



QUARTERLY REPORT

MARCH 2007

The New Force in Iron Ore

Key Points

- Major off-take agreement signed with China's largest steel mill, Baosteel, for up to 20 million tonnes per annum "Mta", comprised of 5Mta of initial production and up to 15Mta of expansion tonnes.
- Fortescue has now fully committed its initial base production target of 45Mta and planning is advancing regarding the potential for expansion.
- Baosteel also signed an MOU for joint exploration and development of a potential Magnetite deposit and Fortescue's general exploration work continues at a number of sites with encouraging intercepts recorded.
- Fortescue's tenement portfolio increased to over 38,000 km² with a number of key acquisitions during the period.
- During March, the project suffered the effects of three cyclones resulting in an adjustment to schedule (6 week delay) and capex (A\$106m increase). Notwithstanding, Fortescue is confident of completing the project within the available funding package.
- Port works were only minimally impacted by the cyclone and progress to date is on schedule with dredging now 98% complete and 37 wharf piles are in place.
- Mine site work at Cloud Break is also progressing well: the concrete footings for the ore preparation facility are being poured, 600 rooms are now available for on site accommodation and the airstrip is soon to be surfaced.
- The rail works program was adversely affected by the cyclone and as a result the first ore on ship ("FOOS") date has been amended to mid May 2008.
- Several major commodity forecasters are now looking at iron ore price rises for both 2008 and 2009 as the iron ore supply situation tightens and China's demand remains strong.



GENERAL CORPORATE

March cyclones

As advised in a number of releases made through March, the project suffered from the adverse effects of three cyclones that passed over the project area during March 2007. The financial and schedule impact of these events were estimated in the March Note holder report lodged 18 April 2007 which identified a schedule delay of 6 weeks and a forecast project cost increase of A\$106 million.

The source of funds for the additional capital cost is to be an allocation from the cost overrun reserve which was funded to A\$300 million which is in addition to a separate back up reserve of US\$100 million as raised at financial close in August 2006.

The Company deeply regrets the human tragedy of the cyclone with the death of two contract workers on the rail site. In honour of these colleagues, Fortescue is to dedicate two annual awards as recognition of excellence in the workplace. The company is also to hold a memorial service in Port Hedland.

Market demand pushes planning for expansion

As noted under the marketing section, Fortescue has now fully committed its initial base production target of 45 million tonnes per annum ("Mta"). In line with continuing customer demand as evidenced by the desire of both Baosteel and WISCO to secure additional tonnage, Fortescue is mapping out an expansion plan. While Fortescue notes that any such expansion will require various approvals including government and finance, the Board believes that the market dynamics are compelling and the Company is well placed to leverage its infrastructure footprint.

Staged development of 76 Ha Port Hedland footprint

As released to the ASX during the period, Fortescue is developing a plan to sequentially add to its base port, rail and mining systems to accommodate a staged expansion. The "bolt on" nature of the program means that progressive expansion of the infrastructure platform can be achieved to match market demand. The Company believes that its 76 Ha site at Anderson Point could ultimately service a product handling and ship loading capacity of up to 180 million tonnes per annum. This would require up to 6 berth pockets and an additional 4 car train unloader. Clearly such an eventuality would require extensive additional capex and further regulatory and other approvals. Notwithstanding, the Board believes that it is good management to develop a future vision particularly given the competitive advantages that the Pilbara is afforded in its mineral riches and proximity to China and South East Asia.

Cash at end March 2007 \$2.049 Bn

Fortescue's cash balance as at end March 2007 was A\$2.049 billion.



CONSTRUCTION

***Dredging
now 98%
complete***

Construction during the period was impacted by the cyclones that passed over the project area in early/mid March. Remobilisation occurred promptly at the port and mine sites and construction activity is continuing at pace. The rail sites have been progressively remobilising since the cyclone with the limiting factor being accommodation. In response the company has put in place a strategy of more work camps to facilitate the opening up of additional work fronts (refer Accommodation and Remobilisation section of this report). Notwithstanding the overall works program has been rescheduled to allow for a six week delay on the pre-cyclone position.

