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

Dear Sir

150 Million Tonnes Now at Highest JORC Resource Estimation Confidence Level

- Cloud Break Study Provides for Higher Grades and More Tonnes -

- A total of 1,800 million tonnes ("Mt") from a total Mineral Resource of 2,266Mt at Cloud Break and Christmas Creek are now available for conversion to Ore Reserves. This Mineral Resource includes 150Mt of Measured Mineral Resource available for Proved Ore Reserves and 1,650Mt of Indicated Mineral Resource available for Probable Reserves.

- Infill drilling of the current mine plan area to increase the resource estimation confidence levels has produced increased tonnage and higher quality mineralisation through increased iron grade with decreased contaminant levels of silica and alumina.

- The last Reserve statement for this area reported in January 2006 was 1,066Mt. The additional tonnes now in the Measured and Indicated JORC Mineral resource classifications will form the basis for an updated Reserve statement due shortly.

Fortescue is pleased to announce the latest results of its ongoing infill drilling program at its Cloud Break deposit. The recent study compiled by Fortescue's advisor Snowden Mining Industry Consultants ("Snowden") estimates the total Mineral Resources at Cloud Break at 850 million tonnes ("Mt") which represents an increase of 34 Mt over the February 2006 study.

A key feature of this latest study is that the Cloud Break deposit now has 144Mt classified within the highest JORC Resource category of Measured Mineral Resource. This provides for a total project Measured Mineral Resource estimate of 150Mt when combined with the 6Mt estimated under the Christmas Creek resource study released on 13 February 2006. In total Fortescue now has 1,800Mt available for reserve consideration of which 150Mt can be considered for Proved Reserve classification.

Another key result is the improvement in the quality of the Cloud Break deposit. The quality of the Mineral Resource estimate available for conversion to a mining Reserve estimate has improved with the iron grade increasing by 0.07%. Conversely the silica grade has reduced by 0.05% and alumina has reduced by 0.04%. It is encouraging that the overall quality of mineralisation has improved as a result of increasing geological control generated by a higher density of drill holes. The estimate of resources in the High Grade domain has increased from 344Mt to 363Mt. The High Grade domain is that resource with an “in ground” average iron “Fe” grade exceeding 60%.

Details of the Snowden resource estimation study are provided in the attachment. This statement supersedes the last ASX Cloud Break resource estimate dated 10 February 2006. This current statement is based on geological and mineralisation interpretations completed up to 20 February 2006.

Further Resource and Reserve studies will be advised to the ASX as they are completed. In review of the last few Resource statements released to the ASX, Fortescue’s infill drilling program is clearly showing the ability to substantially improve the JORC Resource estimate confidence levels at the same time as giving an uplift in iron ore quality and tonnage. Greater geological scrutiny has resulted in quantitative and qualitative gains. This reinforces the exploration model that the Company has developed over the last two years.

Yours sincerely
Fortescue Metals Group Ltd

Rod Campbell
Company Secretary

ATTACHMENT:

A Mineral Resource estimate has been completed for the Cloud Break project within an area defined by FMGL that encompasses the fully assayed drilling. This model is based on the geological and mineralisation interpretations completed on the 20th February 2006 by FMGL. The drillhole database contains 3,258 drillholes and 98,000 m of assayed length. There is 19,929 m of assayed length within the mineralised domains. This model replaces the existing Cloud Break resource estimate that was reported on the 10th February 2006.

Ordinary block kriging was used to estimate concentrations of Fe%, SiO_2%, Al_2O_3%, P%, TiO_2%, CaO%, MgO%, K_2O%, Na_2O%, S% and LOI% in the Hardcap and Nammuldi mineralisation. Where required, top cuts were applied to the data prior to estimation with the top cuts determined from the attribute-domain grade distribution statistics. Indicator kriging was used to estimate MnO% for the mineralised Nammuldi domains due to the highly skewed nature of this attribute. Inverse distance squared estimation was used to estimate all attributes in the channel iron deposit (CID).

The total updated Mineral Resource within the mineralisation envelope is 850 Mt at 58.7% Fe, 4.1% SiO_2, 2.4% Al_2O_3, 0.057% P and 8.2% LOI. This represents an overall 34 Mt increase to the total resource reported on the 10th February 2006. The total resource includes a High Grade domain component of 363 Mt grading 60.4% Fe, 3.0% SiO_2, 1.8% Al_2O_3, 0.053% P and 7.9% LOI. The total resource within the channel iron mineralised envelope is 32 Mt at 59% Fe, 3.2% SiO_2, 2.5% Al_2O_3, 0.053% P and 9.0% LOI.

Snowden has classified and reported the Cloud Break resource estimate as Measured, Indicated, and Inferred Resources in accordance with the JORC Code, 2004. Snowden has based the resource classification upon a number of criteria, including the geological confidence, the integrity of the data, the spatial continuity of the mineralisation as demonstrated by variography, and the quality of the estimation. The CID mineralisation has been classified as Inferred Resource.

The parts of the mineralised Nammuldi domains that are located below a saline water table (6% of the resource) have been classified as Inferred Resource due to the possible influence of the saline water table on the assay results. The levels of the contaminants Na_2O%, K_2O%, MgO% and CaO% are greatly increased below the saline water table and it is unclear to Snowden how reliable these assays are as they may have been contaminated by the saline water.

The grade-tonnage summary of the classified resource estimate is presented in Table 1.1.

Table 1.1 March 2006 Cloud Break Mineral Resource summary

Category	Mt	Fe%	SiO_2%	Al_2O_3%	P%	LOI%
			Bedded Iron (no cut-off used)			
Measured	52	57.56	5.13	2.47	0.053	8.68
Indicated	328	57.34	4.96	2.91	0.062	8.57
Inferred	74	57.07	4.86	2.88	0.060	8.15
Total	455	57.32	4.96	2.85	0.060	8.51
			High Grade Mineralised Bedded Iron (no cut-off used)			
Measured	92	60.47	2.77	1.62	0.050	8.36
Indicated	232	60.29	3.03	1.91	0.055	8.00
Inferred	39	61.25	3.28	1.84	0.045	5.90
Total	363	60.44	2.99	1.83	0.053	7.86
			Channel Iron (no cut-off used)			
Inferred	32	58.90	3.22	2.54	0.053	8.98
			Total			
Measured	144	59.41	3.63	1.93	0.051	8.47
Indicated	561	58.56	4.16	2.49	0.059	8.33
Inferred	145	58.60	4.07	2.52	0.054	7.73
Total	**850**	**58.71**	**4.05**	**2.40**	**0.057**	**8.25**

Competent Persons:

The information in the report to which the statement is attached that relates to Mineral Resources is based on information compiled by Ms Michelle Franks and Mr Stuart Robinson who are both Members of The Australasian Institute of Mining and Metallurgy .

Ms Michelle Franks (MAusIMM) is employed by Snowden Mining Industry Consultants and produced the resource estimate based upon the interpretations provided by Fortescue. Ms Franks has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she 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". Ms Franks consents to the inclusion in this report of the matters based on her information in the form and context in which it appears.

Mr Stuart Robinson (FAusIMM) is a full time employee of Fortescue and provided geological interpretations for Mineral Resource estimates. Mr Robinson has 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". Mr Robinson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.