8 January 2015

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

Dear Sir

CHICHESTER RANGE MINERAL RESOURCE UPDATE

Fortescue Metals Group (ASX: FMG, Fortescue) is pleased to announce an increase in its Mineral Resource base along the Chichester Range of more than 300 million tonnes ("Mt"). This increase includes additional tonnages lying immediately north of the known Mineral Resources at both Cloudbreak and Christmas Creek. These have been delineated by recent drilling up-dip of existing mining operations as described in the Quarterly Report to June 30 2014. At Cloudbreak there have been 70 Mt added (37 Mt classified as Indicated) and at Christmas Creek 46 Mt have been added (19 Mt Indicated). These Mineral Resources are at or very near surface and are expected to be dry and have a low strip ratio. They will now be incorporated into the Mine Plans for each Operation.

About 35 kilometres southeast of Christmas Creek OPF a new Mineral Resource of 106 Mt (82 Mt Indicated) has been defined at Kutayi and a re-estimate of the Mineral Resource at Mt Lewin (70 km southeast of Christmas Creek) in the light of new drilling has increased this Mineral Resource by 82 Mt to 280 Mt, all Inferred. The more detailed report attached provides further details concerning these new Mineral Resources. Exploration activities will continue along the Chichester Range and results will be reported when appropriate.

Yours sincerely
Fortescue Metals Group

Mark Thomas
Company Secretary

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CHICHESTER HUB MINERAL RESOURCE UPDATE

Updated estimates have been produced for Fortescue's Mineral Resources in the Chichester Hub. These updates were done with the intention of updating both the existing estimation footprint and the stratigraphic interpretation. The Mineral Resource estimates are in compliance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code, 2012 Edition). The Mineral Resources have been classified as Indicated and Inferred.

The Cloudbreak and Christmas Creek Extension deposits lie immediately to the north of Fortescue's current operations at Cloudbreak and Christmas Creek in the Chichester Ranges in Western Australia, these are part of the Chichester Operating Hub. The Kutayi and Mount Lewin deposits are located approximately 90-100km north-east of Newman and 35-70km south-east of Fortescue's Christmas Creek processing facilities, these make up part of the Chichester Development Hub.