The following gives a summary of the status of each of the project areas with some key performance detail to measure progress.

Port:

- Dredging for the loading berths and turning circle is all but complete with approximately 4,600,300 m³ of material excavated in the process.
- The marine structures contractor is progressing well with 37 of the total 80 piles in place – the program is on schedule to complete both the jetty and the wharf for the scheduled ship loader delivery.
- The concrete contractor has poured 1,135 m³ of the 6,500 m³ of concrete associated with the train unloader and is set to complete this task on schedule.
- The bulk earthworks contractor has completed 323, 000 m³ and will enable the stacker/reclaimer construction to proceed per the schedule.

***37 wharf
piles in place***

***Concrete
pour for Ore
Process
Facility***

Mine:

- The bulk earthworks contractor has moved 1,243,600 m³ of material associated with the airport and ore processing facility.
- The 2.4 kilometre Cloud Break airstrip is on target for completion during May.
- Concrete pouring at the ore preparation plant has commenced.

***Sleepers and
rail steel
being
stockpiled at
site.***

Rail:

- 30,000 tonnes of ballast will be crushed and ready for delivery to field depots by the first week of May.
- 157,167 sleepers have been produced and placed in storage yards and are ready for delivery to the work site – 420,000 sleepers required in total.
- 18,692 tonnes (130 kilometres of track) of rail has been unloaded at Port Hedland and placed in intermediate storage. A third shipment of 6,807 tonnes (47 kms) is presently en-route to Hedland. A total of 38,000 tonnes of rail are required.



Contracts:

***A\$106 M in
Contracts
signed during
the period.***

During Q1 2007 there were \$106 million in contracts awarded including the following:

- Mine belt feeders – Budget
- Mine variable speed drives – ABB
- Motors – WEG
- Shop detailing – PDC Consultants Pty Ltd
- Mine control systems – Motherwell Automation
- Conveyor idlers – Continental Conveyor & Equipment Pty Ltd
- Port bulk earthworks, embankments, haul roads and drainage – Ridwest
- Freight services – Schenker
- Catering for airport construction camp – Spotless Group
- Train unloader dust collection system – HPS Environmental
- Rail signals and communication system – Union Switch & Signal

Previous Quarter Contracts

During the period October – December 2006 there were \$222 million in contracts awarded with the following list identifying the material contracts:

- Port train unloader – Nino's and Mobile Dewatering
- Port and mines switch and control rooms – Plummers Industries Pty Ltd
- Port structural fabrication – Fremantle Steel
- Camp construction – Spunbrood Pty Ltd and Smith Prell
- Port scour protection – Goodline and Alliance Contracting
- Mine structural steel fabrication – AGC Industries and SDR Australia
- Mine screen and feeders – Ludowici Mineral Processing and JEOST Australia
- Mine train loader – Schenck Process Aust
- Mine belt feeders – RCR Engineering
- Port and mine conveyor drives and belting – David Brown Gear Industries and MITSUI
- Mobile radio systems – Comgroup
- Medical services – St John
- EPCM alliance agreement with WorleyParsons
- Dredge contract with Jan de Nul Group
- Rail earthworks contract with BGC
- Mine site crushing plant signed with FFE Minerals (Australia) Pty Ltd
- Marine structures with McConnell Dowell
- Construction and commissioning of ore stackers and reclaimers signed with Thyssen Krupp
- Construction and delivery of rail sleepers with Austrack
- Rail locomotives with United Group and GE



- Rail wagons with China South Locomotive and Rollingstock Industry (Group) Corporation
- Design and construction of the train unloader with Metso Minerals (Australia)
- Rail track laying and bridge construction with Laing O'Rourke Australia
- Mine site buildings including office building, fuel depot, equipment wash down area and workshop to Wylie & Skene Pty Ltd
- Rail ballast supply to BGC
- Cloud Break mine village to Nomad Building Solutions Ltd
- Supply of steel for rail track with Pangang Steel
- Fabrication of screening house structural steel to the Ausclad Group

ACCOMMODATION AND REMOBILISATION

During the period there was damage done to a number of Fortescue's camps that were in the direct path of Cyclone George. A further two cyclones Kara and Jacob also impacted the area through excessive rainfall. Collectively the cyclones caused personnel evacuations and some construction delays.

