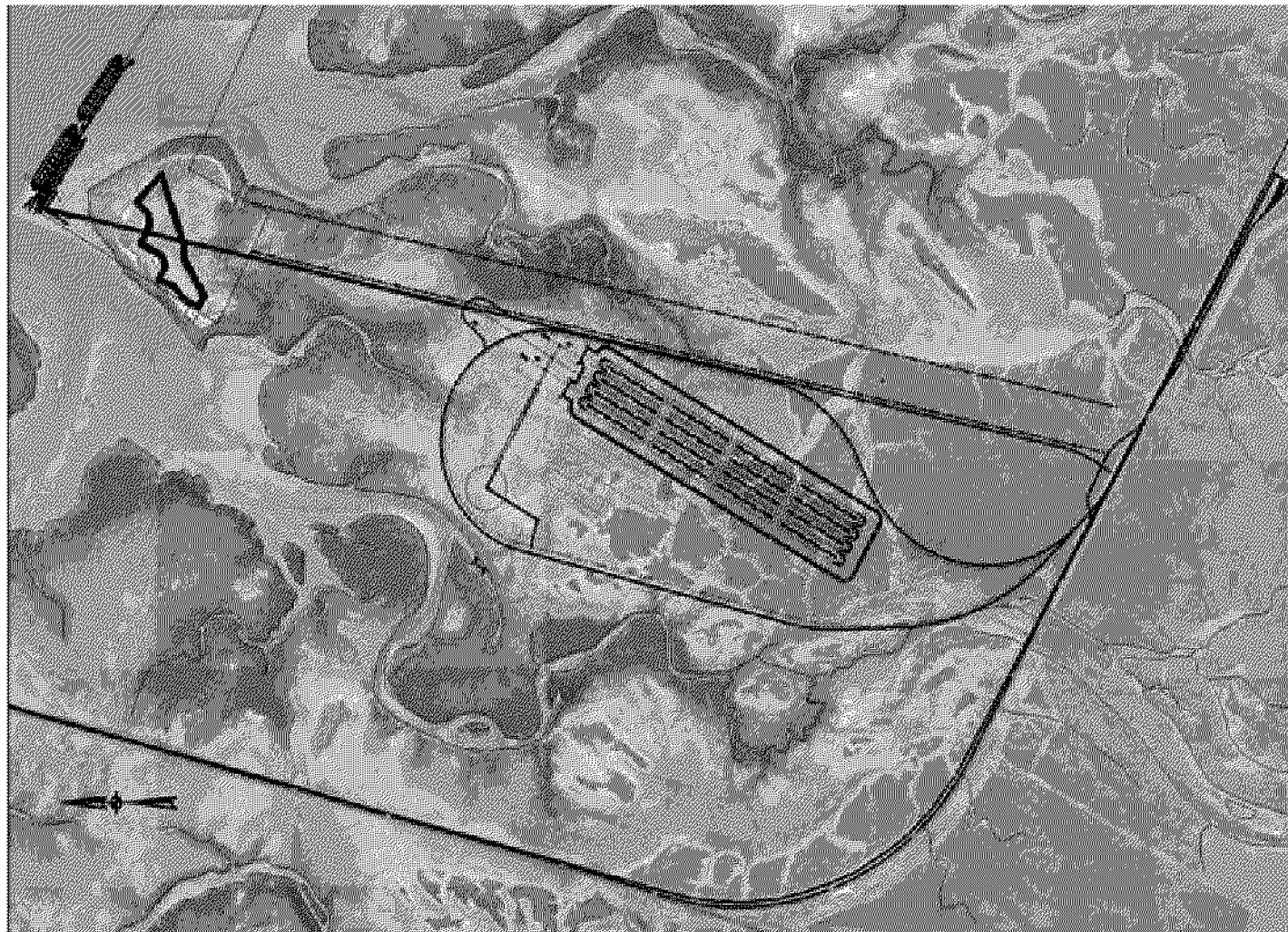


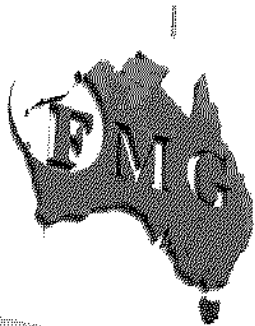
Infrastructure - Railway Line from Mine to Market



