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25 February 2011

The Companies Officer
ASX Limited
2 The Esplanade
Perth WA 6000

Dear Sir

New Billion Tonne plus Brockman discovery close to Cloudbreak

Fortescue Metals Group ("ASX: FMG" "Fortescue") is pleased to announce that it has made a new discovery of over 1 billion tonnes (Bt) of high grade Brockman iron formation. This maiden estimate is expected to grow as further drill results come in.

Named the Nyidinghu* project, it is 35 kilometres south of Fortescue's Cloudbreak operation on the edge of the Hamersley Ranges and is open to the north where intersections of over 100 metres were encountered. Early strip ratio calculations suggest it can be mined on a one to one basis.

Already very valuable on a standalone basis, the proximity of Nyidinghu to Fortescue's existing Chichester Hub mining operations and unique high performance modern infrastructure boosts their collective value significantly.

The discovery provides Fortescue with a number of strategic opportunities. These opportunities include the ability to significantly increase Fortescue's total production and to mix Nyidinghu's higher phosphorus ore with the lower phosphorus ore. Such low phosphorus "blend" ore is very valuable in the Pilbara and is typical of Fortescue's multi-billion tonne Chichester discovery that hosts the major Cloudbreak and Christmas Creek mines.

The new Nyidinghu discovery will create a new high value blend and thus extend the life of these mines.

The addition of Nyidinghu takes Fortescue's total resource portfolio to almost 7Bt of hematite - goethite mineralisation plus another 2.5Bt of magnetite mineralisation.

Fortescue is commencing a Feasibility Study with a view to developing this deposit as rapidly as possible. Fortescue's proven front end development team is already working on options for maximizing the value of this major new discovery in conjunction with the company's existing mines and infrastructure. The feasibility study will also involve infill drilling to support estimates of Indicated and Measured Resources, appropriate metallurgical testwork and necessary hydrological, environmental and other studies.

The majority of the deposit is composed of bedded iron ore (BID) hosted within the Brockman Iron Formation. Mineralisation is hosted in the Dales Gorge, Whaleback and Joffre Members of this Formation and is overlain in some areas by some Channel Iron Deposits (CID). Further details relating to the estimate are supplied in Attachment 1.

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Table 1 - Nyidinghu Inferred Mineral Resource **(reported above a cut off grade of 50% Fe)**

Host Stratigraphy	Tonnes (mt)	Fe %	SiO_2 %	Al_2O_3 %	P %	LOI %
BID Dales Gorge	354	59.1	4.30	2.38	0.164	8.01
BID Whaleback	235	56.3	5.45	4.29	0.169	8.73
BID Joffre	265	59.3	3.28	2.78	0.169	8.11
Detrital	6	61.2	5.99	3.32	0.078	2.36
CID	172	55.8	6.20	3.20	0.088	10.00
Total	**1,032**	**58.0**	**4.63**	**3.06**	**0.153**	**8.50**

Since Fortescue commenced drilling at the prospect in August 2010 over 36,000 metres of RC drilling has been completed in 218 holes, and 855 metres of diamond core drilled in six holes. However, due to the delay between completing the drill holes and receipt of assays, only 155 RC holes were used to estimate the resource. Drilling has been carried out on a 400m by 100m grid. The deposit is open to the north and further drilling is planned in this direction to define the full extent of the mineralisation. Consequently, Fortescue expects the resource to increase.

Yours sincerely
Fortescue Metals Group

Mark Thomas
Company Secretary

** Nyidinghu is a local Pilbara Aboriginal word meaning this is the youngest member of the family.*

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Attachment 1 - Geological summary

The Nyidinghu project area is located on the northern edge of the Hamersley Ranges, approximately 100 kilometres to the east of the Auski road house at Munjina. Outcropping geology in the region is the Dales Gorge, Whaleback Shale and Joffre Members of the Brockman Iron Formation which are known to host large iron ore deposits within other regions of the Hamersley Ranges (bedded iron deposits or BID). The deposit adjoins Iron Ore Holding's Iron Valley deposit. Some portions of the bedded mineralisation are overlain by Channel Iron Deposits (CID) similar to those occurring at the nearby Yandi and Yandicoogina mines.

The material overlying the CID is of younger age and has also been eroded from iron rich material. In one small area this clastic material is concentrated into a zone of elevated iron grade termed Detrital Iron Deposit (or DID). Potential low grade DID equivalent to the nearby Brockman Resources' Marillana deposit have not been considered at this stage. Exploration operations by Fortescue within the Nyidinghu project region (RC and diamond drilling) have focussed on exploring the Brockman Iron Formation. Fortescue's exploration has discovered large tonnages of the classic Hamersley Province BID Iron deposit type as well as about 170 million tonnes (mt) of CID and a minor quantity of DID.

Mineralisation consists of bedded Brockman mineralisation and channel iron mineralisation (CID). The mineralisation trends to the north east following the axis of gentle folding. The mineralisation covers an area of 6500m N, and 3500m in wide with thickness of up to 120 metres. Mineralisation is under recent cover from a depth of 20 metres below surface and the cover extends to depths of up to 80 metres. Mineralisation is open along strike.

A total of 15,199 one metre samples from 155 Reverse Circulation drill holes were used in the Nyidinghu estimate. The Inferred Mineral Resource is based on a nominal drill pattern of 400 by 100m. All samples were analysed by SGS Laboratories in Perth using XRF techniques.

