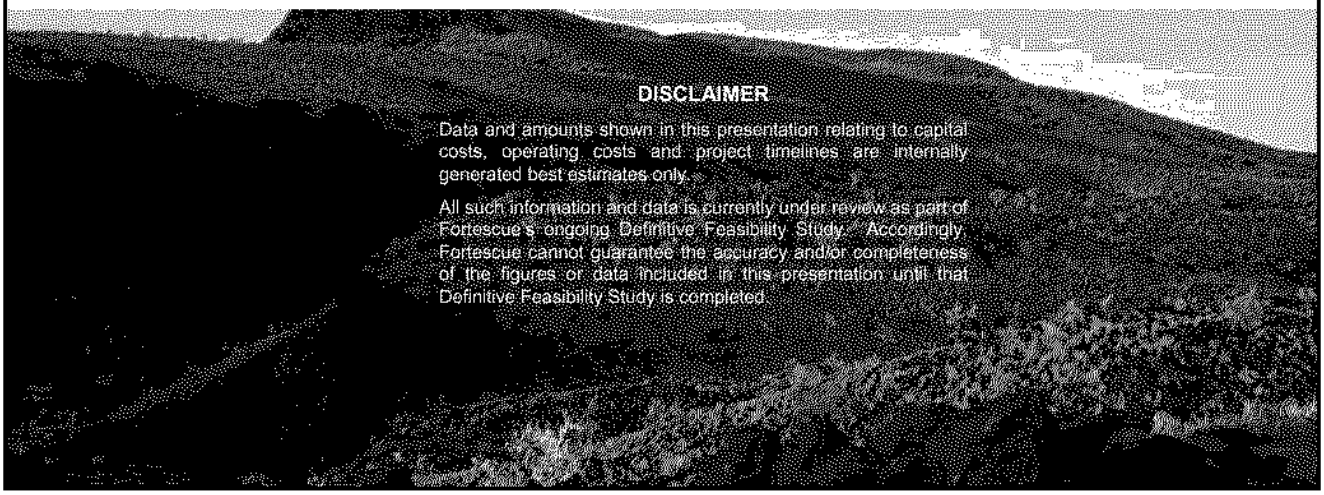
Fortescue Metals Group Ltd

Progress Update

October 2005

The New Force in Iron Ore

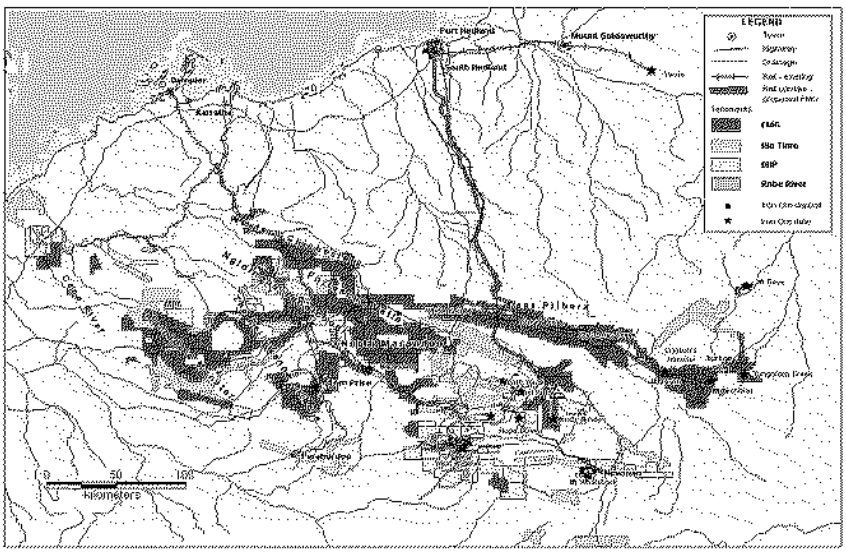


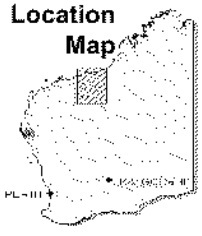
DISCLAIMER

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.

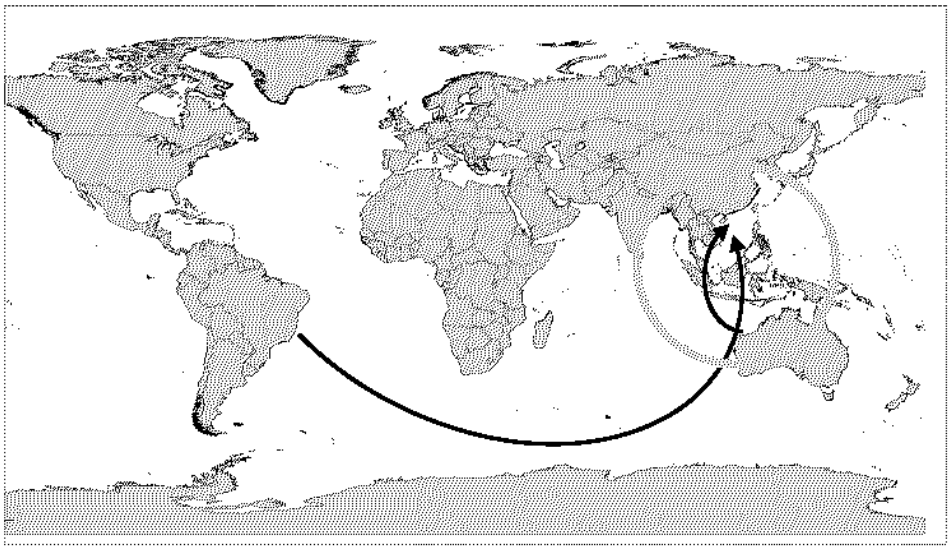
Pilbara holdings - 18,800km^2 and 2.4 billion tonnes, growing fast