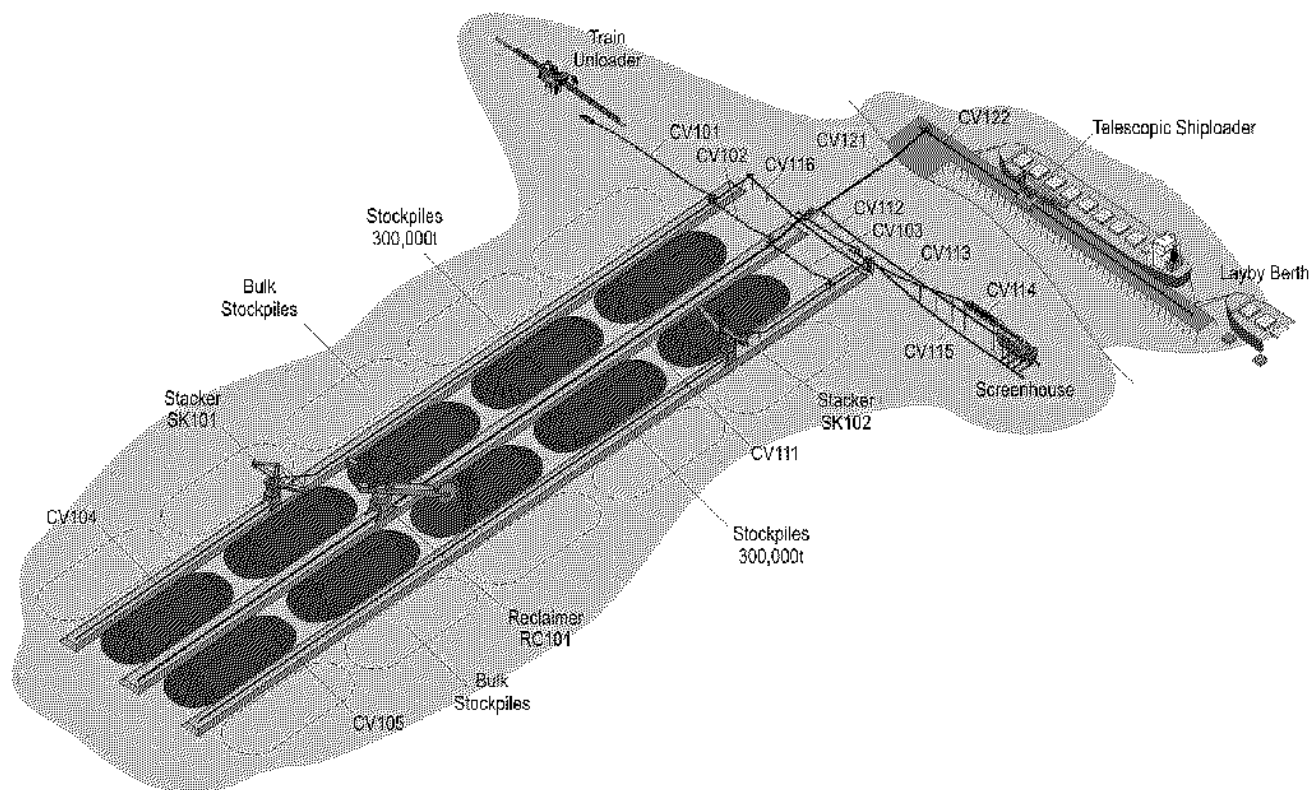


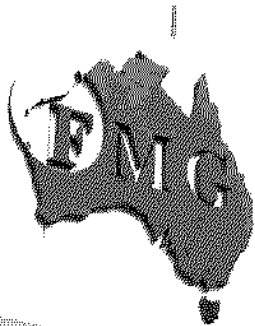
Infrastructure – Port at Port Hedland



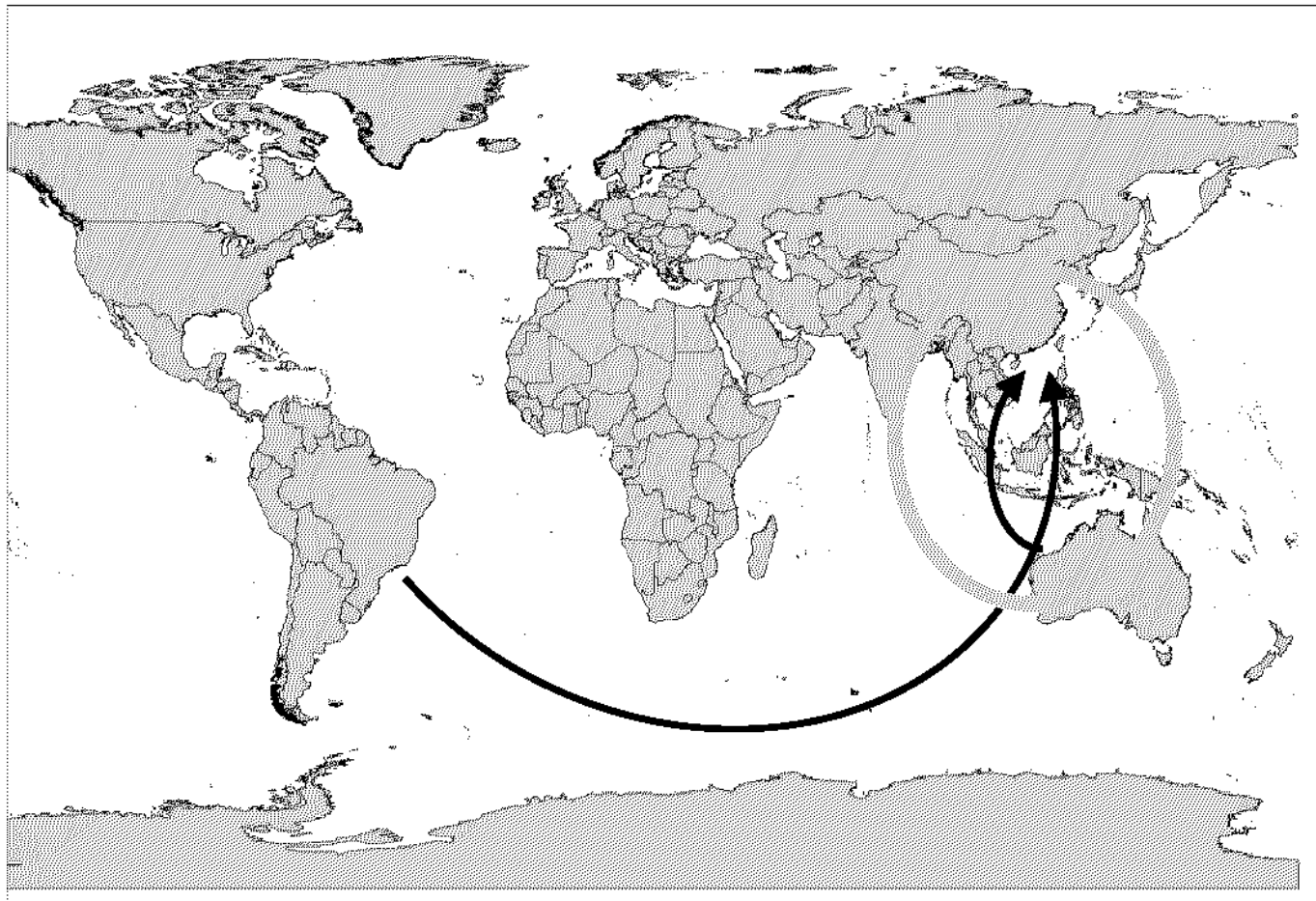


Port Material Handling Layout





The Pilbara, the Lowest Supply Costs



Australia's iron ore is cheaper than Brazil's.



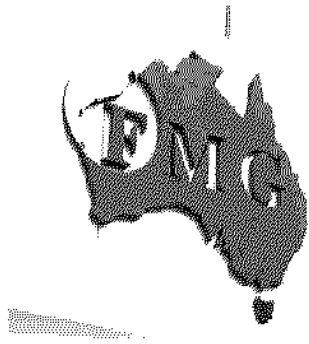
Australian ore is competitive

Australia is a reliable long term Steel partner

- **Freight is fluctuating and exposes buyers to long term freight risk in the case of the long distance suppliers**
- **2004 Average iron ore delivered price per tonne into China**

Australian Ore	\$US 42.85
South Africa Ore	\$US 61.01
Brazilian Ore	\$US 62.35
Indian Ore	\$US 80.78