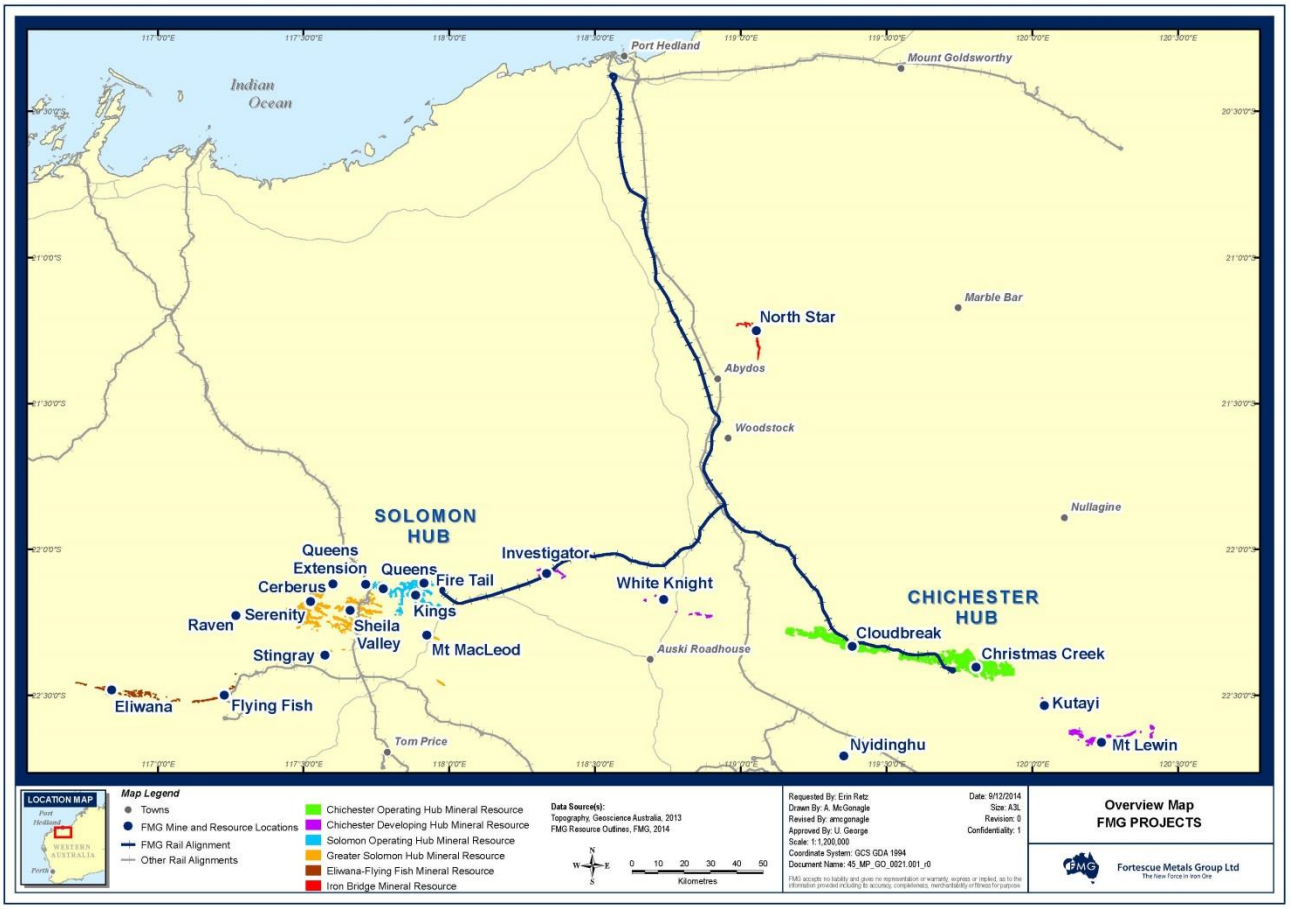

Figure 1: Fortescue Mineral Resource and Operations overview.

Mineralisation within these deposits is hosted by Bedded Iron Deposits (BID) in the Nammuldi Member of the Marra Mamba Iron Formation. The Nammuldi Member is characterised by extensive, thick and podded iron rich bands, separated by equally extensive units of siliceous and carbonate rich chert and shale. The Nammuldi Member in the Chichester Range is interpreted to be up to 60 metres in true thickness. Underlying the Nammuldi Member rocks are black shales and volcanic rocks belonging to the Jeerinah Formation. Extended periods of tectonic activity have variably

folded and faulted these rocks, together with weak metamorphism. Subsequent erosion and hardcapping or lateritic processes have altered these rocks, and present outcrop of Nammuldi Member represents a ridge of low-lying hills throughout the prospect areas. These ridges are recognised as the Chichester Ranges.

The Cloudbreak and Christmas Creek Extensions consist of several pods of mineralisation up to 1km by 2km. Mineralisation occurs at the surface and to depths of up to 20m.

Table 1: Chichester Operating Properties Mineral Resource updates.

Classification	In-situ Tonnes (Mt)	Iron Fe%	Silica SiO_2%	Alumina Al_2O_3%	Phos P%	Loss On Ignition LOI%
Cloudbreak Extension: BID						
Indicated	37	56.6	7.06	2.95	0.061	8.1
Inferred	33	56.7	6.92	3.12	0.055	8.0
TOTAL	**71**	**56.7**	**6.99**	**3.03**	**0.058**	**8.1**
Christmas Creek Extension: BID						
Indicated	19	56.9	7.57	3.19	0.052	7.2
Inferred	27	56.9	7.61	3.17	0.063	7.1
TOTAL	**46**	**56.9**	**7.59**	**3.18**	**0.059**	**7.2**

Tonnage figures have been rounded and as a result may not add up to the totals quoted.
Mineral Resources are reported at a cut-off grade of 54% Fe.

Kutayi is a new deposit in the Chichester Hub and is 35 km to the south-east of Christmas Creek and covers an area of approximately 3.5km by 4.5km. Mineralisation extends from the surface to depths of up to 50m. The thickness of mineralisation is up to 40m.

The Mount Lewin deposit is 70km to the south-east of Christmas Creek and covers an area of approximately 7km by 30km. Further drilling has resulted in an increase in the Inferred resource by 82Mt. Mineralisation extends from the surface to depths of up to 100m. The thickness of mineralisation is up to 20m.

Table 2: Chichester Development Properties Mineral Resource updates.

Classification	In-situ Tonnes (Mt)	Iron Fe%	Silica SiO_2%	Alumina Al_2O_3%	Phos P%	Loss On Ignition LOI%
Kutayi: BID						
Indicated	82	57.9	6.30	2.99	0.053	6.8
Inferred	24	57.7	7.65	3.22	0.050	5.6
TOTAL	**106**	**57.9**	**6.61**	**3.04**	**0.052**	**6.6**
Mount Lewin: BID						
Inferred	280	56.4	7.24	4.11	0.053	6.3
TOTAL	**280**	**56.4**	**7.24**	**4.11**	**0.053**	**6.3**

Tonnage figures have been rounded and as a result may not add up to the totals quoted.
Mineral Resources are reported at a cut-off grade of 54% Fe.

For all deposits in the Chichester Hub, drill samples are all from Reverse Circulation (RC) drilling rigs with cone splitters. RC drill holes have been drilled on a nominal 200m x 100m and 400m x 100m spaced grid.

