



Fortescue Metals Group Ltd

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The Companies Officer
Australian Stock Exchange Ltd.
Exchange Plaza
2 The Esplanade
Perth WA 6000

Dear Sir,

Lodgement of Note Holder Monthly Report

Fortescue Metals Group Ltd ("Fortescue") advises that attached is the April 2008 Monthly Construction Report.

Yours sincerely

Fortescue Metals Group Ltd

Rod Campbell

Company Secretary

The New Force in Iron Ore

PILBARA IRON ORE AND INFRASTRUCTURE PROJECT MONTHLY CONSTRUCTION REPORT

April 2008

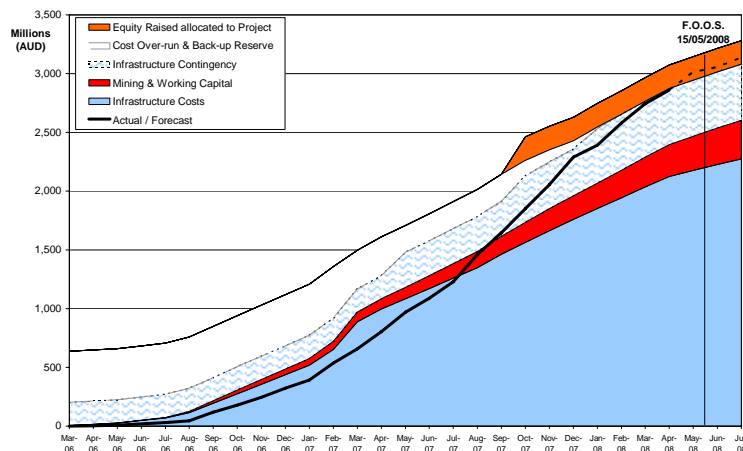
- The First Ore On Ship (FOOS) remains set for mid May 2008 with overall project completion at 97% measured by value of work.
- Port works were assessed at 98% complete with the value of work done during April measured as 2.6% against the target of 1.2%.
- Mine site works were 91% complete as at end April with the value of work achieved of 4.7% against a target of 2.7%.
- Rail works were assessed as 98% complete with value of work achieved of 2.5% against a target of 2.2%.
- Project Final Forecast Cost is \$2,808 million which represents an increase of \$3.5 million from the March report.



First Ore on Train



First ore on stockpile



PROGRESS

1. Infrastructure/Construction

There were two lost time injuries “LTI” reported during April. The other material safety recording was one medical treatment injury “MTI”.

Overall project completion was assessed at 97% with the value of work completed during the month of 3.3%. There were a number of major milestones in April with arguably the most significant being the first train load of ore direct from Cloudbreak to Port Hedland which occurred on April 26. The rapid conclusion of the rail works program is a reflection of the broader focus and energy applied by the various construction and operations teams that have collectively paved the way for first ore on ship in May.

The Forecast Final Cost “FFC” has been assessed at A\$2.808 billion which is an increase of \$3.5 million from the previous month.

1.1 Port Construction

The port works were assessed as 98.1% complete as at end April. The critical activity over the period was the commissioning works to prepare the facility for the first arrival of Cloudbreak ore. The first train arrived into the port unloading facility on April 6 with ore that had been stockpiled at the 185 km Hunter siding (refer February report for review of stockpiling activity). The first loaded train direct from Cloudbreak arrived into the unloading facility on April 26. The train travelled the 260 km journey with 202 ore wagons pulled by two GE Dash 9 locomotives.

The arrival of the loaded wagons enabled wet commissioning of the in-loading circuit which allowed the port team to build a stockpile of product in readiness for ship loading in May. The dry commissioning of the out loading circuit continued through April and it was planned that the first load commissioning would be conducted in early May. The first commissioning “panamax” ship was booked to arrive on May 9 and the first commercial “cape size” ship was booked to arrive on May 14.



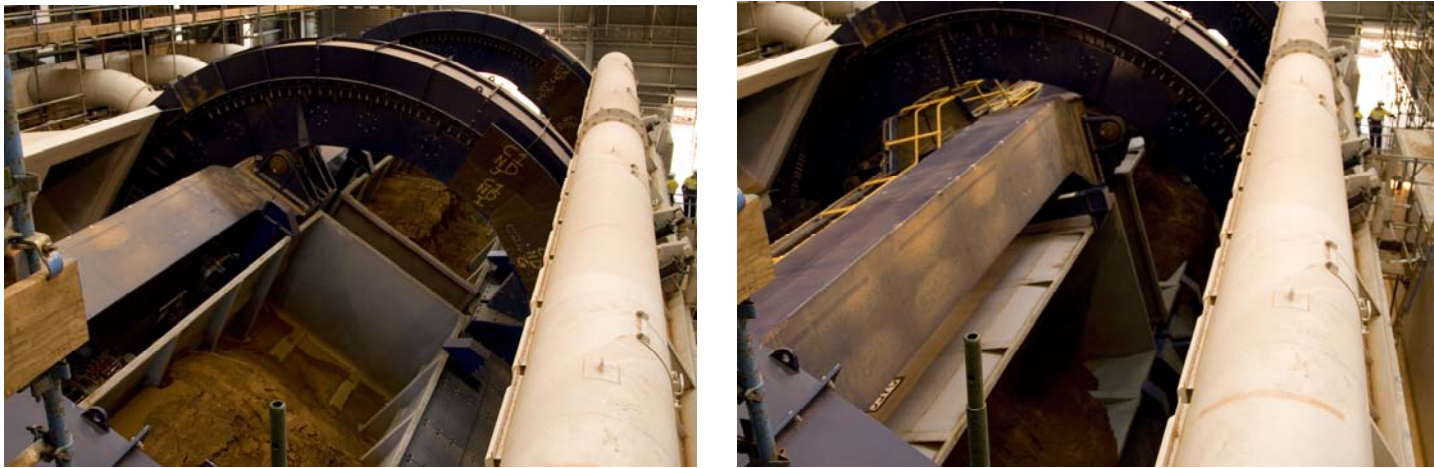
MV Blumenu arrives at Port to commission the ship loader.