Source: China Metallurgical Daily

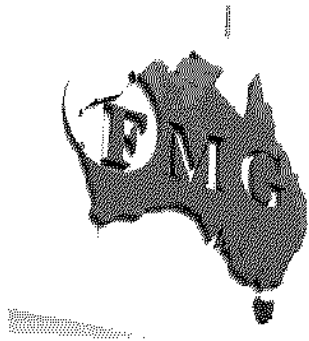


But, the Oligopoly Continues

Rio's move on Hope Downs has three outcomes:

- **The oligopoly continues**
 - Another independent removed
- **The Asian steel industry is facing a restricted Pilbara**
 - FMG a real solution
- **Repeats history – Norths Ltd**

The New Force in Iron Ore

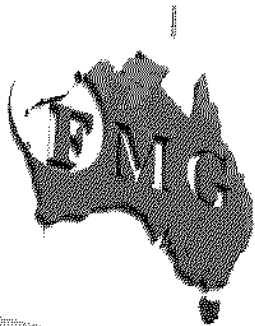


FMG – A Real Solution

- **Open infrastructure access to third parties**
- **Huge Iron Ore resources and 45mtpa (Stage 1) Project**
- **Infrastructure State Agreement in place**
- **Steel industry user friendly**
 - public company allows transparency and investment
 - all Pilbara advantages of scale and location