Modelling Approach

Optiro Pty Ltd was commissioned to create a block model and estimate the grades from Fortescue's interpreted geology. The block model was built using 200m x 50m x 2m blocks. Sub-celling down to a cell size of 10m x 40m x 1m was used along domain boundaries to better resolve the domain interface. Estimation was conducted using Ordinary Kriging for all geological domains. Domain orientations were measured from interpreted stratigraphy.

The continuity parameters used for grade estimation were obtained from other Fortescue deposits with similar geological characteristics. Density data was assigned from knowledge of the same mineralised and unmineralised rock types from other deposits in the area. Densities varying between 2.60 and 2.90 were used depending on the stratigraphic unit. The estimate has been classified as Inferred for all stratigraphic units.

All drill hole data is collected and stored in digital format with appropriate validation checks to ensure integrity of the database. The QA/QC techniques applied are those standard for all Fortescue operations. QA/QC were submitted at rates of one standard per 100 samples submitted to the laboratory, and an average of three field duplicates taken per 100 samples.

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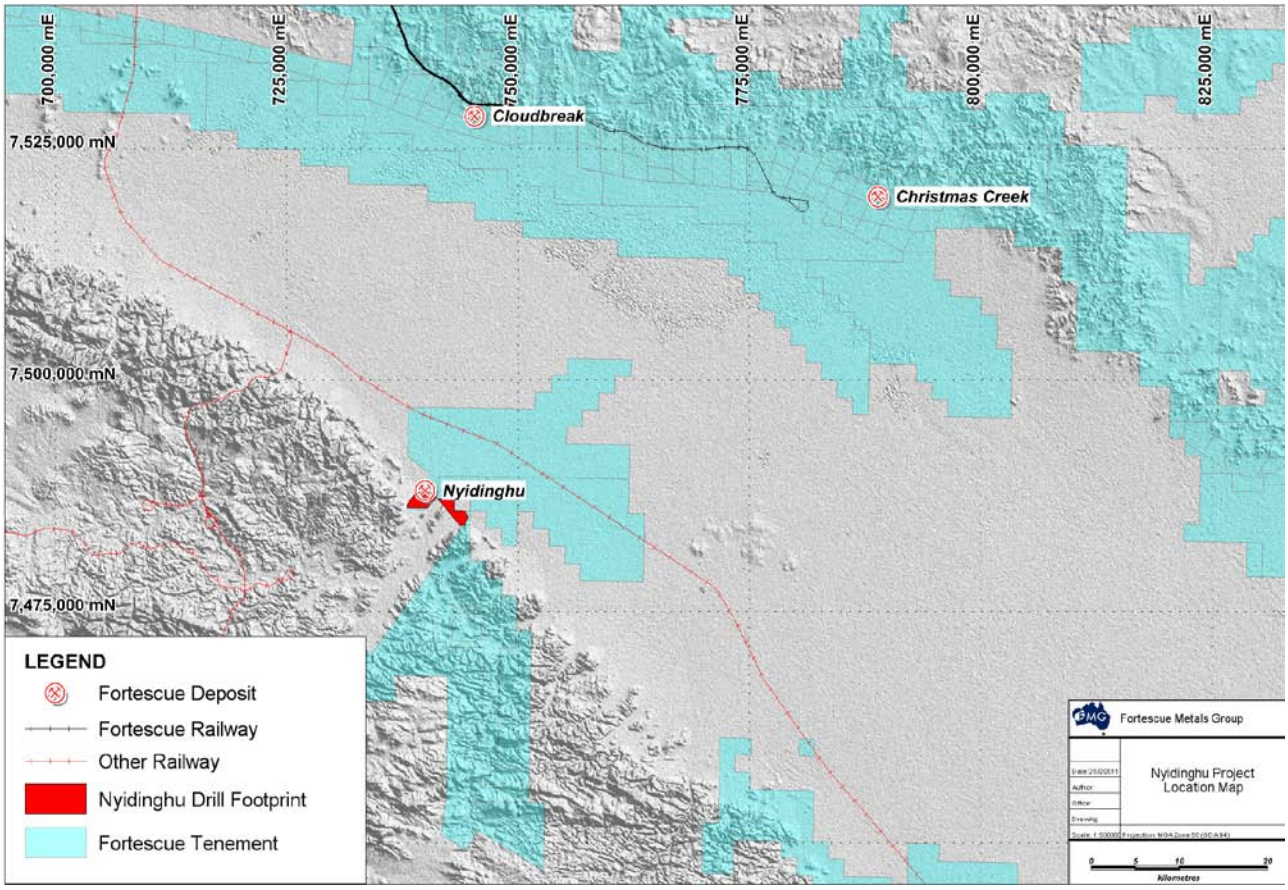
Figure 1 – Location of Nyidinghu



The information in the report to which this statement is attached that relates to Mineral Resources is based on information compiled by Mr Paul L'herpiniere, Mr Paul Blackney and Mr Mark Glassock who are all Members of The Australasian Institute of Mining and Metallurgy.

Mr Paul L'herpiniere and Mr Mark Glassock are full time employees of Fortescue Metals Group Ltd and provided geological interpretations for Mineral Resource calculations. Mr Paul Blackney, a full time employee of Optiro Pty Ltd, estimated the resource. Mr L'herpiniere, Mr Blackney and Mr Glassock are Members of The Australasian Institute of Mining and Metallurgy and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr L'herpiniere, Mr Blackney and Mr Glassock consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.