Despite these setbacks, Fortescue is progressing its overall accommodation program and key events of the period under review are summarised below:

- 60 rooms at Fortescue's motel development at South Hedland have recently been opened for occupation. The progressive opening of the balance of rooms up to a total of 456 is planned over the next few months noting that a further 240 rooms should be opened by the end of May 2007.
- The accommodation strategy for the rail construction has been reviewed and it is now planned to supplement the structure of the existing 2 main rail camps to include 4 smaller "line" camps.
- Refurbishment of the 2 main camps is progressing with 60 people on site at Rail Camp 2 and the balance of rooms up to a total 300 expected to be opened by end May. Reconstruction of rail camp 1 is progressing with the units being dismantled and overhauled. Remobilisation of rail camp 2 to accommodate 200 people is scheduled for early June.
- The line camp construction program has scheduled rooms becoming available from mid/late May with a total of 330 rooms to be available by end June.
- The accommodation structure for rail construction will then allow for the opening of several new working fronts with less site travel time required.
- The Port Hedland airport camp is operating at its maximum capacity of 190 beds.
- Cloud Break is now accommodating c.600 workers at both the permanent mine camp (c.400 people) and the original exploration camp (c.200 people). The permanent camp is being progressively opened and this will continue over May – June 07 until the full 500 beds are available. There will also be a temporary camp of 300 people through mine construction.



EXPLORATION AND GEOLOGY

General:

Fortescue explores new sites within tenement holding

Field exploration activities commenced in the second half of January following the Christmas-New Year break. Field work was curtailed for a few weeks in March as a consequence of the cyclones, however work has now recommenced in all areas.

Flying Fish:

Target Resource of 150Mta

This area is located about 75km west-northwest of Tom Price. Drilling recommenced in early February however the rig was stood down for about three weeks due to wet weather in March. The target is Mt Newman style Marra Mamba mineralisation such as Mining Area C and West Angelas. Mineralisation with thicknesses and grades similar to those reported in the December Quarterly continue to be intersected. The mineralisation appears to occur in structurally controlled lodes. It is expected that this phase of drilling will be completed during the coming quarter and an estimate of resources defined will be released. The Company's exploration Geologists have set a target resource of about 150 Mt and anticipate an average grade of between 61 and 62% Fe with low phosphorus levels of about 0.05% P – noting this target is hypothetical in nature and may not be achieved.

There is good evidence of additional mineralisation on adjoining tenements which are under application by Fortescue. It is expected that these tenements will be granted later this year and further resource definition drilling will be undertaken at that time.

Mt McLeod:

Recently acquired tenements show Marra Mamba mineralisation

This area is located about 40km northeast of Tom Price. During the quarter, Fortescue acquired 9 tenements from Poondano Exploration Pty Ltd as mentioned in the acquisitions section of this report. Five of these exploration licences are in this area which, together with pre-existing Fortescue tenure, form extensive coverage of Marra Mamba Iron Formation along strike from the Marandoo deposit. Previous drilling has returned an intersection of 12 m of 56.6% Fe in probable Marra Mamba rocks.

Fortescue has completed preliminary geological mapping of outcrops and has planned a drill program which is scheduled to commence in May.

Solomon:

The Company has identified approximately 80km of paleochannels which are known to host Channel Iron Deposits (CID) in this area located about 50km north and northeast of Tom Price. These include several kilometres of outcropping CID material.



Sampling shows potential for economic mineralisation

Sampling of surface exposures indicates good potential for economic mineralisation. This is supported by the results of a few wide-spaced reconnaissance drill holes completed by previous explorers. Some of these have returned thicknesses in excess of 10 metres with average grades of more than 58% Fe. The Company's geologists have planned an extensive drill program to identify the better areas which will be drilled out to an Inferred Resource status. It is planned to commence this drilling in May.