FMG offers a complete solution

The New Force in Iron Ore

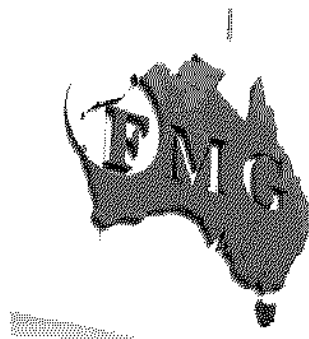


Drilling -

Almost 6,000 holes for 261kms of metallurgical samples

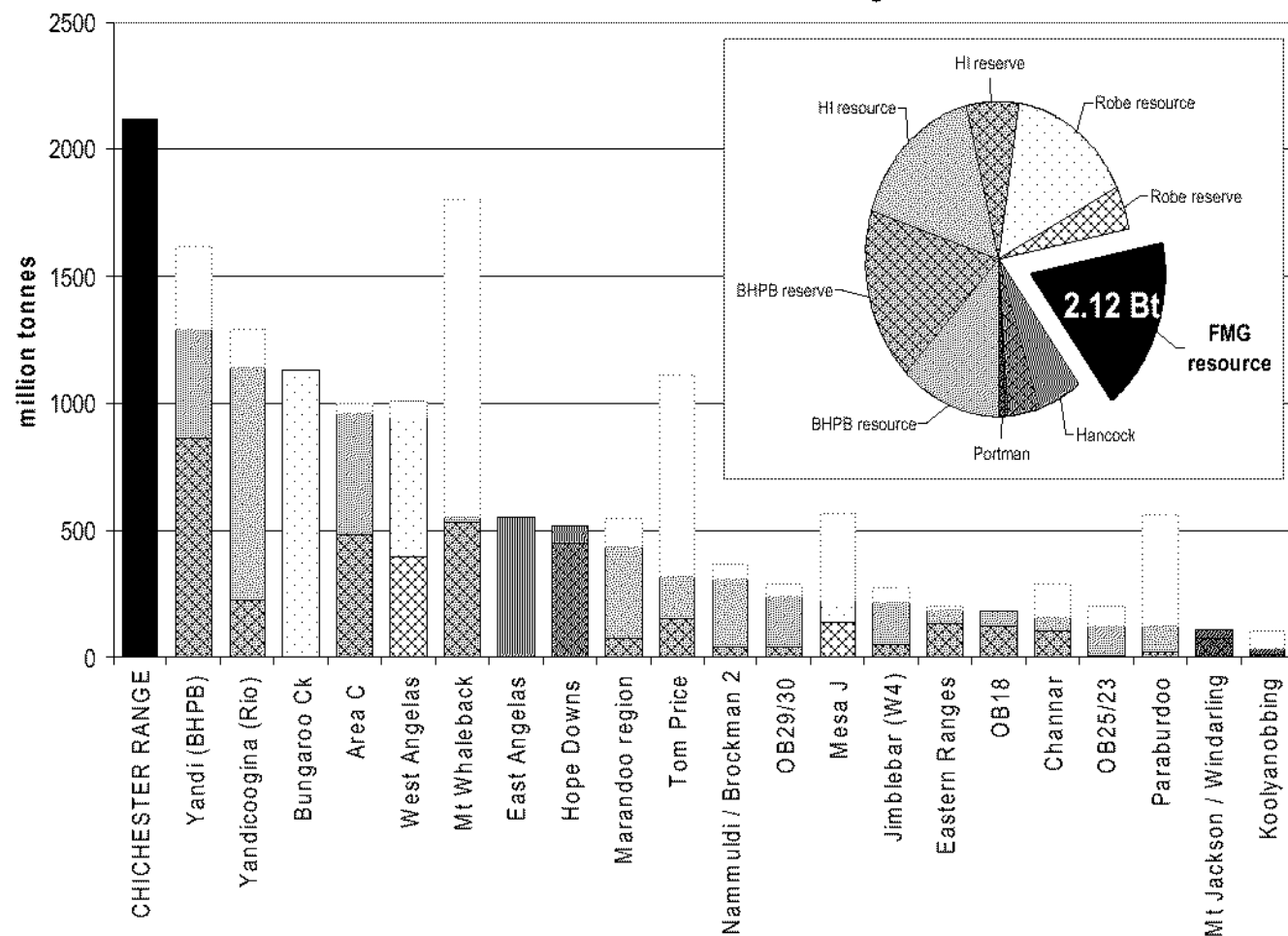
Project area	Drilling statistics to July 2005					
	RC		Diamond		Bulk sampling	
	Holes	Metres drilled	Holes	Metres drilled	Holes	Metres drilled
Christmas Creek	3,291	133,288	118	2,638	15	336
Cloud Break	1,817	85,958	18	407	5	150
Mt Lewin	381	15,624	13	399		
Other areas	615	28,135	40	1,638		
Totals	5,960	263,004	189	5,082	20	486





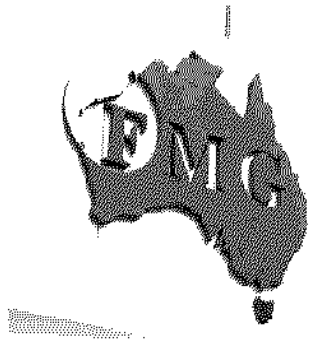
The Largest Bedrock Hosted Iron Ore Discovery in Australia

Mines and Committed Projects



Notes

- total resources are exclusive of total reserves
- data derived or calculated from best available company, technical and government public reports
- refer to ASX release dated 15 July 2005 for detailed breakdown of FMG Total Resource into Indicated and Inferred Resource



Actual Resource Summary:

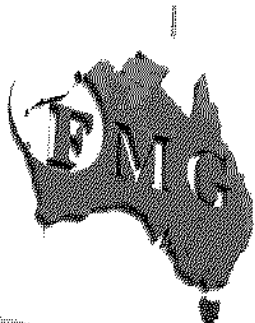
July 2005 achieved all targets (Summary)

2005 May Target	1,588mt
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2005 Sept DFS Target	2,118mt
-----------------------------	----------------