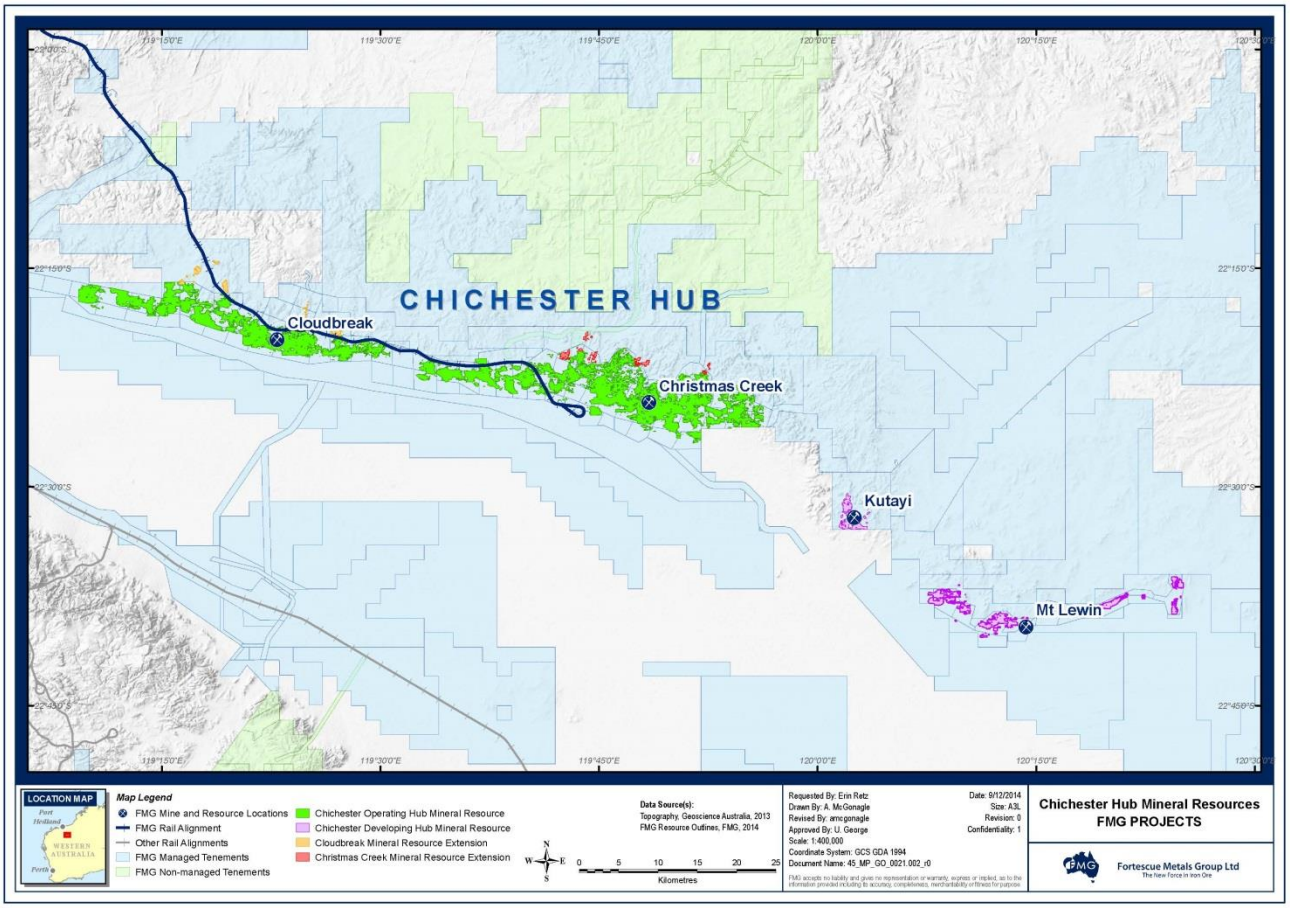

Figure 2: Fortescue Chichester Hub Mineral Resources.

All data is captured electronically and has to pass extensive quality assurance and quality control (QAQC) procedures. QAQC is an ongoing analysis and includes validation of drill hole collar coordinates, field standards, lab standards, field duplicates, twin holes as well as 'round robin' checks between laboratories. No major issues were identified with precision, accuracy or bias. The estimations incorporate all of the validated RC holes drilled in the area by Fortescue that have collar and assay information loaded into the acQuire database. There has not been any significant subsequent drilling in these areas since the estimates were completed.

Geological logging, geochemistry and geophysical data were used to identify the stratigraphic units which were then modelled in 3D.

Grades estimated in the models were Fe, SiO_2, Al_2O_3, P, Mn, MgO, CaO, TiO_2, Na_2O, S, K_2O, and LOI total. However, only Fe, SiO_2, Al_2O_3, P and LOI Total are quoted here as the other elements are not considered significant. Variography and detailed statistics using Snowden Supervisor software was used to determine the estimation parameters for the grade modelling for Kutayi and Mount Lewin. Variography from the previous Cloudbreak and Christmas Creek estimates were applied to the extension updates. Ordinary Kriging and inverse distance cubed were used as modelling techniques to estimate grades. Estimation was done using Vulcan software.