Good Fe results on outcrop material

Brockman Iron Formation Targets:

Geological mapping work by the Fortescue exploration team has identified five areas of outcropping iron mineralisation in Brockman Iron Formation around the Tom Price district of WA. These outcrops are potentially significant in size with surface dimensions that can be measured in kilometres. Outcrop sampling has returned assays of up to 66.5% Fe. Only one of these five areas has been drilled by previous explorers. This wide-spaced reconnaissance drilling returned 48 metres of 64.3% Fe and 18 m of 62.1% Fe with acceptable phosphorus levels in separate holes about 1km apart. Drilling of these areas will take place sequentially during the year with the first drilling likely to commence in June.

Mt Lewin:

Recently the Company has commenced a drilling programme at Mt Lewin, east of the Christmas Creek deposit in the Chichester Range. This programme is intended to confirm the existing resource of 198 Mt and to locate additional resources. While this programme is at an early phase and no assays are available, Fortescue geologists consider that some additional resources have been discovered based on visual estimates. The drilling programme continues.

Glacier Valley Magnetite:

Magnetite exploration JV with Baosteel.

This area is located south of Port Hedland in reasonably close proximity to the rail line currently under construction. During the quarter, the Company announced a MOU leading to a joint venture with Baosteel which will carry out exploration on this project with a view to defining a significant magnetite resource. Fortescue geologists have designed a draft evaluation programme which is presently being reviewed by Baosteel with the intention of commencing an aggressive drilling programme early in the third quarter of this year.

MINING

Overburden removal to commence in September 2007

The Pilbara Mining Alliance's ("PMA") main focus over the March quarter has been the finalisation of the definitive mining plan and schedule – PMA is an alliance between Roche Mining and Fortescue. It is expected that this work will be completed within the next two months.

The commencement of overburden removal is planned for September 2007 and ore mining is scheduled to commence in October 2007.



***Mining of Ore
to commence
in October
2007***

Extensive work continues on defining the key elements of the plan to incorporate all of the necessary parameters, including:

- Productivity of plant and equipment
- Strip ratio
- Product specification and product mix
- Pit dewatering.

Major plant and equipment procurement continues and there are currently no items on any critical path that will interrupt the operational schedule. No material change has been made to the mining capital budget of \$425 million.

With the selection of the core overburden and ore mining equipment occurring in the December quarter, the primary focus during this quarter has been finalisation of supplier contracts with Wirtgen, Caterpillar and Terex.

In addition to the core fleet, the selection of the appropriate support equipment, specifications for Stage 1 of the 700m ore conveyor system, and the mobile stacking conveyor system, which is planned to be integrated into the overburden removal process during the December 2008 quarter, have been completed.

Longer term supplies of tyres has been secured through both Roche Mining and Promac. The attention now turns to the supply of operational and longer term requirements, which are expected to be contracted for the operations phase through December 2009.

METALLURGICAL TESTWORK

***New Rocket
sinter fines
higher Fe
specification***

Beneficiation tests to upgrade desanded Super Value "SV" were conducted at Fortescue's pilot plant during the quarter and successfully upgraded the Cloud Break SV fines product to a higher Fe grade product called "FMG Rocket Sinter Fines". 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.

***No increase to
capital cost -
will replace
Super Value
Fines***

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 recovery was just over 81%.



CSU tests confirm highly competitive sinter quality and productivity

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 Super Value 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 Super Value product) should be more than compensated by a superior selling price. Fortescue therefore does not intend to continue marketing its Super Value product as Rocket produced from further processing 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.

In parallel with Fortescue's beneficiation program Central South University "CSU" has conducted sinter pot tests of the FMG Rocket Sinter Fines product. These tests are designed to measure the performance characteristics of the product through the ironmaking process when compared to existing product types. 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 new product will be known as "FMG Rocket Sinter Fines" in recognition of its sinter making efficiency.

Pilot tests have strong correlation to full scale sinter plants.

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.

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 ores 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 to above 85% and also with CSU to try and further enhance the sintering performance of the ore.