Distance equivalent: Los Angeles to San Francisco

The Pilbara equals Lowest Cost



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

Australian ore is the most competitive

A reliable long term steel partner

- **Fluctuating freight is a severe risk for long term and long distance buyers**

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 – 2004 average price

The New Force in Iron Ore

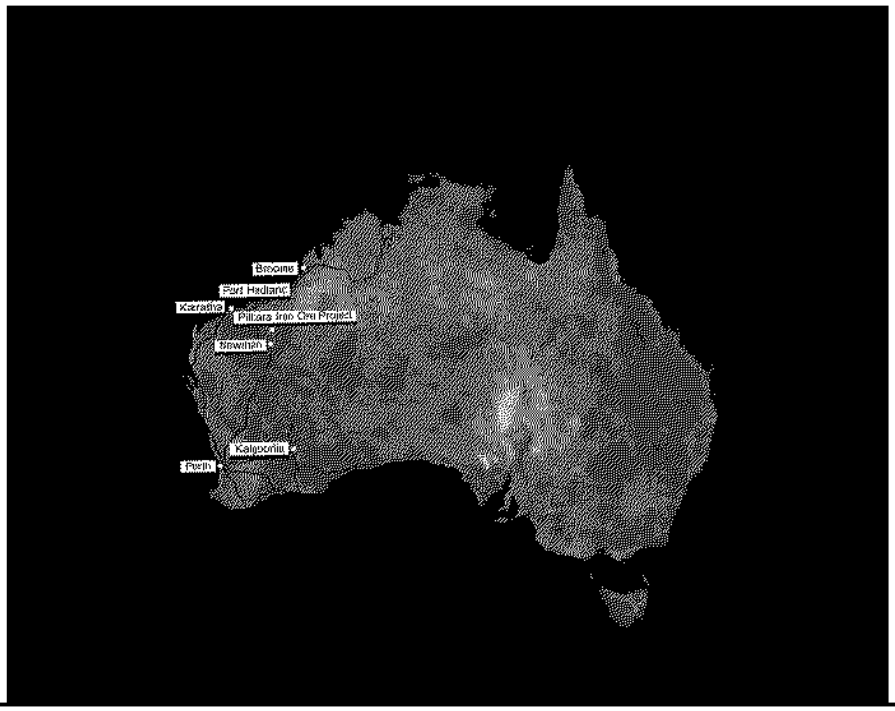
Company Overview

- Top 200 S&P ASX Company
- $100 million invested in Project
- Highly experienced executive team in place

Overview Project

- Situated in world's best region for iron ore – the Pilbara
- Largest tenement holding in the Pilbara
- Efficient mining of a highly accessible Ore body
- Initially 45Mtpa expanding to 60Mtpa

Fortescue – developing Australia's largest iron ore tenements



Demand will continue to exceed supply

CREDIT SUISSE FIRST BOSTON **"Wanted: more iron ore"**

Ivan Fadel, 28 Sept 2005

UBS **"Higher long term prices for iron ore"**

Glyn Lawcock/Fleur Grose, 16 Sept 2005

Merrill Lynch **"Structural change in the iron ore industry to drive higher long term prices"**

Andrea Weinberg/Vicky Binns, 21 Sept 2005

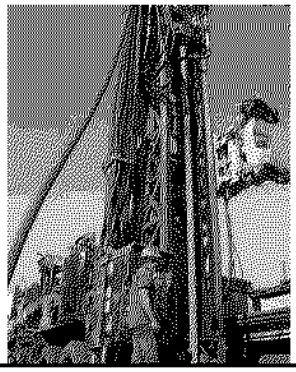
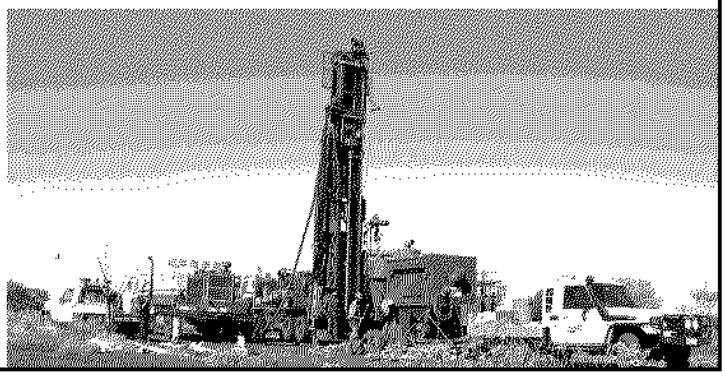
Rio's move on Hope Downs: The implication for infrastructure

- Repeats history – North Ltd, Goldsworthy
- The oligopoly continues
- The steel industry is facing a restricted Pilbara
- Fortescue the real solution