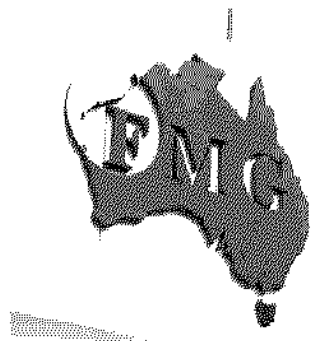
2005 July Actual	2,118mt
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High grade component	740mt
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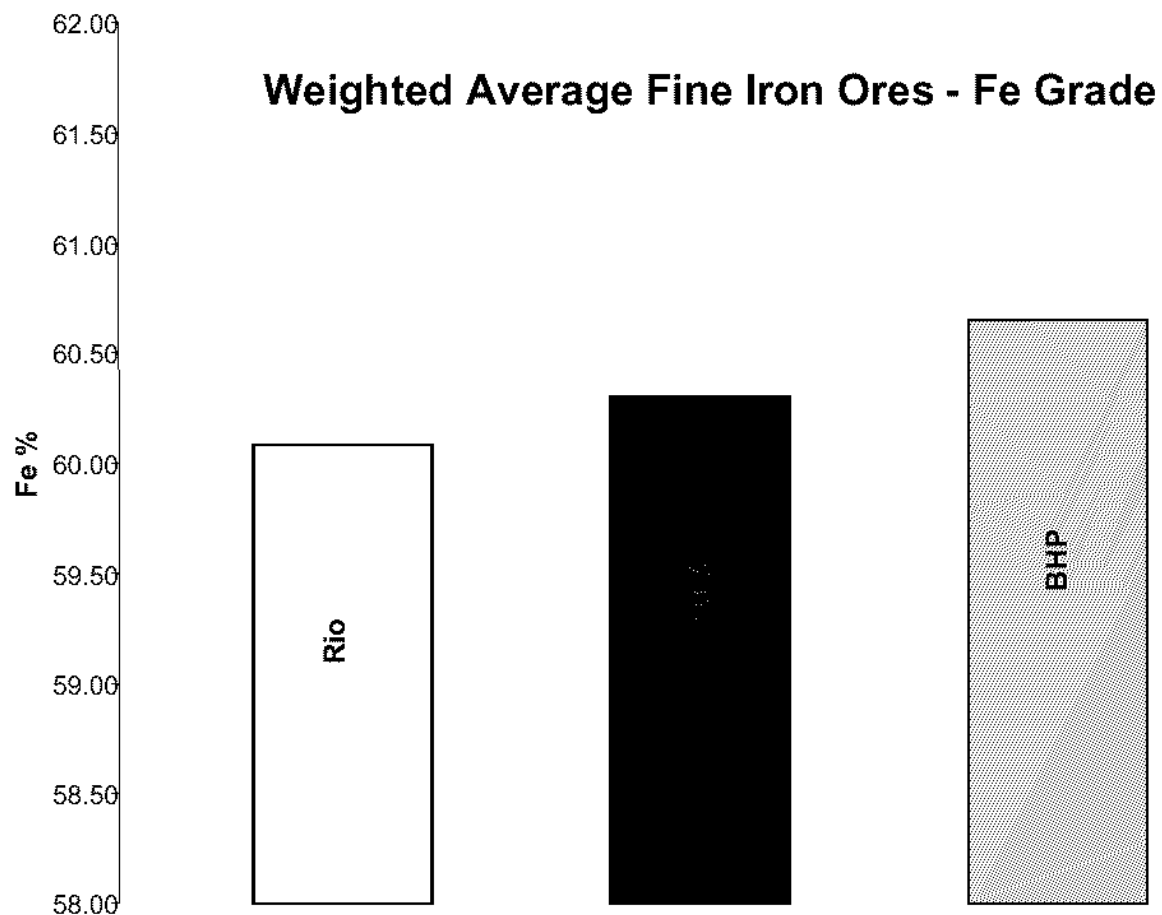


Actual Resource Summary: July 2005 achieved all targets (Breakdown)

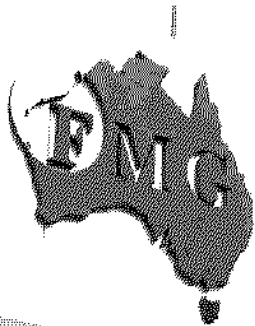
	Target - May	Actual - July			Target - DFS		
		Total	High Grade	Beneficiation	Total	High Grade	Beneficiation
Christmas Creek							
Measured	-	-	-	-	300	100	200
Indicated	600	659	248	411	500	180	320
Inferred	400	531	150	381	390	118	272
Total	1,000	1,190	398	802	1,190	398	792
Cloud Break							
Measured	-	-	-	-	150	50	100
Indicated	-	-	-	-	300	100	200
Inferred	390	730	293	437	280	143	137
Total	390	730	293	437	730	293	437
Mt Lewin/ The Hammer							
Measured	-	-	-	-	-	-	-
Indicated	-	-	-	-	-	-	-
Inferred	198	198	49	149	198	49	149
Total	198	198	49	149	198	49	149
Sub Total Measured	-	-	-	-	450	150	300
Sub Total Indicated	600	659	248	411	800	280	520
Sub Total Inferred	988	1,459	492	967	868	310	558
Grand Total	1,588	2,118	740	1,378	2,118	740	1,378



Iron Ore Comparison – Fe content of Australian shipping grade



Data Sources: Robe River – Website, BHPB – Direct from Company, HI – Industry Sources, FMG – Own Tests, AME



Two product streams

High Grade + 60% Fe Product

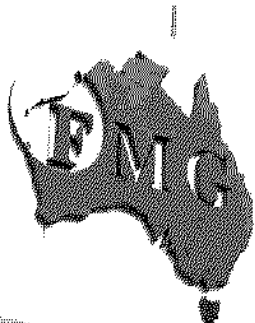
- 100% covered by LOI's
- Lump and Fines
- Greater demand than availability
- Opportunity to participate at a later date as production increases

Brand	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	CaO %	TiO ₂ %	Mn %	MgO %	K ₂ O %	Na ₂ O %	LOI _{Tot} %
High Grade Lump	61.00	2.80	1.45	0.052	0.025	0.04	0.04	0.31	0.07	0.017	0.044	7.10
High Grade Fines	60.20	3.60	2.10	0.056	0.030	0.04	0.08	0.37	0.07	0.028	0.066	7.30



The Steel Industry Shift from Productivity to Cost Focus

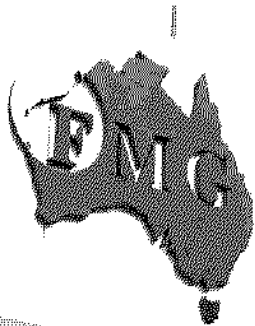
- **The steel industry is being forced to focus on cost and profitability**
- **“Value in Use” ores and competitive landed costs far more attractive**
- **Unprecedented growth in Goethitic (Marra Mamba) ores in recent years**