MARKETING

Fortescue signs 20Mta off take agreement with Baosteel

Fortescue has now completed its marketing program for the initial first stage 45 million tonnes per annum (“Mta”) production target. This was achieved during the quarter by the signing of a sales agreement with China’s largest steel mill Shanghai Baosteel Group Corporation.

The full agreement covers up to 20 Mta based on a commitment to purchase up to 5 Mta (11%) of Fortescue’s initial production and a further minimum of 11Mta, up to a maximum of 15Mta, out of the first 25Mta of Fortescue’s expansion tonnage (any Fortescue expansion beyond 45Mta is subject to Fortescue Board and other requisite approvals including government and finance).

First stage production of 45Mta now fully committed

A Memorandum of Understanding (“MOU”) was also signed between Fortescue and Baosteel to form a joint venture to explore and develop a potentially large area of Banded Iron Formation magnetite material close to the Fortescue rail corridor, which lies between the mine site at Cloud Break and Port Hedland. Both companies intend to convert the MOU into a JV agreement within 90 days of the MOU signing. Such a JV would lead to an exploration programme with a primary delineation target of a billion tonnes.

Future iron ore prices predicted to rise

The benchmark iron ore price for the 2007/2008 period has been set to increase by 9.5% over the 2006/2007 benchmark. Several groups, including Goldman Sachs JBWere, JP Morgan and Credit Suisse have forecast further rises in benchmark prices for the next 2 years, which would bode well for Fortescue as it enters the market.

TENEMENT PORTFOLIO

Pilbara tenement portfolio now in excess of 38,000 km²

Fortescue’s Pilbara tenement portfolio now covers an area in excess of 38,000 km². This tenement footprint includes granted and pending exploration licenses and mining leases, some of which are subject to agreements or joint venture arrangements.

New western Pilbara mining lease application and entry into Native Title process

Fortescue has applied for a 43 km² mining lease over the Flying Fish prospect, which is currently under development for a Marra Mamba iron ore resource.

The mining lease application has recently entered the Native Title “right to negotiate procedure” with the four month notification period beginning on 25 April 2007. This procedure is an essential part in the granting of the mining lease for the proposed mining operations at Flying Fish.



New tenement agreement

During March, a tenement sale agreement was executed with Poondano Exploration Pty Ltd and other parties, assigning all of Poondano's tenements to Fortescue. The Poondano ground consists of approximately 1,200 km² of granted exploration licenses in the Pilbara region and contains occurrences of mineralised Marra Mamba Iron Formation close to Fortescue's Solomon target in the Central Pilbara.

APPROVALS AND COMMUNITY

Management plans well established

As per the previous quarter, the work around approvals is to finesse the various umbrella approvals that have been received. Most of the key environmental PER approvals are based on specified conditions requiring the development and adherence of a series of management plans. As previously advised, Fortescue has developed all its key construction management plans and is now working on the range of plans required for the operational phase. The Company's environmental team comprises 7 people together with on site monitors who oversee the implementation of the management plans.

Ongoing work is also a feature of the Native Title and Heritage team that is working closely with the key Aboriginal groups across the project footprint. Similar to the environmental process, the various Land Access Agreements and the Heritage Approvals have conditions that require ongoing attention and monitoring thereof. Fortescue's head office team managing this process consists of 12 people together with numerous people working on site. One of the key responsibilities of site management is to ensure that the works programs do not compromise the approval conditions as provided under the land clearing permits granted to the company.

VTEC program with 35 trainees underway

One of the important Indigenous initiatives the Company is nurturing is its Vocational Training and Employment Centre ("VTEC"). The concept of VTEC is to provide training and employment for Indigenous workers within the Pilbara region. An educational facility has been established at Pilbara TAFE Pundulmurra Campus. The first course under the program is for 35 people who are being trained for work in the rail construction and operational stages. The program is a collaborative venture where Fortescue is assisted in the funding of the program with support from the Department of Employment and Workplace Relations ("DEWR"). Fortescue has also received solid support from its contractors particularly Pilbara Logistics, Laing O'Rourke and McConnell Dowell who have agreed to provide employment positions for those people who successfully complete the training program.

