



Fortescue Metals Group Ltd

ACN: 002 594 872
87 Adelaide Terrace East Perth
Western Australia 6004
PO Box 6915, East Perth, Western Australia 6892

Telephone: + 61 8 6218 8888

Facsimile: +61 8 6218 8880

Website: www.fmgl.com.au

22 July 2008

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

Dear Sir,

Expansion Planning Following Project Completion

Following the achievement of Project Completion, Fortescue Metals Group Ltd ("Fortescue") is pleased to provide some detail on the status of its expansion planning for its Chichester Range Project.

As advised to the market in the Media Release last weekend, the effect of reaching Project Completion status is that certain restrictions on the expansion of the Project, as imposed under bond finance documentation, are removed.

Fortescue is now able to implement its expansion plans in knowledge that the first stage of the Chichester Range program has been officially certified as complete.

With the proceeds of A\$500 million equity which was raised last July, Fortescue set about working on an expansion plan which initially optimized production from the original Project plan of 45 million tonnes per annum "Mtpa" to 55 Mtpa.

Since then Fortescue has focused on planning the next stage of expansion. This proactive effort is of particular importance as it provides Fortescue with a significant competitive advantage in the contracting for expansion as other major projects are considered in Western Australia. These are the following commitments which are underway:

- Placing purchase orders for the Port's key long lead equipment including ship-loaders, reclaimers and stackers.
- Placing long lead orders for train unloader equipment and essential construction services such as excavation, dewatering and concreting.
- Awarding of the earthworks contract to NRW Construction for the proposed extension of the rail line from Cloudbreak to Christmas Creek;

The New Force in Iron Ore

- Awarding the contract for the provision of rail sleepers and rail steel;
- Awarding the contract to Jan de Nuls for the dredging of the berths and channels.
- Awarding key detailed design contracts for the material handling facilities at the port and mine, the wharves and train unloader.
- Mobilisation of a construction camp at Christmas Creek.

Fortescue expects to be able to announce further detail on the implementation of the expansion plans within the near future. The Board is currently considering a range of finance options that is expected to establish a strongly funded expansion. A Control Estimate is expected within the next few months which will provide a detailed cost estimate of the expansion program together with an implementation schedule for the same.

Yours sincerely

Fortescue Metals Group Ltd

Rod Campbell

Company Secretary

For more information, please contact:

Paul Downie
Porter Novelli - Perth
0414 947 129