1.2 Rail Construction

The rail program was assessed as 97.5% completed as at end April. The assessed value of work completed during the month was 2.5% which was above the target of 2.2%.

As previously mentioned April saw the first loaded ore train arrive direct from Cloudbreak on April 26 which was a major project milestone. The wet commissioning program will be progressively ramped up over the proceeding 2 months as both the load capacity and speed of the trains is increased. At present the trains are running at slightly over 2/3 rds of ultimate load and speed targets. Full capacity can be achieved when the final layer of ballast is laid along the entire line which is targeted for completion in July 2008.

The other main focus of the rail works program going forward is the completion of the signals and communications system. The target completion date is July 2008 at which time the train operations will be under a fully integrated and automated system.



Train Unloader tipping the first load of ore

1.3 Mine Infrastructure Construction

Mine construction was assessed at 91.2% complete as at end April with work conducted of 4.7% against a target of 2.7%.

The focus of work during the month was 1) wet commissioning of the Ore Processing Facility , 2) the continued back filling of the product vaults and 3) the construction of the automated train loader.

During April the first wet commission runs were conducted on the OPF with product drawn from the run of mine stockpiles through the conveyor system up to the crushing and screening plant. For the first time product was run through the OPF and out to the radial stacker which placed product onto the stockpile areas. The first two product vaults have been backfilled and the third vault will be completed in May. The automated train loader is scheduled for completion during May at which time the product can be conveyed from the product vaults directly onto the trains bound for Port Hedland.

The last section of the mine infrastructure to be completed will be the de-sand plant – targeted for early Q4 2008. This plant has not been a high priority within the construction program as the material being mined at present contains low alumina and therefore not in need of washing.

Notwithstanding as other mine benches are opened up, the de-sand plant may be required to wash out certain clay bands that typically house the alumina contaminant.

1.4 Mine Operations

With the progressive demobilisation of the construction team from the mine site the mining team is now able to move toward full production mode. The additional accommodation freed up can now be devoted to the mining team to facilitate full operations.

The production statistics for April saw some 1,548,000 bank cubic meters (“bcm”) of overburden removed from the four pits of Hayman, Daydream, Hook and Green. Ore mined during April was 556,892 tonnes split between Hayman pit (351,408) and Daydream pit (193,334 tonnes). These volumes are expected to increase significantly over the next few months as more personnel are accommodated.

The mobile mining equipment inventory schedule at Cloudbreak remains relatively unchanged from March. An additional three Wirtgen SM2500 surface miners have recently been put into operations to supplement the 5 machines that have been commissioned to date. There are two more surface miners being assembled and these are expected to be put into trials in the following few months. Additional trucks will also be delivered to site over the next month to facilitate the ramp up in overburden removal and ore mining.

The safety statistics for mining operations are reported separately to the construction program and during the month there was one lost time injuries “LTI”.



Screening building being commissioned

2. Schedule

The scheduled FOOS date remains at mid May 2008.

Milestone	Control Schedule	Forecast	Actual
PORT			
Bunds	Jun 06		Jun 06
Dredging start	July 06		May 06
Complete south end bulk earthworks	May 07		May 07
Complete dredging	May 07		May 07
Train unloader commissioning	Apr 08		Mar 08
Stacker/stockpiles	Apr 08		April 08
FOOS	May 08	May 08	
RAIL			
Start rail earthworks	Nov 06		Nov 06
Start marshalling yard	Nov 06		Nov 06
Start tracklaying	Jun 07		July 07
Complete bridges	Jan 08		Feb 08
Finish rail earthworks	Jan 08		Mar 08
Finish tracklaying (mainline)	Mar 08		April 08
First loaded train to port	Mar 08		April 08

MINE			
Start bulk earthworks	Nov 06		Nov 06
Start concrete works	Feb 07		Feb 07
Finish crusher deliveries	Sep 07		Sept 07
Finish S/M/E installation/power supply	Dec 07		Mar 08
Commence wet commissioning	Jan 08		April 08
Commissioning complete	Apr 08	May 08	
MINING			
Commence waste mining	Sep 07		Sept 07
Commence ore mining	Oct 07		Nov 07

3. Cost

The Forecast Final Cost “FFC” for the Project (excluding mining fleet) is now \$2,808 million which is an increase of \$3.5 m from the last report.

Project Area	Control Budget (\$M)	Revised Budget (\$M)	Current FFC (\$M)	Variance - FFC to Revised Budget (\$M)
Overall FFC	2,246.7	2,571.5*	2,808.0	236.5
Mine fleet	225.0	305.0	305.0	0.0

**Includes mining infrastructure*

4. Material Delays

There are no material delays to the project this month.

5. Contracts and Approvals

The total value of commitments made during April was \$16 million noting that this monthly number is reducing quickly as the project moves into the final stages of construction.

6. Disputes

There were no new material disputes during the period.