The New Force in Iron Ore

Geology and Mineral Resources

- Highly successful drilling program
- 2.4 billion tonnes of resources defined in last 18 months
- One third (811Mt) high grade (>60% Fe)
- All resources well within requirements of major steel mills
- Marra Mamba ore with microplaty hematite
- Ore body extends across 200km strike length

Drilling

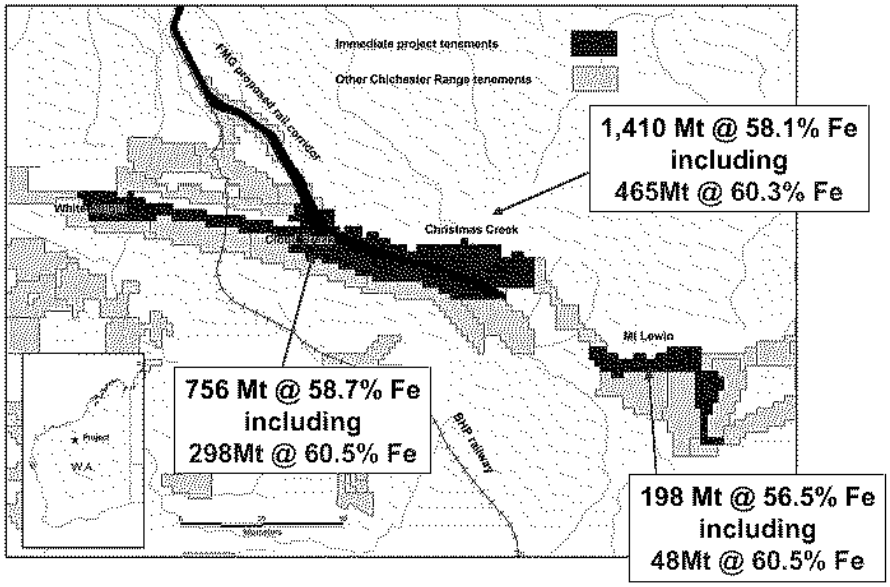
Over 7,000 holes >300kms of metallurgical samples

Project area	Drilling statistics to October 2005					
	RC		Diamond		Bulk sampling	
	Holes	Metres drilled	Holes	Metres drilled	Holes	Metres drilled
Christmas Creek	3,730	156,767	120	2,678	15	336
Cloud Break	2,389	112,221	45	1,513	20	663
Mt Lewin	388	15,624	13	399		
Other areas	713	30,923	40	1,638		
Totals	**7,012**	**304,597**	**218**	**6,228**	**35**	**999**

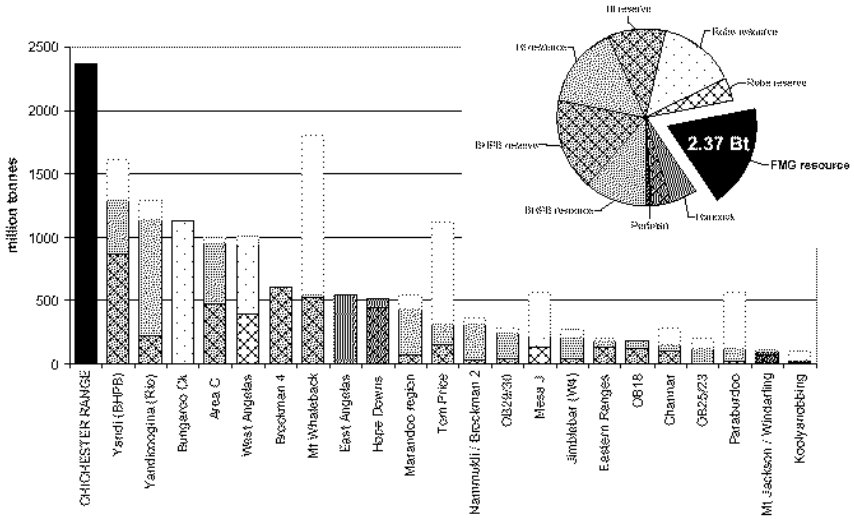
Chichester Total Resource Estimate

Christmas Creek, Cloud Break and Mt Lewin Resource Estimate 6 October 2005						
Category	Tonnes Mt	Grade				
		Fe %	P %	LOI %	SiO_2 %	Al_2O_3 %
Indicated	1,381	58.6	0.053	7.88	4.38	2.47
Inferred	986	57.6	0.060	7.74	4.73	2.78
Including High Grade						
Indicated	578	60.3	0.051	7.68	3.21	1.93
Inferred	233	60.6	0.058	6.63	3.31	1.98
Total	810					
Grand Total	2,367	58.2	0.056	7.82	4.53	2.60

