



Fortescue Metals Group Ltd
ACN: 002 594 872
Fortescue House
50 Kings Park Road West Perth
Western Australia 6005
PO Box 910, West Perth, Western Australia 6872

Telephone: + 61 8 9266 0111
Facsimile: + 61 8 9266 0188
Website: www.fmg.com.au

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

Dear Sir

Fortescue to Commence Construction

Fortescue Metals Group Ltd ("Fortescue") is pleased to announce that it has received approval from the Port Hedland Port Authority for the commencement of construction. The license facilitating earth works was signed on Friday afternoon last week by Fortescue's Mr Andrew Forrest and Mr Andre Bush who is the Chief Executive Officer of the Port Hedland Port Authority ("PHPA").

The start of works will mark a historic moment in the implementation of Fortescue's Pilbara Iron Ore and Infrastructure Project. To mark the occasion Fortescue has arranged a ceremony on site on Wednesday this week with the Hon. Alannah MacTiernan to officiate proceedings. Minister MacTiernan holds portfolio responsibilities for Planning & Infrastructure and is the designated minister under Fortescue's Infrastructure State Agreement.

Ms Cathy Freeman, Olympic Champion and Patron of Fortescue's Vocational Training & Employment Centre ("VTEC") will MC the event. The VTEC forms part of Fortescue's comprehensive community initiative it has offered under the Infrastructure State Agreement. The VTEC will combine on-site training and education with guaranteed employment for successful graduates. The VTEC will operate in conjunction with government, local community and education providers and in partnership with members of the private sector.

Fortescue has finalised the requisite environmental consents required under the PHPA license and is concluding all other approvals for the start of works scheduled for this week

Port Infrastructure represents the longest lead time item within Fortescue's construction program. The commencement of preliminary works as provided for under the PHPA license was necessary for Fortescue to issue the dredging contract, which is now imminent. The site works will focus on land clearing around the planned stock pile area together with the construction of bunding to provide for the deposit of dredging material.

The early start of works has been taken to ensure the integrity of Fortescue construction timetable.

Yours sincerely
Fortescue Metals Group Ltd

Rod Campbell
Company Secretary