Density has been determined from down-hole geophysical measurements throughout the deposits. Average rounded densities by geological unit and mineralisation have been applied globally to the models.

The cut-offs used to report these Mineral Resources are the same across the deposits. All bedded material in Cloudbreak, Christmas Creek, Kutayi and Mount Lewin is reported at greater than or equal to 54% Fe.

The estimates have been classified as Indicated and Inferred Mineral Resources and reported in accordance with the JORC Code, 2012 Edition. The classification is derived from consideration of the confidence in geological and mineralisation continuity, sample spacing, sample statistics, estimation parameters, interpretational uncertainties, mapping and the potential for economic extraction.

The Mineral Resource summaries for the Chichester operating and development hubs are listed in Table 3 and Table 4. In accordance with the requirements of the JORC Code, 2012 Edition for reporting Mineral Resources, the JORC Code, 2012 Edition Table 1 for Kutayi and Mount Lewin is provided in Attachment 1. The JORC Code, 2012 Edition Table 1 for Cloudbreak and Christmas Creek in the Fortescue ASX release of 20 August 2014 applies to these updated areas and remains unchanged.

Table 3: Chichester Operating Properties Mineral Resource summary.

	Mineral Resources as at January 2015						Mineral Resources as at June 2014					
Category	In-situ Tonnes (Mt)	Iron Fe%	Silica SiO_2%	Alumina Al_2O_3%	Phos P%	Loss On Ignition LOI%	In-situ Tonnes (Mt)	Iron Fe%	Silica SiO_2%	Alumina Al_2O_3%	Phos P%	Loss On Ignition LOI%
CLOUDBREAK												
Measured	274	57.5	4.86	3.06	0.054	8.7	274	57.5	4.86	3.06	0.054	8.7
Indicated	457	56.7	5.80	3.34	0.059	8.2	420	56.7	5.69	3.37	0.059	8.3
Inferred	499	56.3	6.11	3.36	0.057	8.3	469	56.3	6.07	3.38	0.057	8.3
TOTAL	**1,231**	**56.7**	**5.72**	**3.29**	**0.057**	**8.4**	**1,163**	**56.7**	**5.65**	**3.30**	**0.057**	**8.4**
CHRISTMAS CREEK												
Measured	516	57.3	5.93	2.97	0.047	8.0	516	57.3	5.93	2.97	0.047	8.0
Indicated	1,082	56.6	5.97	3.37	0.049	7.9	1,064	56.6	5.94	3.38	0.049	7.9
Inferred	500	56.4	6.55	3.21	0.059	7.2	479	56.4	6.54	3.21	0.059	7.2
TOTAL	**2,098**	**56.7**	**6.10**	**3.23**	**0.051**	**7.7**	**2,059**	**56.7**	**6.08**	**3.24**	**0.050**	**7.7**
CHICHESTER OPERATING HUB												
Measured	790	57.4	5.56	3.00	0.049	8.2	790	57.4	5.56	3.00	0.049	8.2
Indicated	1,539	56.6	5.92	3.36	0.052	8.0	1,484	56.6	5.87	3.37	0.051	8.0
Inferred	999	56.4	6.33	3.29	0.058	7.8	947	56.3	6.31	3.30	0.058	7.8
GRAND TOTAL	**3,329**	**56.7**	**5.96**	**3.25**	**0.053**	**8.0**	**3,222**	**56.7**	**5.92**	**3.26**	**0.053**	**8.0**

Tonnage figures have been rounded and as a result may not add up to the totals quoted.
Mineral Resources are reported at a cut-off grade of 54% Fe

Table 4: Chichester Development Properties Mineral Resource summary.

	Mineral Resources as at January 2015						Mineral Resources as at June 2014					
Category	In-situ Tonnes (Mt)	Iron Fe%	Silica SiO_2%	Alumina Al_2O_3%	Phos P%	Loss On Ignition LOI%	In-situ Tonnes (Mt)	Iron Fe%	Silica SiO_2%	Alumina Al_2O_3%	Phos P%	Loss On Ignition LOI%
KUTAYI												
Indicated	82	57.9	6.30	2.99	0.053	6.8	-	-	-	-	-	-
Inferred	24	57.7	7.65	3.22	0.050	5.6	-	-	-	-	-	-
TOTAL	**106**	**57.9**	**6.61**	**3.04**	**0.052**	**6.6**	-	-	-	-	-	-
MOUNT LEWIN												
Indicated	-	-	-	-	-	-	-	-	-	-	-	-
Inferred	280	56.4	7.24	4.11	0.053	6.3	198	56.5	6.42	3.72	0.063	6.5
TOTAL	**280**	**56.4**	**7.24**	**4.11**	**0.053**	**6.3**	**198**	**56.5**	**6.42**	**3.72**	**0.063**	**6.5**
WHITE KNIGHT												
Indicated	-	-	-	-	-	-	-	-	-	-	-	-
Inferred	58	57.9	5.36	2.44	0.088	7.8	58	57.9	5.36	2.44	0.088	7.8
TOTAL	**58**	**57.9**	**5.36**	**2.44**	**0.088**	**7.8**	**58**	**57.9**	**5.36**	**2.44**	**0.088**	**7.8**
INVESTIGATOR												
Indicated	-	-	-	-	-	-	-	-	-	-	-	-
Inferred	47	58.8	4.37	2.29	0.060	8.6	47	58.8	4.37	2.29	0.060	8.6
TOTAL	**47**	**58.8**	**4.37**	**2.29**	**0.060**	**8.6**	**47**	**58.8**	**4.37**	**2.29**	**0.060**	**8.6**
CHICHESTER DEVELOPMENT HUB												
Indicated	82	57.9	6.30	2.99	0.053	6.8	-	-	-	-	-	-
Inferred	409	57.0	6.66	3.61	0.059	6.8	303	57	6	3	0	7
GRAND TOTAL	**491**	**57.1**	**6.60**	**3.51**	**0.058**	**6.8**	**303**	**57.1**	**5.90**	**3.25**	**0.067**	**7.1**