The Chichesters – a new multi-project iron ore region



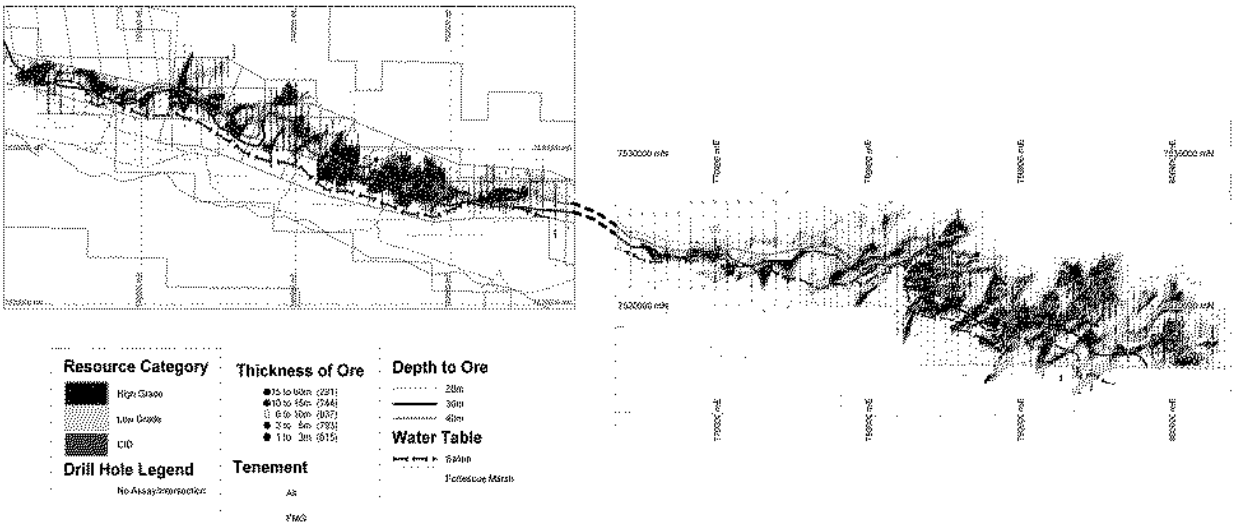
The Largest Bedrock Hosted Iron Ore Discovery in Australia



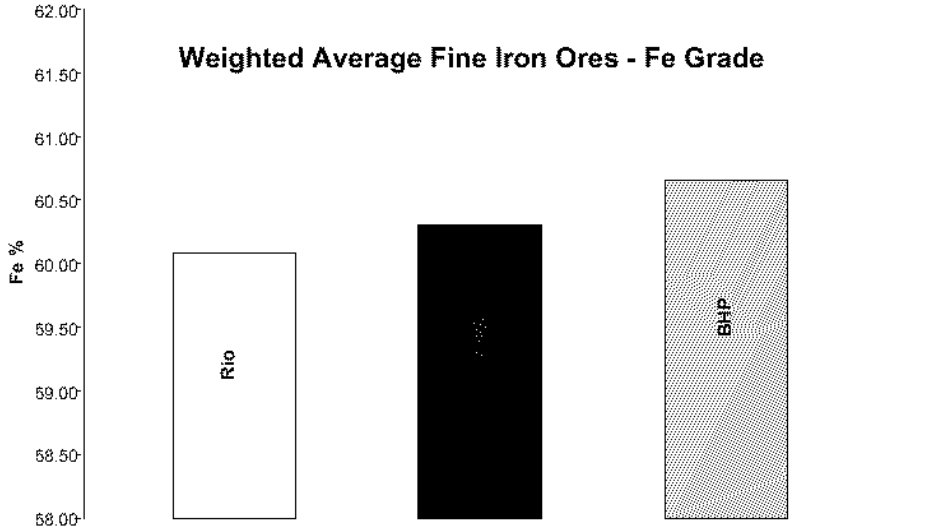
Notes:
- total resources are exclusive of total reserves
- data derived or calculated from best available company, technical and government public reports
- refer to ASX releases dated 15 July 2005, 12 September 2005 and 6 October 2005 for detailed breakdown of FMG Total Resource into Indicated and Inferred Resource

Exploration

Cloud Break to Christmas Creek - a single continuous mineralised system 80 km long



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

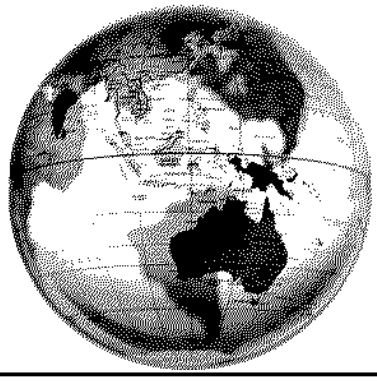
Two high grade >60% Fe products

- >100% covered by Letters of Intent
- Lump and Fines
- Greater demand than availability

Brand	Fe %	SiO_2 %	Al_2O_3 %	P %	S %	CaO %	TiO_2 %	Mn %	MgO %	K_2O %	Na_2O %	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

