



Fortescue Metals Group Ltd
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15 November 2005

The Companies Officer
Australian Stock Exchange Ltd.
Exchange Plaza
2 The Esplanade
Perth WA 6000

Dear Sir

Demerger of Allied Medical Limited.

Fortescue Metals Group Ltd ("Fortescue") advises that its Board of Directors has resolved to proceed with the demerger of Allied Medical Limited ("Allied Medical") by way of an equal reduction in capital as approved by members at Fortescue's Annual General Meeting ("AGM") held on 8 November 2005.

As described in the Notice of Meeting for the AGM and supplemented by the ASX announcement dated 12 October 2005, the process for determining entitlement to shares in Allied Medical is described within a timetable whereby the Record Date is 5 business days after an announcement to the ASX advising of the decision to proceed with the demerger. As such the Record Date will be 23 November 2005.

As previously advised to shareholders, Fortescue inherited the medical business from Allied Mining and Processing Ltd in July 2003. The medical products distribution business of Allied Medical does not provide any strategic benefits to the resource business of the parent company Fortescue. Accordingly, directors have resolved that both companies would benefit from the separation of the two operations to enable them to concentrate solely on their respective business plans. Directors have also resolved that the demerger route is the optimal way to divest Allied Medical.

Shareholders will be advised in writing of their entitlement to shares in Allied Medical based on a distribution of 1 Allied Medical share for every 50 Fortescue shares held on the Record Date. Please note that the number of Fortescue shares held by respective shareholders will not be affected by the capital reduction.

Yours sincerely
Fortescue Metals Group Ltd

Rod Campbell
Company Secretary