



Fortescue Metals Group Ltd
ACN: 002 594 872
87 Adelaide Terrace East Perth
Western Australia 6004
PO Box 6915, East Perth, Western Australia 6892

Telephone: + 61 8 9266 0111
Facsimile: + 61 8 9266 0188
Website: www.fmg1.com.au

NEWS RELEASE

Fortescue awards new construction contracts

Project schedule for 2008 Q1 commissioning

Perth 26 June 2006: Fortescue Metals Group Ltd (ASX:FMG) announced today that it has awarded a number of key contracts consistent with the project timeline for final commissioning in the first quarter of 2008.

New contracts have been awarded to:

- Metso Minerals (Australia) Pty Ltd for the design, manufacture and commissioning of the train unloader at Anderson Point at Port Hedland.
- FFE Minerals for the design, manufacture, installation and commissioning of Excel 1100 crushers at the Cloud Break mine site.
- BGC Contracting for earthworks and culvert construction along the entire 255km route of the rail line.

In addition, commenced contracts are on schedule with two milestones:

- The dredge contractor Jan de Nuls has confirmed the start date for dredging work as the second week of July 2006, with piping currently being assembled to deposit the dredge spoils over Fortescue's port stockpile site.
- The port earthworks program, which commenced in February 2006, is nearing completion of stage one - the construction of bunding around the site perimeter together with the construction of the causeway out to the ship loading site.

"The initial port earthworks are being conducted on time and under budget, and the various new contracts have been executed in accordance with the project timeline allowing us to maintain the project's momentum," Fortescue Executive Director of Operations Graeme Rowley said.

Fortescue's development of its "open access" port and rail network will transport ore from its wholly owned mining operations at Cloud Break and Christmas Creek in the Pilbara along a 255km rail line to Port Hedland. The recent completion of the Definitive Mining Study by Snowden Mining Industry Consultants confirmed the parameters for Fortescue to develop its mine at Cloud Break, with an initial production target of 45 million tonnes per annum after a 15 month ramp up period from first ore production.

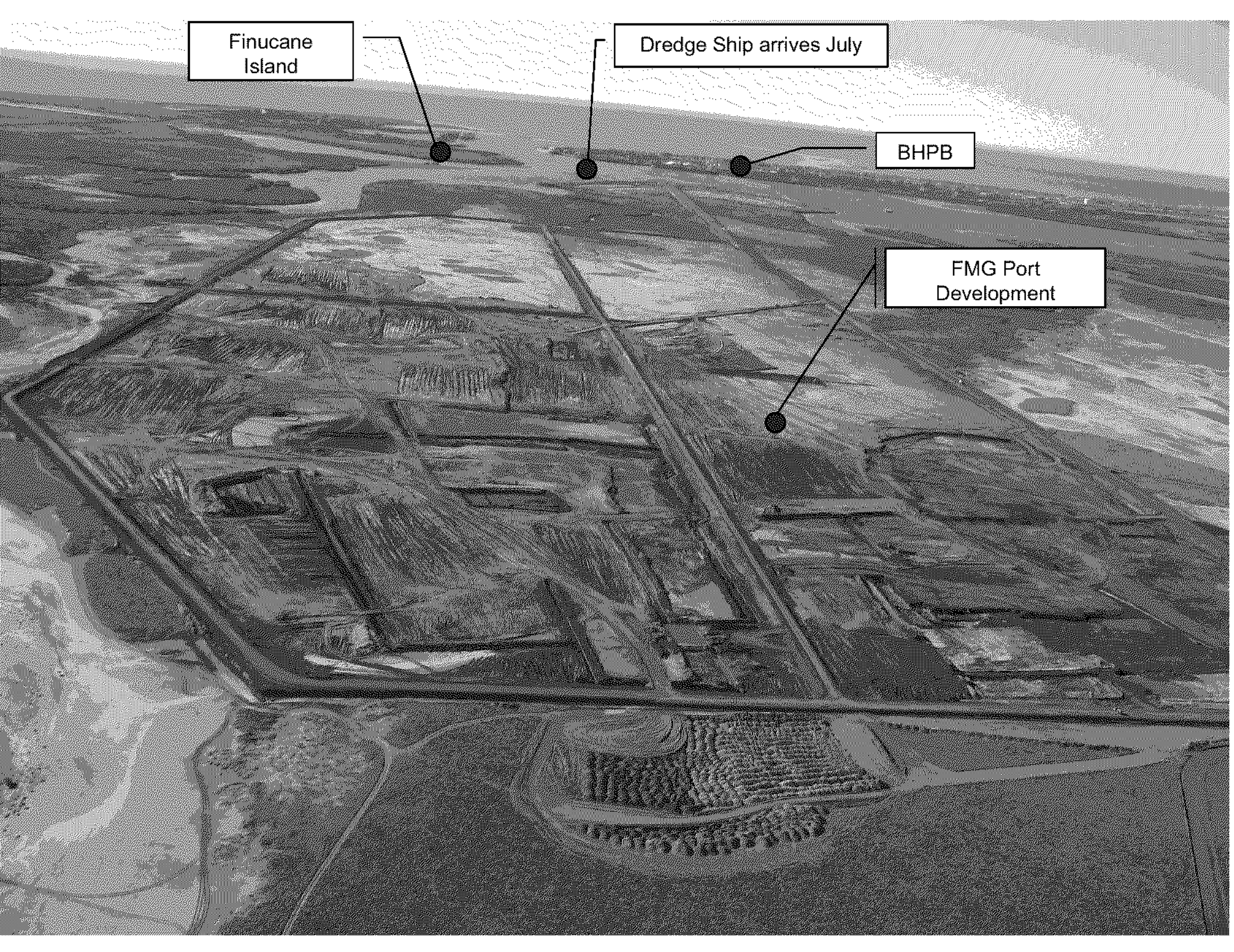
"The project is being developed in a very exciting time for the world's iron ore industry. Supply shortages against ever growing demand have resulted in long term iron ore contract price increases of 90% over the last 2 years. Fortescue is planning to be producing ore within 18 months and our forecasting suggests that strong iron ore demand coming from China will be driving the market for decades to come," Mr. Rowley said.