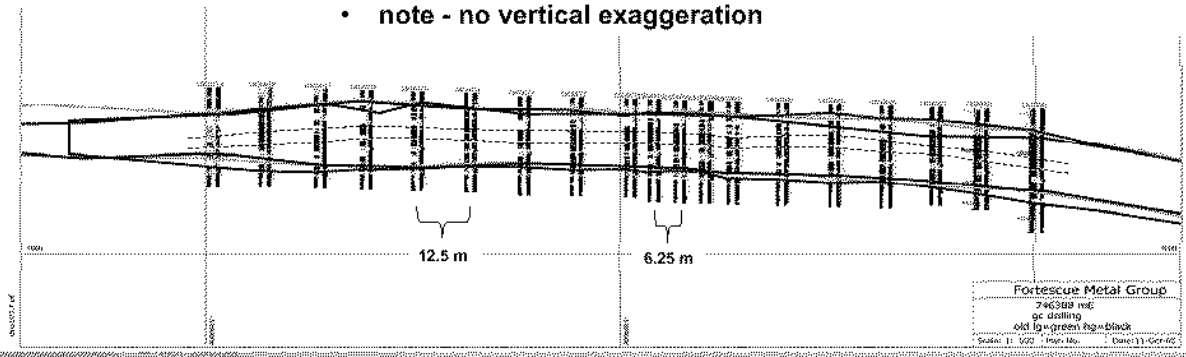
Marketing

- Focus on Asia including the rapidly expanding steel mills of China
- 61% lump, 60.2% fines, excellent sinter properties
- Highly experienced marketing team
- 17 Mtpa under contract and with over 80 Mtpa in Letters of Intent
- Targeting 30 Mtpa long term contracts
- Active discussions with over 30 steel mills



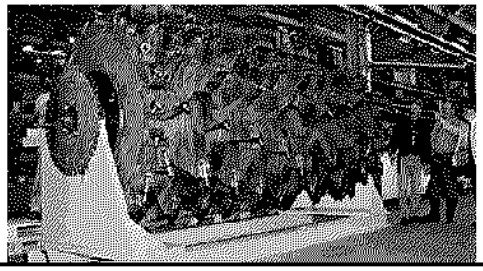
Test Pit

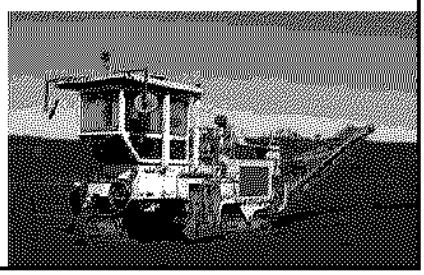
- excellent correlation between resource model wireframes (green, black) and grade drilling (blue – preliminary only)
- flat dips
- predictable geology
- consistent grades
- note - no vertical exaggeration



Mining - shallow and effective with Surface Miners

- Surface Miner streamlines ore retrieval and optimises grade control
- Overburden removed by shovel and truck with waste dumped in-pit
- Rapid ramp up facilitated by multiple pits