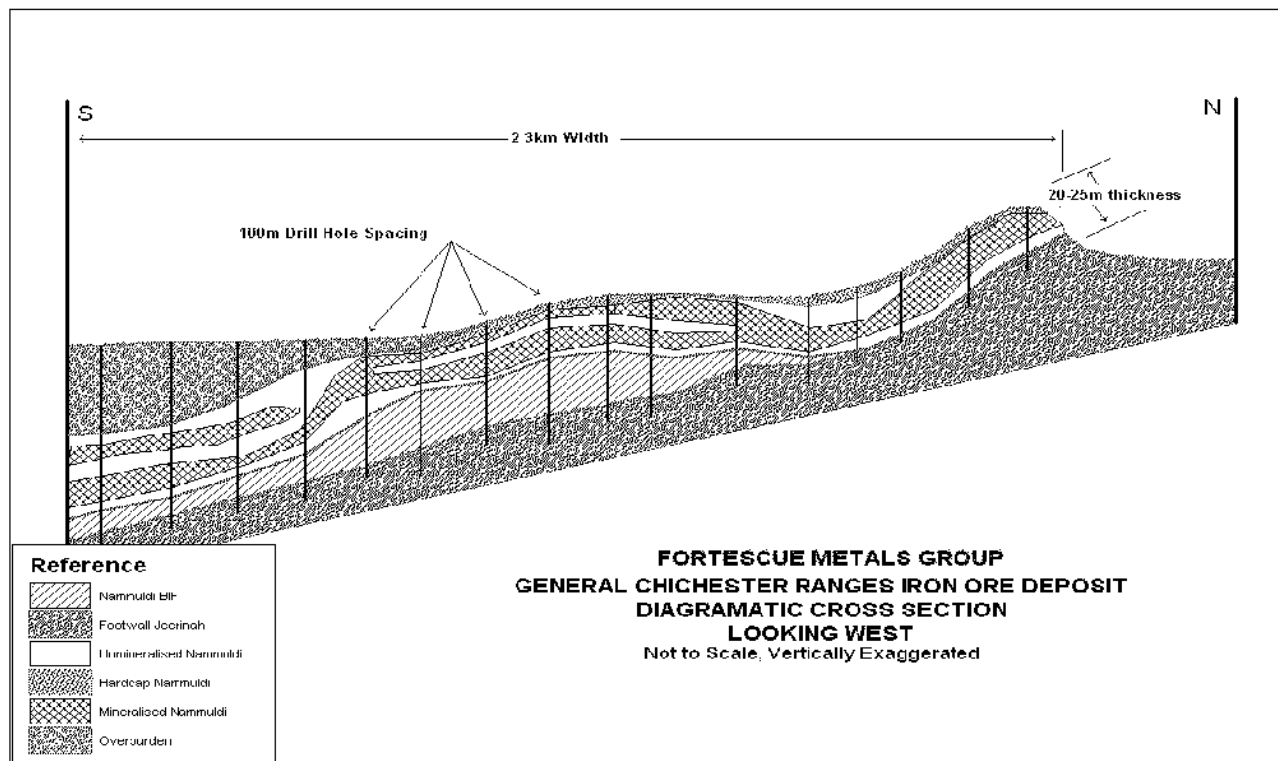
Mine Production Targets Evolve with Successful Exploration*

Mine - Mt		Yr 1	2	3	4	5	6	7	8	9	10	11	12
High Grade	Cloud Break	20	30	25	20	15	15	15	15	15	6	0	0
	Christmas Break	-	-	20	25	30	30	30	30	30	39	0	0
Beneficiated	Cloud Break	-	-	-	-	-	-	-	-	-	-	15	15
	Christmas Break	-	-	-	-	-	-	-	-	-	-	30	30
Total		20	30	45	45	45	45	45	45	45	45	45	45

- Based on latest resource estimate including 730mt JORC Resource at Cloud Break (certified on Friday 15 July, 2005) – actual mine plan may change with the continued optimisation of this schedule due to technical, metallurgical and economic factors



Chichester Cross Section



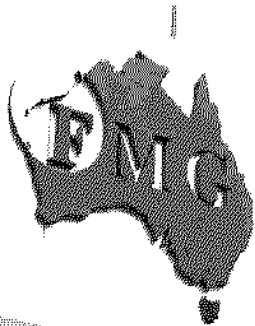
←400m→

Diagrammatic Section of Christmas Creek
No Vertical Exaggeration



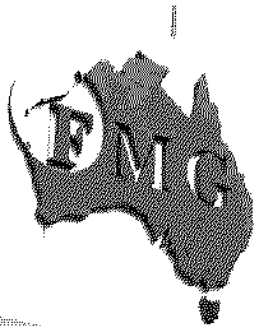
Open Pit Cross Section - Showing Mining





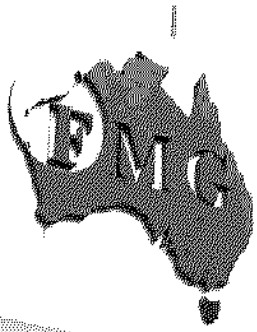
Fortescue's SM2600 Surface Miner





SM2600 Roll with Picks





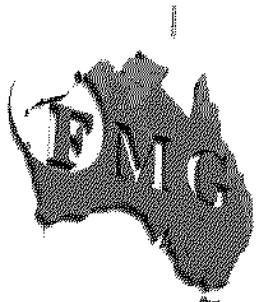
Fortescue Cut Material from Surface Miner