Tonnage figures have been rounded and as a result may not add up to the totals quoted.
Mineral Resources at Kuatyi and Mount Lewin are reported at a cut-off grade of 54% Fe,
The White Knight and Investigator deposits make up the remainder of the Chichester Development Hub and have been reported previously by Fortescue.
These are reported to JORC 2004 standards, and will be updated to meet JORC 2012 standards according to development priorities.

COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Targets, Exploration Results and Mineral Resources is based on information compiled by Mr Stuart Robinson who is a Fellow of The Australasian Institute of Mining and Metallurgy, Mr Nicholas Nitschke who is a Member of The Australasian Institute of Mining and Metallurgy and Mr David Frost-Barnes who is a Member of the Institute of Materials, Minerals and Mining. Mr Stuart Robinson, Mr Nicholas Nitschke and Mr David Frost-Barnes are full time employees of Fortescue Metals Group Ltd. Mr Robinson, Mr Nitschke and Mr Frost-Barnes have sufficient experience that 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 Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Robinson, Mr Nitschke and Mr Frost-Barnes consent to the inclusion in this report of the matters based on this information in the form and context in which it appears.

ATTACHMENT 1: CHICHESTER DEVELOPMENT HUB JORC TABLE 1

JORC Table 1: Kutayi

Section 1 Sampling Techniques and Data

Criteria	Commentary
Sampling techniques	8,215 1m composite samples were used in the estimation and are from 358 reverse circulation drill holes. Samples sent for element and analytical work were selected based on potential ore-grade material with a reasonable envelope both above and below this interval. Most holes where possible undergo down hole geophysical logging.
	Analytical standards were used to assist in checking laboratory results. Field duplicates were used to assist with determining sampling quality at the rig. Geophysical probes were calibrated on a regular basis using static methods and specific calibration holes. Drill hole locations were determined by survey contractors.
	All samples were taken on 1m intervals from reverse circulation drill holes. A sample weighing approximately 1 to 3 kilograms was collected for each metre which was transported to a commercial laboratory and then pulverised for XRF analysis.
Drilling techniques	Reverse circulation drill holes of approximately 140mm diameter were completed using a standard face sampling hammer. All drill holes are vertical.
Drill sample recovery	The quality of each sample was recorded by the logging geologist at the time of drilling and categorised as either good, moderate or poor. 90% of samples were recorded as good, 7% were recorded as moderate and 2% were recorded as poor.
	No major issues with the sample collection system were identified during drilling. Minimal loss of fines was achieved through the use of an automated sample collection and splitting system.
	There is assumed to be no expected relationship between sample recovery and grade.
Logging	Geological logging was completed by geologists experienced in iron mineralisation. The standard of logging is suitable to support an estimate of Mineral Resources.
	For RC drill holes: stratigraphy, mineralogy, chip size, chip shape, chip recovery, hardness, colour, moisture and sample quality were recorded. Chip trays from RC holes were collected on an intermittent basis.
	All RC drill holes were geologically logged.
Sub-sampling techniques and sample preparation	Drilling samples are collected in labelled bags, which are stored onsite or sent for analysis. These samples are collected using a cone splitter installed directly beneath the cyclone. Wet samples are collected using the same technique as dry samples, with thorough cleaning of sampling system between samples. Wet samples are allowed to dry before being processed.
	The sample collected from the cone splitter represents approximately 6 to 7% of the total sample interval. Cone splitters are the preferred splitting system used by Fortescue as they generally give the most representative sample in both dry and wet conditions.
	At the laboratory, samples were weighed, dried and pulverised to either 90% passing through 106 microns (Ultra Trace and SGS) or 85% passing through 75 microns (Genalysis).
	Coarse field standards (approximately 1 in 100 samples) and laboratory standards (1 per lab job) were used as a quality control measure at different sub-sampling stages.