ENDS

For further information:

Hugh Fraser
Edelman
Tel: (02) 9291 3360

Graeme Rowley
Fortescue
Tel : (08) 9266 0101

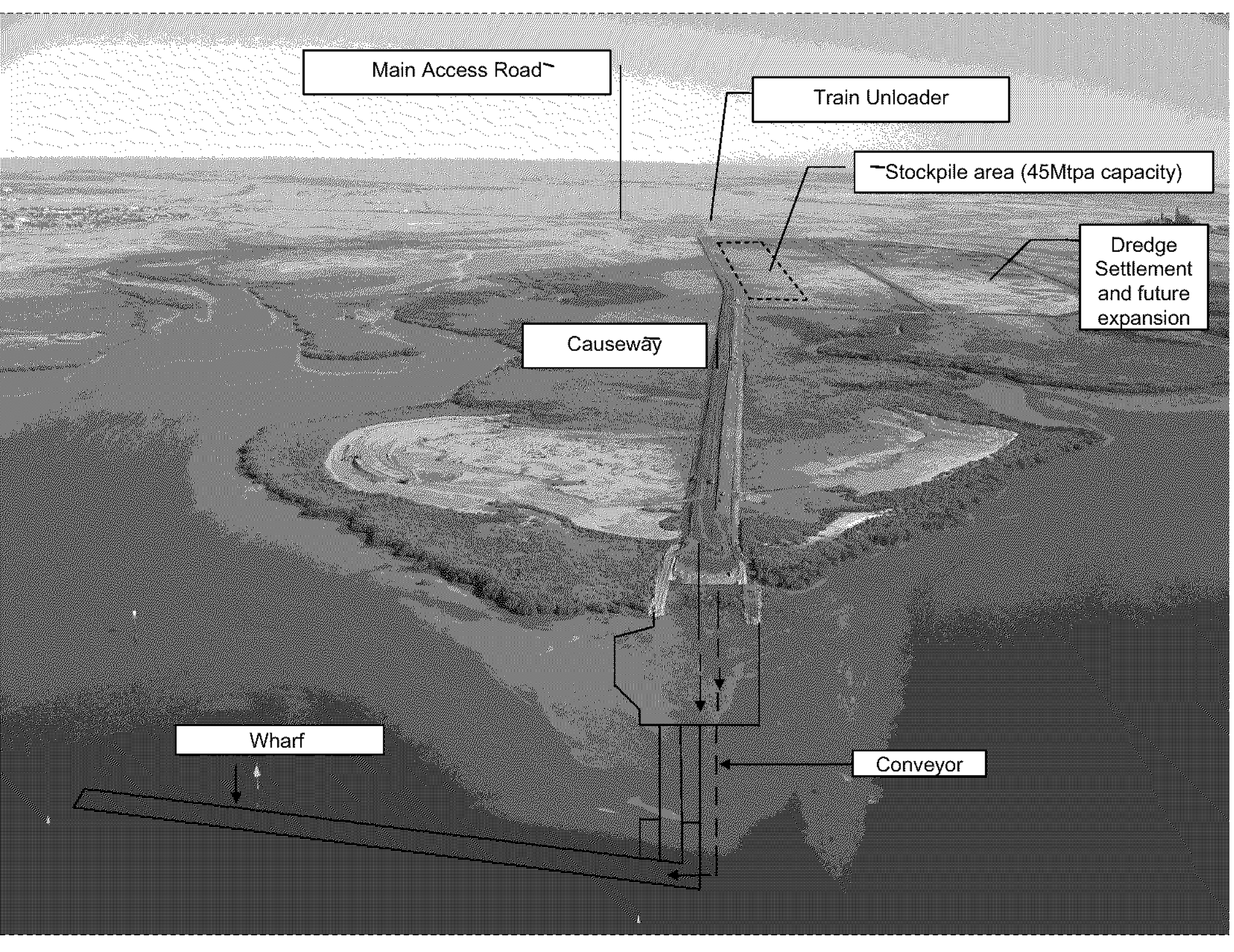


Finucane
Island

Dredge Ship arrives July

BHPB

FMG Port
Development



Main Access Road

Train Unloader

Stockpile area (45Mtpa capacity)

Dredge Settlement and future expansion

Causeway

Wharf

Conveyor