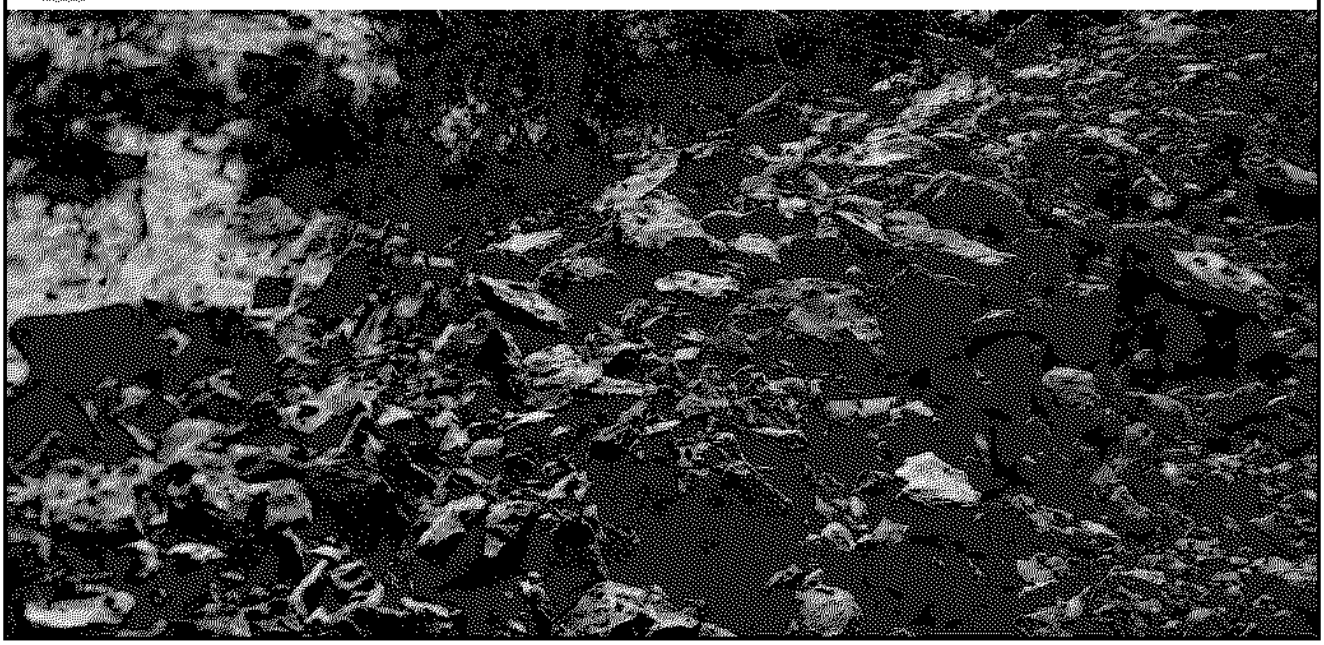




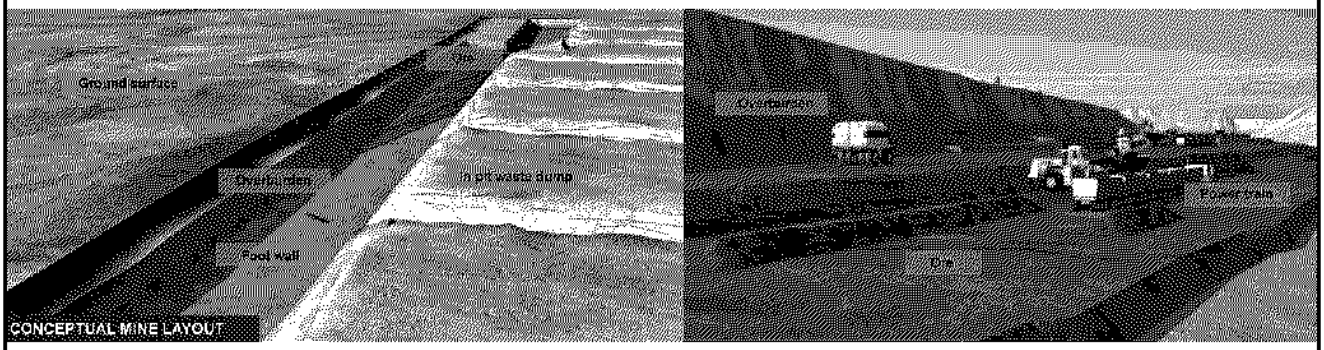
Fortescue's SM2600 Surface Miner cutting iron ore and stockpiling behind

Surface Miner cutting iron ore and stockpiling - Christmas Creek

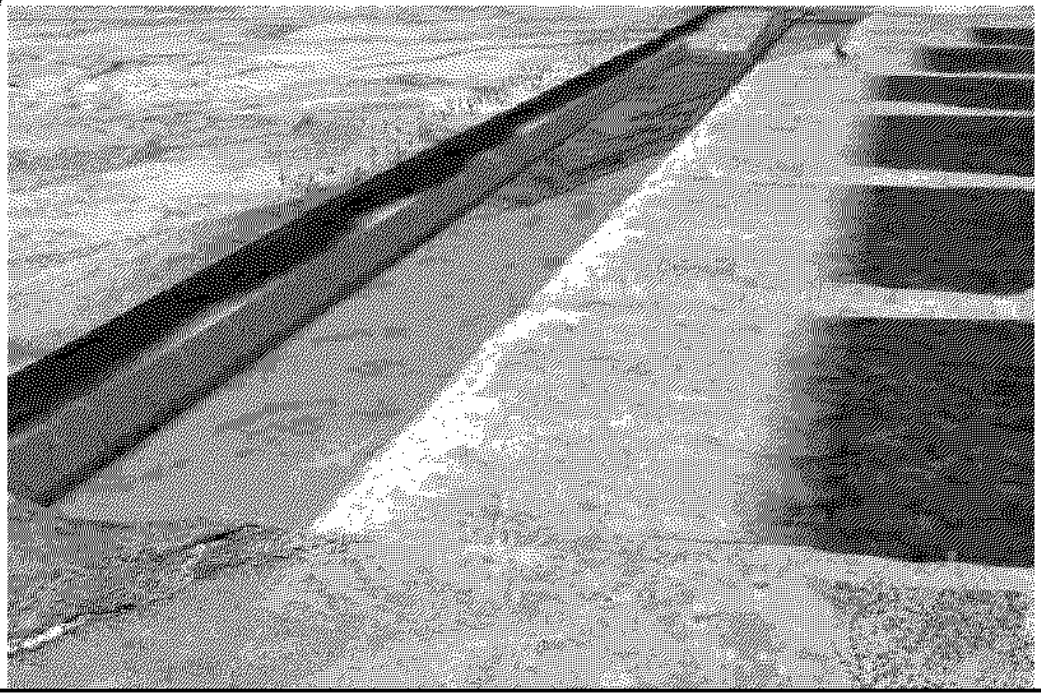
Fortescue Cut Material from Surface Miner