	Rig duplicate samples are taken at an average of 3 rig duplicate samples per approximately 100 samples sent to the laboratory. An analysis of these duplicate samples indicates that they are of good quality and repeatable.
	No formal analysis of the appropriateness of sample size compared to grain size has been completed but the sampling regime is considered to be industry best practice.
Quality of assay data and laboratory tests	All samples were sent to SGS, Genalysis or Ultra Trace laboratories for analysis. All laboratories have National Association of Testing Authorities, Australia (NATA) accreditation. The standard elements tested were Fe, SiO_2, Al_2O_3, P, MnO/Mn, MgO, CaO, TiO_2, Na_2O, S and K_2O by X Ray Fluorescence (XRF) and a three point LOI thermo gravimetric analysis at 371, 650 and 1000 degrees Celsius. This is considered a total analysis.
	No geophysical tools were used to determine any element concentrations used in the estimate.
	Field duplicates were collected at a rate of approximately 3 in 100 samples. Standards are submitted at approximately 1 in every 100 samples. Analysis of duplicates did not indicate any major issues. Analysis of laboratory standard results indicates high confidence in XRF analysis at each laboratory. Analysis of field standards indicates an ongoing issue with laboratory sample preparation and standard certification. Field standard results are closely monitored and actions are underway to mitigate issues.
Verification of sampling and assaying	Significant intersections have been visually verified by Fortescue's Exploration and Resource Geology Group Managers.
	Twin hole analysis has not been completed.
	Sample data is stored using a customized acQuire database, which includes a series of automated electronic validation checks. Fortescue data entry procedures are documented and readily available. Only trained personnel perform further manual validation in order to confirm results reflect field collected information and geology.
	Some conversions of MnO% to Mn% have been made to the assay data used in the grade estimation. Samples returning below detection limits were given the result of half the detection limit. Missing data was set to -99 and those samples were excluded from statistical analysis and estimation.
Location of data points	Drill hole collar locations have been surveyed using a differential GPS (by Down Under Surveys), with an accuracy of better than 3 cm for Easting and Northing and 5 cm in elevation. No down hole surveys have been completed. Collar survey data is validated against planned coordinates and the topographic surface.
	Grid coordinates given for each point are Map Grid of Australia (GDA94) and heights are in the Australian Height Datum. The project area lies inside UTM zone 51.
	The topography was created from 2 metre contours produced from Landgate 20 metre DEM.
Data spacing and distribution	The grade estimate used vertical RC drill holes which occur nominally on a 100m x 200m spacing with some more sparsely drilled areas for assays and geology.
	This level of drill spacing is sufficient to establish the degree of geological and grade continuity required for an Indicated and Inferred Mineral Resource
	No sample compositing was conducted for this estimation.

Orientation of data in relation to geological structure	Drill holes have been drilled as vertical holes in drill lines sub-perpendicular to the local bearing of the ore body. The mineralisation is sub-horizontal and these vertical holes are sufficient to assume geological and grade continuity in areas of 100m x 200m nominal spaced drilling and imply geological and grade continuity in the remaining areas.
	No material relationship is apparent between sampling bias and geological orientation.
Sample security	To ensure sample security consignment notes (sample submission information) have been used and direct delivery to site laboratories has been carried out.
Audits or reviews	All sampling has been carried using Fortescue standard procedures.
	Fortescue has had a sampling audit conducted by Snowden for analogous deposits. For this project there were no major risk factors relating to the sampling and assaying of the data. Similar rigs and splitter systems were utilised in this deposit.

Section 2 Reporting of Exploration Results

Criteria	Commentary
Mineral tenement and land tenure status	The Kutayi deposit is located within 100% owned Fortescue Exploration licence E46/567 and pending Mining licence M46/525.
	The tenement lies within the Wunna Nyiyaparli People Native Title Determination (WC2012/001). Fortescue has a current Land Access Agreement with the Registered Native Title Body Corporate.
	The tenure is currently generally in good standing and no impediments are known to exist.
Exploration done by other parties	BHP and to a lesser extent Hancock Prospecting Pty. Ltd. have performed exploration for iron within the vicinity of Kutayi. No historical data has been used by Fortescue.
Geology	Bedded mineralisation (BID) within the Kutayi deposit is hosted by the outcropping Nammuldi Member of the Marra Mamba Iron Formation (MMIF). At Kutayi the MMIF strikes in a northwest-southeast orientation and dips variably to the southwest at shallow angles. Gentle northeast-southwest trending folds have been interpreted from drilling and mapping with faulting also noted.
Drill hole Information	Collar details of the RC drill holes used in the Kutayi estimate are not being reported here. Significant intersections have been released previously.
Data aggregation methods	No exploration results are being reported. For methods used in the estimation of Kutayi please refer to: *Section 3 Estimation and Reporting of Mineral Resources.*
Relationship between mineralisation widths and intercept lengths	No exploration results are being reported. Please refer to: *Orientation of data in relation to geological structure* in *Section 1 Sampling Techniques and Data* for the geometry of mineralisation with respect to drill hole angle.
Diagrams	The Mineral Resource extents are shown in the attached map.
Balanced reporting	No exploration results are being reported and this is not pertinent to the reporting of Mineral Resources.
Other substantive exploration data	The density study carried out at Kutayi is discussed in: *Section 3 Estimation and Reporting of Mineral Resources.*
	Geological surface mapping of the Kutayi projects has been carried out by Fortescue geologists. Dip and strike measurements, stratigraphy and mineralisation have been recorded into a database.