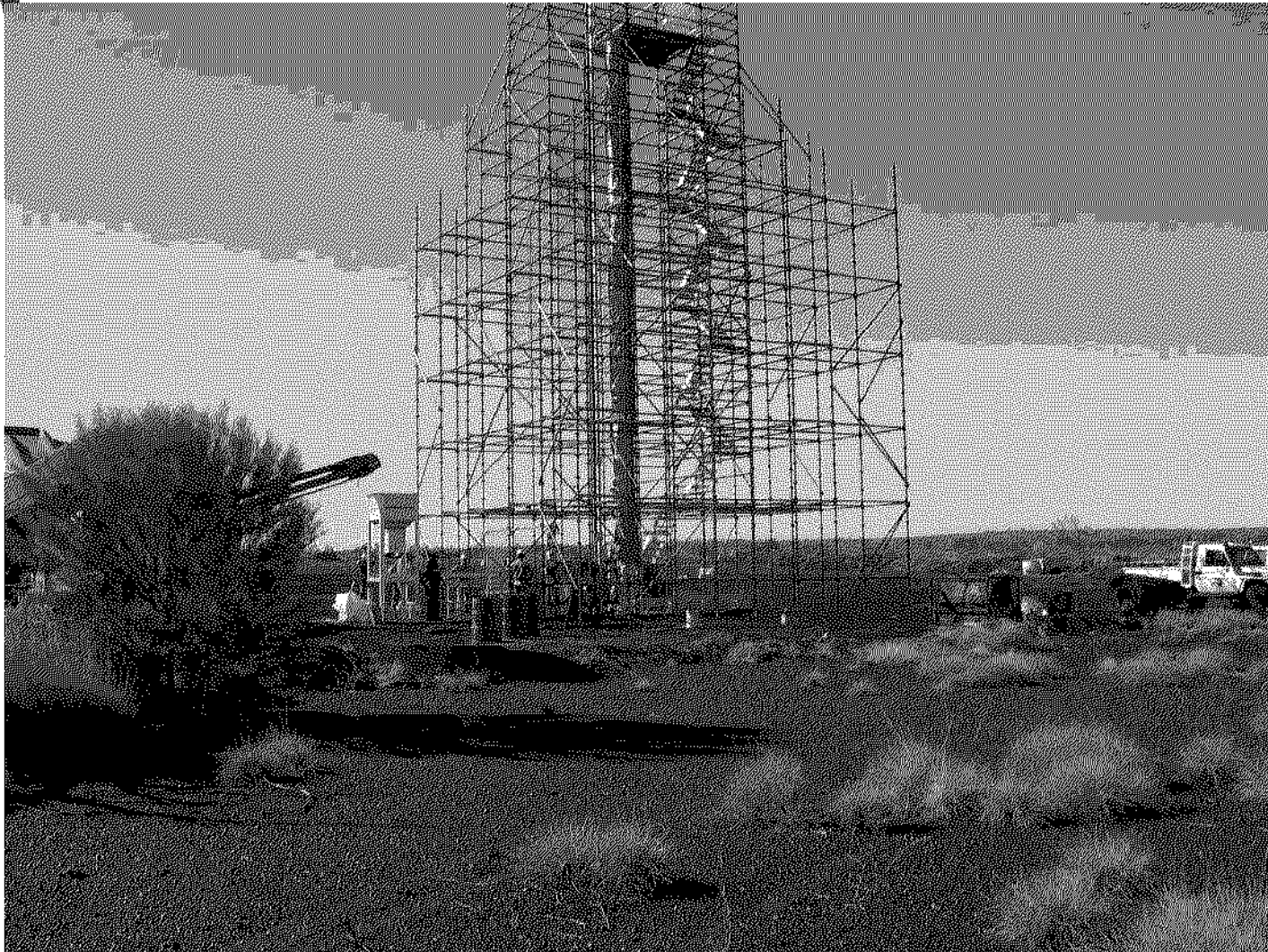


Fortescue's Bulk Sample Rig Drilling CB - August 05





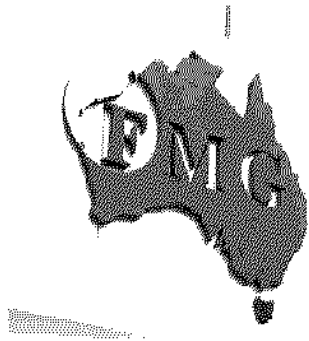
Fortescue's Drop Tower preparing bulk samples on site CB – August 05





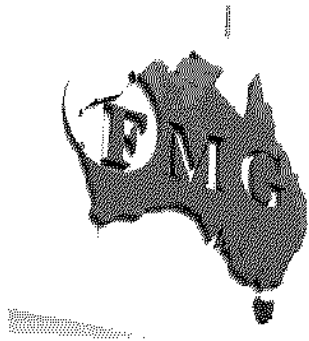
Waste Stacking In Pit





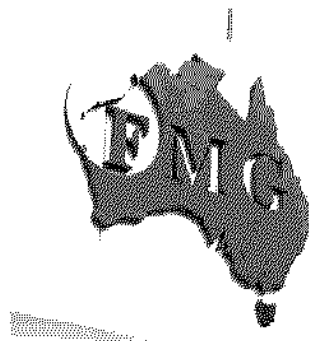
WorleyParsons Definitive Feasibility Study