Open Pit Mining, simple, smart
Road trains for ore, conveyors for waste



Open Pit Cross Section - Showing Mining



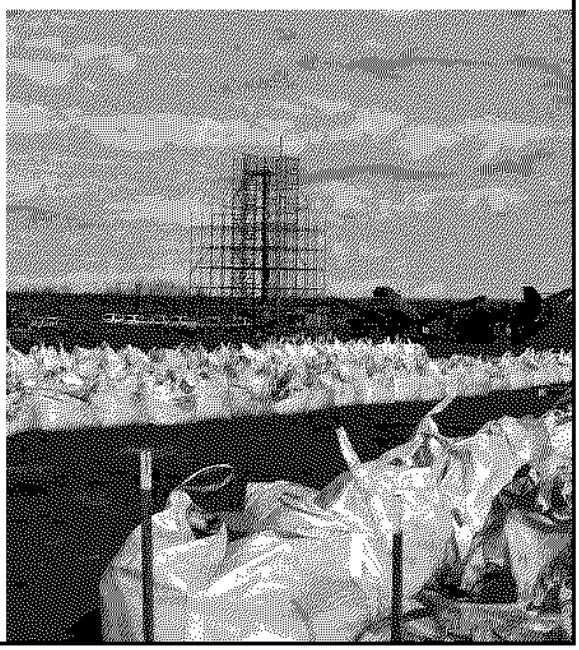
Production Targets

	Mine – Mt	Yr -1*	Yr 0**	Yr 1	2	3	4	5	6	7	8	9	10	11	12
High Grade	Cloud Break	(20)	(30)	35	45	25	20	15	25	25	25	25	25	5	5
	Christmas Creek	-	-	-	-	20	25	30	35	35	35	35	35	10	10
Beneficiated	Cloud Break	-	-	-	-	-	-	-	-	-	-	-	-	15	15
	Christmas Creek	-	-	-	-	-	-	-	-	-	-	-	-	30	30
	Total	-	-	**35**	**45**	**45**	**45**	**45**	**60**	**60**	**60**	**60**	**60**	**60**	**60**

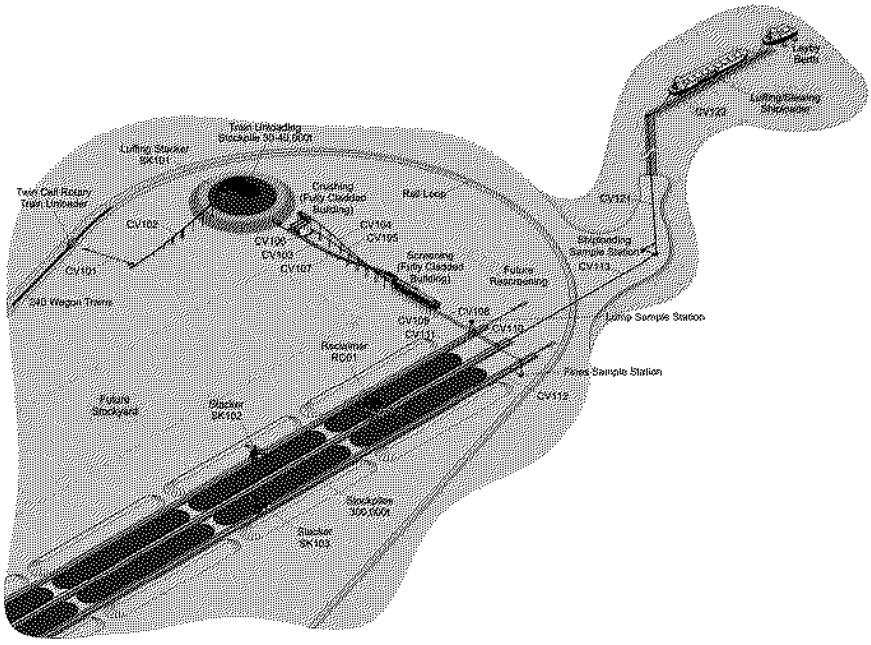
* Overburden and Mine Preparation

** Overburden, Mine Preparation and Stockpiling

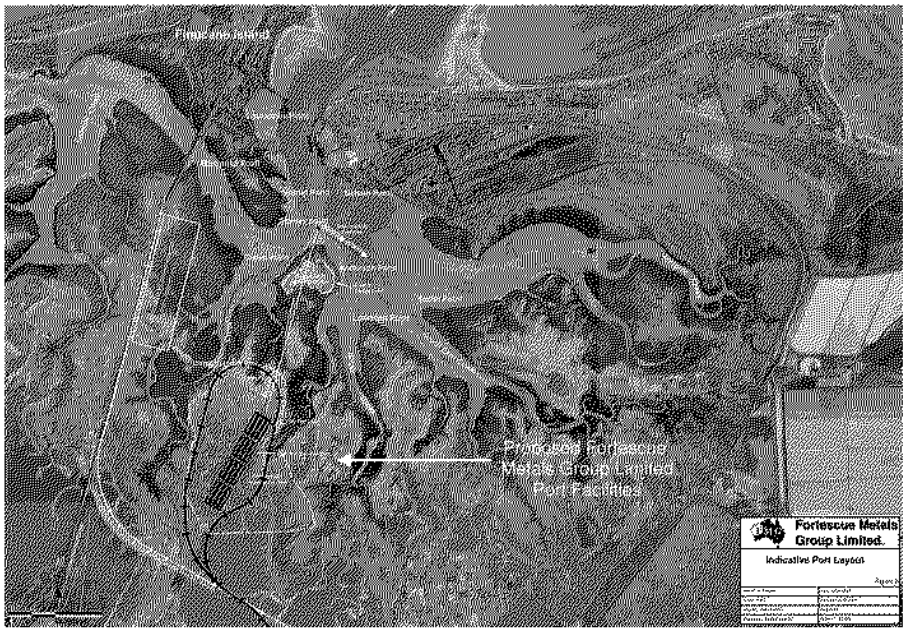
Bulk Sample Drilling, Crushing and Drop Tower Conditioning



Infrastructure – the First Large Scale Open Access Port at Port Hedland



Infrastructure – the First Large Scale Open Access Port at Port Hedland



Infrastructure – at Port Hedland

Sustainable Development

- Infrastructure (Stage A) Environmental Approval granted
- Mining Environmental Approval expected Q4 2005
- Native Title agreement reached
- Heritage surveys completed for key parts of Project to ensure construction to proceed on schedule

