



Fortescue Metals Group Ltd

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

Dear Sir

Trial results for new iron ore fines product “Rocket”

Fortescue Metals Group Ltd (“Fortescue”) advises that it has concluded¹ a detailed pilot plant test program that has successfully upgraded its Cloud Break Super Value (“SV”) fines product to a higher Fe grade product.

In parallel with Fortescue’s program, Central South University (“CSU”) has conducted sinter pot tests of the product. These tests are designed to measure the performance characteristics of the product through the iron making process when compared to existing product types.

The new product will be known as Rocket in recognition of its sinter making efficiency.

In summary, the key test results from both programs are:

- Rocket is a major new Marra Mamba product within Fortescue’s suite of products;
- Sinter performance traits compare well with existing CID products such as Yandi for which very large established markets exist;
- Iron content upgrades from 57.6% Fe to 59.5%;
- Fortescue does not intend to continue marketing SV as Rocket produced from SV has a much higher value in use.

Fortescue’s test program was to assess the upgrading of its SV fines run of mine material (“ROM”). Under the trial, approx. 75% of the ROM was graded directly to product and the balance was desanded through a washing facility. A proportion of the desanded material was subjected to gravity separation through spirals. Washing through hydrocyclones and gravity separation are simple processes commonly used within the iron ore industry.

¹ Beneficiation tests to upgrade desanded SV were conducted at Fortescue’s pilot plant whilst sinter pot tests were by Central South University (“CSU”) which is one of China’s foremost metallurgical research institutions. Fortescue’s Head of Resource Strategy, Dr John Clout, has overseen the development and implementation of the research work.

The beneficiation applied to part of the ROM has a twofold effect of upgrading the iron content of the sample, together with reducing contaminants like alumina that adversely influence steel making performance. Once upgraded, this material was then combined with the 75% ROM that went straight to product. In aggregate, the process resulted in the original ROM sample of average grade 57.6% Fe (nb. the same Fe grade as the low grade reserve) being successfully upgraded to product with 59.5% Fe. The mass yield recovery was just over 81%.

The Rocket specification is to be 59.0% iron Fe, 3.9% silica (SiO₂) and 1.9% alumina. This is better than that planned for Fortescue's SV fines product in terms of higher Fe and lower contaminants particularly alumina. The small additional cost of the gravity separation process (which is not applied to the SV product) is insignificant compared to the higher selling price. Fortescue therefore does not intend to continue marketing its SV product as Rocket produced from the single further upgrade of SV is of considerably higher value.

Furthermore, the testing has enabled Fortescue to optimise the design of the planned A\$43million SV desand plant to include making Rocket fines but at no additional cost.

CSU also conducted sinter test work on Rocket fines to determine its various performance characteristics. In tests where Rocket was used as a 10% product blend replacing high grade CID ores, under low temperature conditions, Rocket gave higher tumble strength, yield, productivity and flame sintering speed.

Further comparative tests were conducted using Rocket fines as a 15% blend component replacing currently used Marra Mamba fines which also produced improved tumble strength, yield and flame sintering speed but at a slightly higher fuel rate.

The pilot scale tests have well established correlations to full scale sinter plants in China and CSU is widely regarded by the steel industry for its integrity of research work.

In summary, the CSU test work has confirmed that Rocket will be a highly viable sinter fines product and well suited (like the Yandi product) for blending with other imported ore blends or blending with local Chinese ores containing magnetite. Fortescue will continue to conduct beneficiation test work with the objective of improving the mass recovery above 85% and also with CSU to try and further enhance the sintering performance of the ore.

Yours sincerely
Fortescue Metals Group Ltd

Rod Campbell
Company Secretary

**PILOT SCALE BENEFICIATION AND SINTER TEST RESULTS FOR FORTESCUE'S
SIMULATED ROCKET FINES PRODUCT**

COMPETENT PERSONS AND SOURCES OF INFORMATION

Responsibility for the compilation of information relating to beneficiation and sinter test work is accepted by Dr John Clout, Head of Resource Strategy. Dr Clout holds a senior position with Fortescue Metals Group Ltd

Declaration in accordance with the JORC code (2004)

"The information in the report to which this statement is attached that relates to primary metallurgy and sinter testing is based on information compiled by Dr John Clout, who is a Fellow of The Australasian Institute of Mining and Metallurgy.

"In particular, sinter processing results were compiled by Dr John Clout from pilot scale pot grate sinter tests conducted on simulated Rocket fines products from Cloud Break by the Central South University (CSU) in Changsha (China). Dr Clout directed, supervised and interpreted the pilot scale beneficiation test work on Rocket fines conducted at the Fortescue pilot plant. The results from this work were successfully cross checked by independent hydrocyclone testing at the CSIRO Minerals and laboratory heavy liquid separation work at Amdel."

"Dr Clout has reviewed this information in his capacity of Head of Resource Strategy and has satisfied himself that the values quoted are reasonable and accurately reflect the operations involved."

"Dr Clout is a full-time employee of Fortescue Metals Group Ltd and holds the position of Head of Resource Strategy."

"Dr Clout is an internationally recognised expert in the field of iron ore beneficiation, sintering and high temperature processing of iron ores and blending. Dr Clout has sufficient experience which is relevant to the style of mineralisation and type of deposit with over 15 years experience in pilot-scale beneficiation and sinter testing of iron ores under consideration to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Clout consents to the inclusion in the report of the matters based on his information in the form and context in which it appears."

**Dr John Clout,
Head of Resource Strategy,
Fortescue Metals Group Ltd**