



Fortescue Metals Group Ltd

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

Dear Sir

**FORTESCUE ANNOUNCES MASSIVE NEW IRON ORE DISCOVERY -
1 BILLION TONNES IN THE CENTRAL PILBARA**

Fortescue Metals Group Ltd ("Fortescue") is pleased to announce an estimate of Inferred Resources of iron ore totalling in excess of 1 billion tonnes (Bt) for the Serenity area comprising the western one-third of its Solomon Project area (see appendix 1).

A total of 1,014 Bt averaging 56% Fe has been defined as an Inferred Resource in accordance with the JORC Code. Within this deposit Fortescue has defined 337 million tonnes (Mt) of channel iron deposit averaging 56.7% Fe.

Fortescue is continuing to drill equally prospective targets in the eastern portion of the Solomon Project area and expects to announce additional resources in that area before Christmas. Serenity is located about 60 kilometres north-northwest of Tom Price in the Pilbara region of Western Australia.

This discovery is a result of a drilling programme by Fortescue aimed at providing sufficient resource with its Chichester deposits to support its planned production expansion to 200 million tonnes per annum (mtpa). This initial mineralisation comes from the Serenity area which represents one third of its total tenements in the Solomon area.

Metallurgical test work has commenced and preliminary results suggest that mineralisation is responding positively but further work is required to determine detailed process flow sheets, expected recoveries and product characteristics. This work is ongoing.

The New Force in Iron Ore

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INFERRED RESOURCE ESTIMATE – SERENITY

Ore Type	Tonnes Mt	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Total tonnes	1,014	56	7.3	3.8	0.081	8.06
Including Upper CID	337	56.7	6.3	2.9	0.079	9.2

Note: These estimates are based upon a minimum Fe grade of 52.5% and a minimum thickness of 2 metres.

Yours sincerely

Fortescue Metals Group Ltd

Rod Campbell
Company Secretary

Att: Appendix – Solomon Area Geology

The information in the report to which this statement is attached that relates to Mineral Resources is based on information compiled by Mr Stuart Robinson who is a Fellow of The Australasian Institute of Mining and Metallurgy and Mr Clayton Simpson who is a Member of the Australasian Institute of Mining and Metallurgy.

Both Mr Simpson and Mr Robinson are full time employees of Fortescue and provided geological interpretations for Mineral Resource calculations and compiled the exploration results. Mr Robinson and Mr Simpson have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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". Both Mr Simpson and Mr Robinson consent to the inclusion in this report of the matters based on his information in the form and context in which it appears.

APPENDIX 1

SOLOMON AREA GEOLOGY

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's)

Incised into this bedrock geology are large Channel systems, predominantly one to two Kilometres in width, and stretching for tens of Kilometres. During the Tertiary period weathering and erosion of the generally iron rich surrounding bedded material deposited iron rich sediments into these channels (termed Channel Iron Deposits or CID's), and this material has subsequently been buried and preserved. Through Fortescue's interpretation of drill hole results, the CID deposits can be subdivided into an upper 'hard ore CID' and a lower 'Ochreous CID', clay lenses are observed as semi-discreet bands often several metres thick and of a poddy nature although often traceable between drill holes.

Some of the material overlying the CID material is of younger age and has also been eroded from iron rich material. This clastic material is concentrated into horizons of elevated iron grade termed Detrital Iron Deposits (or DID's), which forms part of the sequence of overlying later Tertiary aged alluvials.

Exploration operations by Fortescue within the Solomon project region (RC drilling) has focussed on exploring these Valley systems and has discovered large tonnages of all of these three classic Hamersley Province Iron deposit types (DID, CID and BID). Often in certain areas the DID's will overly a thick sequence of CID material which in turn may be underlain by BID material.