Government – Helping Open Access Infrastructure

- Act of Parliament for Infrastructure State Agreement in 2004
- Infrastructure expansion over 45 Mtpa in the State Agreement
- Federal Government awards Major Project Facilitation in 2005
- Mining State Agreement expected shortly
- BHPB declaration will ensure Mindy Mindy JV viability; supported by Government

The New Force in Iron Ore

WorleyParsons Definitive Feasibility Study

- **Infrastructure capital cost estimate of A$1.95 Billion**
- **High level accuracy +/-10%**
- **High level technical confidence – WorleyParsons is a 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**

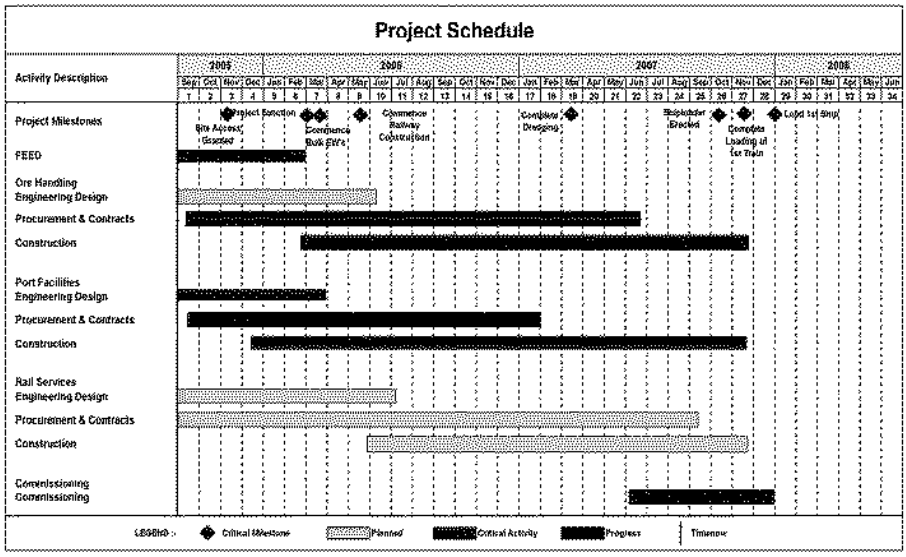
The New Force in Iron Ore

Feasibility Study Complete

Rail	• 255 kms of railway length from Cloud Break to Port Hedland • 4 train sets each comprising 3 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
Production Rate	45 Million tonnes per annum (Stage 1)
Capital Cost	A$1.95 Billion
Operating Costs	A$4.70/t

The New Force in Iron Ore

Project Construction Timeline



Project Finance

citigroup

World's largest bank

GRANT SAMUEL

Leading Australian Corporate Adviser

MILLER MATHIS

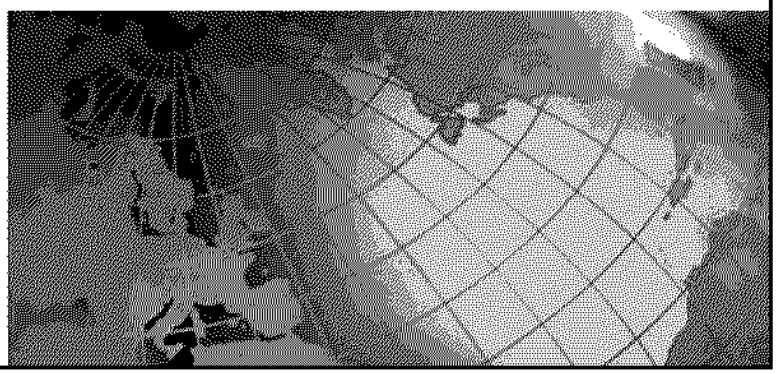
Leading U.S. Steel Industry Investment Bank

WORLD STEEL DYNAMICS

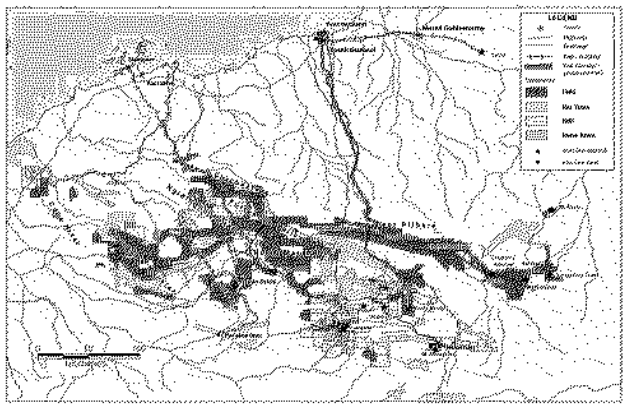
World's Leading Steel Information Service

Economics, Finance and Delivery

- Capex now settled
- Robust economics established
- Equity and Debt discussions advanced
- US Capital Markets, Bank Group and Export Credit Agencies working
- Finance strategy with EPCM and Financial Advisors in place
- On track for late 2007 early 2008 deliveries



Fortescue Metals Group Ltd



The New Force in Iron Ore

Fortescue House
50 Kings Park Road West Perth
Western Australia
www.fmgl.com.au
Progress Update Oct 2005