Community Forum follow up.

Following a community forum focussing on housing in 2006, the community relations team has been heavily involved in advancing solutions to the existing accommodation challenges throughout the Pilbara in the first quarter of 2007. This has involved ongoing consultation at State and local government levels.



The team is continuing to work on the implementation of Community Development Plans for The Pilbara Infrastructure and FMG Chichester which form part of the State Agreements. The community office continues to draw a high level of community interest, with the bulk of the community inquiries regarding potential employment opportunities on the project.

OTHER SUBJECTS

BHPB's appeal over the Justice Middleton decision to facilitate Fortescue's claim for access to BHPB's rail network for its Mindy Mindy deposit continues. The court recently awarded costs against BHPB pursuant to the original legal action whereby Middleton ruled in favour of Fortescue's claim. The outcome of the appeal hearing is likely to be known shortly as the hearing is currently being held.

***Federal
Government
tender***

In noting the issues of accommodation shortages within the Pilbara, Fortescue has teamed up with the Port Hedland Council in response to a Federal Government tender to lease the city's detention centre that has been closed for some years. The Company believes that with appropriate refurbishment, the facility could play a role in an overall medium term accommodation solution for the town.

FORTESCUE METALS GROUP LTD

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

FORTESCUE METALS GROUP LTD

ABN

57 002 594 872

Quarter ended

31 March 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A000	Year to date (9 months) \$A000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(2,657)	(9,262)
(b) development	(357,136)	(982,629)
(c) production		
(d) administration	(1,356)	(8,719)
(f) Other		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	35,558	88,310
1.5 Interest and other costs of finance paid	(134,758)	(145,735)
1.6 Income taxes paid		
1.7 Other		
Other Payments – Deposits Paid		
Net Operating Cash Flows	(460,349)	(1,058,035)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects		
(b) equity investments		
(c) other fixed assets	(1,999)	(6,391)
1.9 Proceeds from sale of: (a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities - (to associated JV company)		
1.11 Loan repaid by other entities		
1.12 Other		
Net investing cash flows	(1,999)	(6,391)
1.13 Total operating and investing cash flows (carried forward)	(462,348)	(1,064,426)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(462,348)	(1,064,426)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc	360	395,484
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	-	2,964,044
1.17	Repayment of borrowings	-	(197,135)
1.18	Dividends paid		
1.19	Other: Issue of Convertible Notes		
	Net financing cash flows	360	3,162,393
	Net increase (decrease) in cash held	(461,988)	2,097,967
1.20	Cash at beginning of quarter/year to date	2,534,341	18,054
1.21	Exchange rate adjustments to item 1.20	(22,759)	(66,427)
1.22	Cash at end of quarter	2,049,594	2,049,594

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A000
1.23	Aggregate amount of payments to the parties included in item 1.2	427
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A	Amount used \$A
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A000
4.1 Exploration and evaluation	4,400
4.2 Development	456,180
Total	460,580

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A000	Previous quarter \$A000
5.1 Cash on hand and at bank	2,049,594	2,534,341
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Bill	-	-
Total: cash at end of quarter (item 1.22)	2,049,594	2,534,341

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	P47/1157	Expired	50%	0%
6.2 Interests in mining tenements acquired or increased	M45/1141 M46/450 M46/453	Granted Granted Granted	Nil Nil Nil	100% 100% 100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>	N/A	N/A	N/A	N/A
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	264,513,785	264,513,785	N/A	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options FMGAW	1,602,550 403,125 500,000	Nil Nil Nil	Exercise price 267 cents 569 cents 703 cents	Expiry date 31 Dec 2009 25 Jan 2011 01 Jun 2011
7.8	Issued during quarter				
7.9	Exercised during quarter	77,500 26,875	Nil Nil	267 cents 569 cents	31 Dec 2009 25 Jan 2011
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>	N/A	N/A		
7.12	Unsecured notes <i>(totals only)</i>	N/A	N/A		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 30 April 2007
Print name: **CHRISTOPHER J CATLOW**
(Chief Financial Officer)

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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