



Fortescue Metals Group Ltd

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11 September 2006

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

Dear Sir,

Marine Structures Contract awarded to McConnell Dowell

Fortescue Metals Group Ltd ("Fortescue") advises that it has awarded a lump sum contract to McConnell Dowell for the design and construction of the marine structures including the jetty and wharf facilities at the company's port site at Port Hedland.

As identified in the Offering Memorandum lodged with the ASX in August 2006, the marine structures contract is one of the key material contracts pursuant to the port and rail development. It represents approximately 10% of the total construction and procurement budget and is one of the largest (in value) project agreements.

The contract value has been agreed at the budgeted price thereby maintaining the integrity of the overall project budget.

Work on the design component of the contract has been ongoing for several months under a separate consulting agreement which has now been rolled into this larger contract. Commencement of on site works is expected to be within the next six weeks.

As previously announced work at the port site at Anderson Point commenced in February 2006. Progress at the port site is within schedule and to date approximately 1 million cubic metres of earth has been moved for bunding and causeway construction. Dredging of the harbour commenced in July 2006 is also tracking to schedule and to date some 750,000 cubic meters of material has been excavated from the harbour representing approximately 15% of the project works.

Fortescue also advises that it has commenced site works on a motel development within the township of South Hedland that will provide for 455 rooms. This facility will accommodate Fortescue construction workers and any surplus rooms will be available for third party use. After project completion the motel will become a permanent tourist facility for the region.

Work has also commenced on several other accommodation villages servicing both the port and rail construction program. In addition to the motel development at South Hedland there is a smaller village being developed within the town that is project specific. There will be two rail construction villages located along the 260 km route of the rail line from Port Hedland to the mine site at Cloud Break. The existing 100 person village at Cloud Break is to be maintained through construction however there will also be a new 750 person permanent village to be constructed at Cloud Break that will be ongoing to house the mining work force when the project moves from construction into production.

Yours sincerely

Fortescue Metals Group Ltd

Rod Campbell

Company Secretary