



Fortescue Metals Group Ltd

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

Dear Sir

Project Update

Fortescue Metals Group Ltd ("Fortescue") provides the following Project update following Cyclone George on 9 March 2007.

Remobilisation:

As reported last Friday the process of remobilising workers onto a number of sites has been ongoing over the week.

At the port site the majority of workers remained at Port Hedland and work has recommenced on dredging, wharf piling and port earthworks. Work on the train unloader is under reduced capacity until the Port Hedland airport camp is fully remobilised. The remaining workers are expected to be back on site over the next week.

Gradual remobilisation is being undertaken at the Cloud Break mine noting that approximately 70 people remained on site through the cyclone which had been downgraded to below cyclone rating by the time it had passed Cloud Break some 260 kilometres inland from Port Hedland. Those workers who remained on site have recommenced work. Notwithstanding, Cloud Break will not be fully remobilised until the two accommodation camps have been cleared from a structural perspective and the site cleared from a safety perspective. It is expected that construction works will return to full capacity within the next 2 – 3 weeks.

Work on the rail line has not recommenced to date as the respective contractors have not yet been able to return to their accommodation. The timing of remobilisation has not been confirmed, however it is expected that workers will move back into rail camp 2 by the end of March. A return to rail camp 1 will take longer however Fortescue is looking to redeploy workers onto the areas previously serviced by rail camp 1 from other accommodation points.

Cost and Schedule Impact:

The detailed assessment of cost and time impact is still being conducted and it is not expected to be completed until April given the extensive process of rescheduling the entire project to reflect the various factors that require remodelling.

The New Force in Iron Ore

With regards to actual cyclone damage, the company refers to its earlier announcement on Monday March 12 where a preliminary assessment of the damage was made. Fortescue can confirm that this assessment still holds to the extent of limited damage at the mine and port facility. The rail project experienced more material damage however much of this was formation earthwork wash outs. The bridge piling work has been largely unaffected. There was some damage to certain culvert works but these wash out areas can be promptly rectified once site works recommence.

The schedule impact will be related to the ability to get workers back into accommodation and back to work. As stated this process has already commenced but it will take some further weeks to fully remobilise the existing accommodation sites.

However, quite apart from getting the pre-existing accommodation back on line, the availability of new accommodation is expected to ramp up quickly over the next 2 months in line with new rooms coming on stream at Fortescue's South Hedland motel development and the Cloud Break permanent mine camp. This will facilitate an expansion of options for accommodation and allow for increased numbers to be directed toward the critical path project areas.

Personnel:

Fortescue can report that Mr David Steele, a senior executive from WorleyParsons has been appointed as Project Director. Mr Steele has had an ongoing involvement with the project over the last few years and replaces Mr Bill Ramsey who has taken some time out due to health reasons. On his return to work Mr Ramsey will remain involved in the project on a consulting basis.

Yours sincerely

Fortescue Metals Group Ltd

Rod Campbell

Company Secretary