	Down hole geophysics has been carried out on some RC drill holes including: natural gamma, magnetic susceptibility and gamma gamma density.
	The estimated groundwater level has been recorded on most RC drill holes.
Further Work	Further infill drilling and metallurgical test work is planned for Kutayi. Extensions to known mineralisation may occur in the Kutayi area.

Section 3 Estimation and Reporting of Mineral Resources

Criteria	Commentary
Database integrity	Sample data is stored using a customised acQuire database, which includes a series of automated electronic validation checks. AcQuire is a secure and an industry standard strength database.
	Only trained personnel perform further manual validation on the data in order to confirm results reflect field collected information and geology. In order to ensure integrity of the database, any changes to the database only occur after a review of the suggested changes are authorised, and these changes can only be performed by an authorised person. Prior to modelling, further validation was performed on the dataset being used. Adjustments were made to various details of 2 holes prior to resource estimation after rigorous cross checks which represents approximately 0.5% of the data.
Site visits	The Competent Person and Competent Persons team conducts regular site visits, approximately every two to three months when drilling operations are in progress to inspect the model area, RC drill hole logging and sampling practices. Discussions are held regularly with site geologists.
Geological interpretation	Logging and geological interpretation was completed by geologists experienced in iron mineralisation. Geology over the majority of the deposit is relatively straight forward. There is some risk of misinterpretation in areas of wider spaced drilling with limited assay data, however, this is not considered to be material.
	Geological interpretation is based on geological logging, down hole geophysics and geochemistry of RC drill samples.
	The stratigraphy of Kutayi is reasonably well known and it is envisaged that any alternative geological interpretation, with or without further drilling, would not have a material impact on the Mineral Resource estimate. Extrapolation of mineralisation has been restricted to approximately half of the nominal drill spacing, this is sufficient for an Indicated and Inferred Mineral Resource.
	All samples are flagged with their host geological zone, only samples with the same geological zone as the block to be estimated can be used in grade estimation.
	It is not expected that further drilling will change the grade and geological continuity. The geological continuity is generally good compared with analogous areas.
Dimensions	Mineralisation at Kutayi occurs in an area covering approximately 4.5 km in a north-south direction and 3.5 km in an east west direction. Mineralisation extends from the surface to depths of up to around 50 metres. The defined mineralised units are approximately between 1m and 40m thick.
Estimation and modelling techniques	Ordinary Kriging was used to estimate all Nammuldi Member units and inverse distance cubed was used for all remaining un-mineralised units. Estimation was done using Vulcan software. Mineralisation was extrapolated half the distance of drill spacing away from the drilling. Kriging parameters were derived from semivariograms which were created using Supervisor software. The deposit was domained by stratigraphy, local strike/orientation and mineralised/un-mineralised zones. Top-cuts were applied to some elements where a coefficient of variation was greater than 1.2.

