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Media Release

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Fortescue Progresses Its Pilbara Iron Ore and Infrastructure Project

Fortescue Metals Group Ltd ("Fortescue") today announced the results of its Control Estimate for the infrastructure (rail and port) component of its Pilbara Iron Ore and Infrastructure Project.

The Control Estimate demonstrates a total A$1.92 billion capital cost for the infrastructure component of the Project inclusive of contingencies of A$233 million.

Establishing a Control Estimate signals the commencement of the execution phase of the project and represents a developed quantification of the capital cost and associated schedule of the port and rail infrastructure.

"After kicking off the earthworks at Anderson Point on the 8th of February and with the dredge vessel on its way, all Fortescue stakeholders can be well assured the New Force in Iron Ore is imminent" said the Chairman of Fortescue Mr Gordon Toll.

Mr Peter Meurs, Managing Director of Worley Parsons, said "Throughout the Control Estimate process we have been working to improve and optimise where possible the efficiency of the Project infrastructure."

As identified in the Definitive Feasibility Study ("DFS") estimate announced in August 2005 the capital estimate of A$1.95 billion included A$120 million for crushing and screening. This equipment will now be part of the mining operation separate to the infrastructure assets of port and rail and therefore excluded from the A$1.92 billion control estimate.

On a like for like basis the Control Estimate of A$1.92 billion compares to the amended 2005 DFS estimate of A$1.83 billion, a rise of 4 percent.

"Noting that the DFS estimate was based on January 2005 prices, the small cost escalation under the Control Estimate is very encouraging in view of higher escalation rates reported for a number of other resource projects." said Gordon Toll.

Fortescue and WorleyParsons are working as an integrated project team and have completed the "front end" engineering and design work which followed the release of the Infrastructure DFS in August 2005.

While the $1.92 billion cost is an estimate (calculated under certain assumptions and projections) rather than a fixed price, it is a much more developed number than that provided under the Infrastructure DFS in August 2005. The process undertaken to arrive at the Control Estimate together with the requisite level of design and engineering detail required, facilitates the Project component parts to be tendered ahead of construction contracts being awarded.

Scheduling under the Control Estimate is based on a project timeline that has infrastructure commissioning finalised by end Q1 2008. First shipments are expected well before infrastructure commissioning is completed.

" WorleyParsons is pleased to be associated with the project and looks forward to working in an integrated team environment with Fortescue on this important project," concluded Mr Meurs.

The infrastructure will initially be capable of handling 45 million tonnes per annum exported through Port Hedland. Once Fortescue has achieved this initial target it will move to expand to 60 million tonnes per annum.

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