



Fortescue Metals Group Ltd
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The Companies Officer
Australian Stock Exchange Ltd.
Exchange Plaza
Perth WA 6000

Dear Sir,

Clarification of News Article

Fortescue Metals Group Ltd ("Fortescue") wishes to respond to an article in the West Australian on Saturday 21 October 2006. The article relates to mining lease applications that Fortescue has made in relation to areas adjoining its Cloud Break deposit. The suggestion in the article is that objections being lodged on behalf of the pastoralist on the land – Mulga Downs Station, connected to Gina Rinehart – creates a significant risk to Fortescue's proposed mining operation.

In regards to this matter Fortescue would like to make the following points to ensure people are fully appraised on the matter;

- The mining leases being developed by Fortescue at Cloud Break have already been granted and were not contested by Mulga Downs;
- The initial mine plan area within the Snowden Mining Study that provides for the 20 year mine life at 45 million tonnes per annum, does not comprise any land within the applications objected to by Mulga Downs;
- The applications objected to by Mulga Downs relate to areas adjoining the granted mine plan site and are likely to be used to construct and operate infrastructure peripheral to the mining operation;
- Fortescue has made alternative arrangements to obtain the necessary tenure for infrastructure required to be built within the applications in the event that they are granted with conditions that are unacceptable to Fortescue.

The article also comments on environmental conditions pursuant to Fortescue's operations. The Company refers to prior announcements confirming the receipt of environmental approvals from both State and Federal Governments for its mining plans. These have been recently complemented by approved management plans ensuring the Company's construction operations are conducted with due care and recognition of the surrounding environment including the Fortescue marshes.

Yours sincerely
Fortescue Metals Group Ltd

Rod Campbell
Company Secretary

The New Force in Iron Ore