



Fortescue Metals Group Ltd

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The Companies Officer
Australian Stock Exchange Ltd
Exchange Plaza
Perth WA 6000

Dear Sir

Cyclone Impact on The Pilbara Iron Ore & Infrastructure Project

Fortescue Metals Group Ltd ("Fortescue") provides the following information as an update on the affects of Cyclone George that passed through the Company's Pilbara project on Friday 9 March 2007.

The Company deeply regrets the impact to the project workforce where two fatalities have occurred. Sixteen injured personnel were air-lifted by Medivac from Port Hedland to Perth as soon as weather conditions allowed on Friday evening and Saturday morning. Fortescue can report that these people are under appropriate medical care in Perth hospitals.

The team at Fortescue would like to express their sincere condolences to the family and friends of the deceased. The thoughts of directors and all employees of Fortescue are extended to those people who have been impacted by the tragic events of the last few days.

In total Fortescue arranged for the evacuation of some 730 people out of the Pilbara to Perth over the weekend. Fortescue would like to thank all those involved in this process. The company has offered counselling services to all people affected by the cyclone within its employee and contractor work force.

The Company understands that there will be a Coronial Inquest into the circumstances surrounding the fatalities and there is to be an immediate investigation undertaken by Worksafe. In addition, the Company has commenced its own review of the circumstances surrounding these events.

In addition to the above and in recognition of the Company's obligation under continuous disclosure to provide the market with a project status update following the cyclone, the following information is provided;

Port

There were no injuries to personnel at the port and minimal site damage. Construction work ceased in advance of the cyclone passing with all machinery tied down and the site secured. Slight damage occurred to sections of the bunding area

The New Force in Iron Ore

however all other areas of dredging, wharf piling and general earthworks have not been materially impacted by the cyclone.

It is expected that work will recommence on the port site once weather conditions improve and key services such as power are restored.

The construction camp at South Hedland suffered only superficial damage and the Company will inspect the facility to ensure it is safe for remobilisation.

Rail

All the reported injuries occurred at Rail Camp 1 which suffered significant damage during the cyclone. It is estimated that up to one third of the accommodation units have been destroyed. Inspections of the other facilities will be made as soon as possible to determine the extent of any structural damage.

There were no injuries to personnel at Rail Camp 2 and it was not materially damaged by the cyclone. Notwithstanding there was significant rainfall and the camp was evacuated.

The extent of damage to the actual rail construction sites has yet to be fully determined. It is expected that the heavy rains will have affected parts of the earthworks along the rail line and a more detailed assessment of any material impact of the Project schedule will be advised as soon as possible.

Mine

There were no injuries to personnel at the mine construction camps at Cloud Break. The accommodation units were not damaged, and the cyclone had diminished in intensity by the time it reached the Cloud Break site some 260 kilometres from Port Hedland. Evacuation of non essential workers has occurred from the site and these people have been returned to Perth.

It is anticipated that sections of the site earthworks will have been affected by the heavy rainfall and an assessment of project schedule changes (if any) will be made in the short term once all access roads are open.

Cyclone Jacob

The evacuation program of Fortescue's various sites over the last 2 days was in part a response to the threat of a second cyclone "Cyclone Jacob" that had been threatening to develop into a system of similar intensity to George. The most recent forecasts have since down graded the status of Jacob to a Category 1 event (ie. the lowest cyclone rating) and it is expected to pass to the west of Port Hedland during today. Accordingly Jacob is not expected to cause any undue damage to Fortescue's operations within the Pilbara.

Insurance

Fortescue does have project insurance in place however until the extent of any damage is properly surveyed, it is considered too early to comment on the likely recovery under such policies.

Overall Cost & Schedule

As commented the impact of cyclone George will be felt across both the project cost and schedule. The full affect of this will not be known until a proper assessment of the extent of damage and remobilisation costs can be quantified. Notwithstanding, the company is confident that it has the appropriate contingencies in place to mitigate any risk of an adverse material change to the project's financial position.

Yours sincerely

Fortescue Metals Group Ltd

Rod Campbell

Company Secretary