- **Infrastructure capital cost estimate of A\$1.95bn**
- **High level accuracy +/-10% and contingency of A\$192m**
- **High level technical confidence – WorleyParsons is a top 5 global engineering house**
- **High level financial confidence – capital cost number well within Fortescue's funding parameters**
- **Mine is simple and most likely to be outsourced**



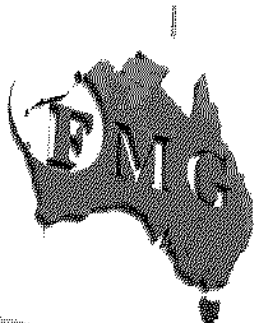
Definitive Feasibility Study has prompted several initiatives

- **Immediate adoption of the study by the Fortescue Board**
- **Major long lead time item procurement underway**
- **Strong interest in equity of infrastructure**
- **Strong interest in iron ore joint venture**



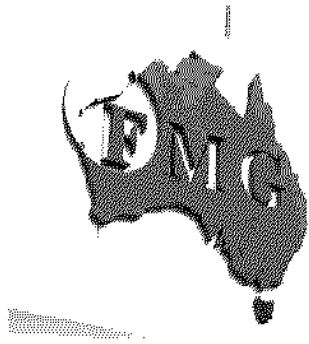
Strong Interest from Suppliers to Deliver Project

Area	Major component	Probable supplier
Port	Dredging	Jans de Nul, Boskalis, Dredco, Van Ord
	Marine Structures	Clough, McConnell Dowell
	Ore handling	ThyssenKrupp, ZPMC, Metso
	Electrics	Siemens, ABB, GE
Rail	Earthworks	BGC, Simto, Leighton, Barclay Mowlem
	Rail steel	ThyssenKrupp, VA, Nippon Steel, Angang
	Sleepers	Austrack, CRMSC, Haidei
	Wagon	Bradken, United Goninan, EDI, QRRS, ZRSW
	Locos	GE, GM
Other*	Processing/handling	TechInt, VA ThyssenKrupp, ZPMC
Mine	Contract Miner	Roche, BGC, Theiss, Leighton



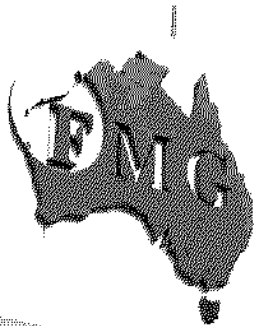
Low Capital Cost – Infrastructure Feasibility Study Complete

Production Rate	45 Million tonnes per annum
Capital Cost	Capital cost of A\$1.95 bn comprising • A\$800 m for the port • A\$560 m for the rail • A\$120 m for the mine handling facility • A\$470 m for indirect costs (EPCM, contingency, etc)
Rail	• 255 kms of railway length from Cloud Break to Port Hedland • 4 train sets each comprising 2 locomotives and 200 wagons
Port	• 2 berths – a live berth and a lay-by berth designed to handle ships up to 250,000 DWT • 12,500 tph shiploader • 2.4 million tonnes live stockpile area



Government

- **Act of Parliament passed for “Infrastructure State Agreement” in November 2004**
- **Mining State Agreement for first 45 mtpa expected to receive Government approval shortly**
- **Infrastructure expansion over 45 mtpa allowed in the Infrastructure Agreement**
- **BHPB declaration offers the Mindy Mindy Joint Venture long term cost optimisation**



Aboriginal Heritage and Native Title

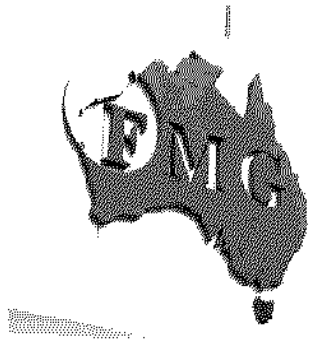




Environment

- Stage A (Rail and Port)
 - ✓ Appeal period is over
 - ✓ Expect approval in August
- Stage B (Mines and East & West Rail)
 - ✓ Finished public review period
 - ✓ Questions answered and waiting on EPA approval
 - ✓ Currently expect Ministerial approval end 3Q /early 4Q





Project Management

- **Several international construction and project management companies are in discussions with FMG for the major Project roles**
- **These include -**

Leighton Holdings



WorleyParsons



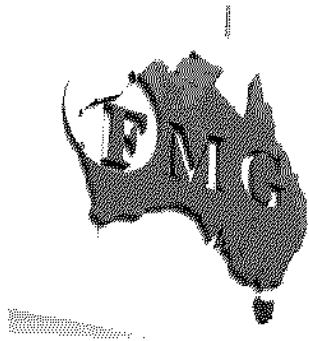
WorleyParsons

Barclay Mowlem



BARCLAY MOWLEM

The New Force in Iron Ore



Project Finance



World's largest bank

GRANT SAMUEL



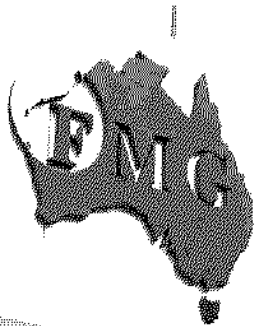
Leading Australian Corporate Adviser

MILLER MATHIS

Leading U.S. Steel Industry Investment Bank

WORLD
STEEL
DYNAMICS

World's Leading Steel Information Service



Timeline to Production 2007