	No check estimates were completed.
	No assumptions regarding the recovery of by-products have been made.
	The iron ore suite of Fe, SiO_2, Al_2O_3, P, Mn, MgO, CaO, TiO_2, Na_2O, S, K_2O, LOI Total, LOI 371, LOI 650 and LOI 1000 has been estimated.
	Estimation into parent cells of 50mE x 100mN x 1mRL was used. Size and orientation of parent blocks reflected half the nominal drill spacing and orientation of mineralisation. Sub blocking down to 5mE x 5mN x 0.25mRL was used along domain boundaries to better define the domain interface.
	Up to three estimation passes were used for each element, gradually increasing search ellipse distances with each pass. Search distances along strike and across strike varied between each domain. These were primarily defined by sample spacing within each domain and determined by neighbourhood iterative tests. First pass estimation search distances along strike are all 300m, and across strike range from 150m to 300m. Estimation search distances for subsequent estimation passes along strike range from 500m to 4000m and across strike range from 250m to 2000m. The radii of the search in the z direction ranged from 5m to 50m. The minimum number of samples used in searches ranged from 1 to 7 and the maximum number of samples was 30 for all searches. The maximum number of samples per drill hole was set to 3. A block discretisation of 4(x) by 4(y) by 1(z) was used for all blocks.
	No assumptions behind the modelling of selective mining units have been made.
	Correlation between some elements has been noted during statistical analysis. Similar variogram parameters were achieved for domains that had elements with a correlation coefficient greater than 0.7 or less than -0.7 for the Kutayi model.
	The definition of mineralised zones within each stratigraphic unit was accomplished using an indicator approach. The probability of any zone being mineralised was estimated using appropriate geochemical indicator thresholds for Fe, SiO_2 and Al_2O_3 for the individual stratigraphic units. These thresholds were based on data population statistics and visual validation. A domain code was assigned to each sample, defined by the stratigraphic unit and mineralisation.
	Some element grades were top-cut during estimation based on coefficient of variation values higher than 1.2.
	Visual validation of the block model coding of the domains was completed prior to estimation. Once estimated, the grade of all elements was also visually validated. Visual validation of both the domains and grade were completed in Vulcan by comparing section and plan slices of the block model against the drill holes. Statistics for the mean grade of the mineralised blocks within each stratigraphic unit were compared to the mean grade of the declustered and top-cut mineralised samples within each stratigraphic unit. Overall, the mean values between the model and samples are within an acceptable range. Trend analysis graphs have been created for each of the mineralised domains. These have been generated in Northing, Easting and RL, for all elements. The trend analysis graphs show the modelled grade vs. the raw data grade at a particular slice in space. The trend analysis charts show that overall, the model grade is consistent with the raw data and shows no bias. Areas with a large number of samples correlate much better with the model grade than do areas with few samples.
Moisture	Tonnages are estimated on a dry basis.
Cut-off parameters	A cut-off of greater than or equal to 54% Fe was used to report the tonnages of all stratigraphic units. 54% Fe has been used for analogous Fortescue estimates and represents a similar cut-off to current product specifications.

Mining factors or assumptions	It is assumed that the mining will be carried out in a similar manner to existing operations at Christmas Creek and Cloudbreak operations, using a combination of surface miner techniques and conventional truck and shovel. The truck and shovel would utilise medium sized equipment with 3m bench heights to enhance selectivity in ore. Grade control drilling and sampling will be applied and drill and blast used where required by ore hardness. Dilution impacts will be modelled on the Chichester experience until such time as local reconciliation can be performed.
Metallurgical factors or assumptions	It is anticipated that a proportion of the ore will not require beneficiation and will be crushed and screened to product specifications on site, and then hauled to the Christmas Creek stockyard for railing to port. The remaining portion of ore will be primary and secondary crushed on site and then hauled to the Christmas Creek Ore Processing Facilities for beneficiation and railing. This material is expected to respond (recoveries and upgrades) in a similar manner to existing ores sourced from the current operations.
Environmental factors or assumptions	Fortescue has an extensive environmental and heritage approvals process. Waste is considered to be inert and formed waste dumps will conform to WA standards. Waste will be formed as dumps or into mining voids. In the case of acid and fibre mitigation, Fortescue has industry standard procedures. Some beneficiation may take place but reject is considered to be inert and there are no foreseen problems with tailings disposal. It is assumed material will be transported to existing ore processing facilities and use current tailings disposal infrastructure.
Bulk density	Density has been calculated from down-hole geophysical measurements throughout the deposit. Average rounded densities by geological unit and mineralisation have been applied globally to the model. Where the sample population of a unit was inadequate, the average density of an analogous unit was used. Whilst on site down-hole geophysical tools are calibrated fortnightly in a designated test diamond drill hole.
	Down-hole geophysical probes measure the insitu bulk density which accounts for void spaces. These measurements are not corrected for moisture but are validated against known dry bulk densities from diamond core drilled in analogous Fortescue projects. Down-hole geophysical measurements are grouped by geological and mineralisation domains.
	The densities used are similar to known densities for current and historic mines, of similar geology and mineralisation, across the Pilbara.
Classification	The Mineral Resource is classified as Indicated and Inferred. This takes into account drill spacing and data integrity, geological complexity, grade estimation quality, interpreted risk and mineralisation continuity based on the semivariogram ranges of influence. All Nammuldi Member units have been classified. The Tertiary detritals and Jeerinah Formation units have not been classified.
	The Mineral Resource classification reflects the views of the competent persons.
Audits or reviews	Internal audits have been completed during all stages of the estimate.
Discussion of relative accuracy/ confidence	Grade and geological continuity is sufficient for an Indicated and Inferred Mineral Resource.
	Greater confidence in applied density values will be achieved through further physical density and down-hole geophysical measurements.

	The global estimate is sufficient to assume the grade and geological continuity in the area of the Indicated Mineral Resource and imply the grade and geological continuity in the area of the Inferred Mineral Resource.
	No production data is available at this stage.

JORC Table 1: Mt Lewin

Section 1 Sampling Techniques and Data

Criteria	Commentary
Sampling techniques	17,807 1m composite samples were used in the estimation and are from 571 reverse circulation drill holes. 13 diamond drill holes have been drilled in the area and were geologically logged but were not sampled. Samples sent for element and analytical work were selected based on potential ore-grade material with a reasonable envelope both above and below this interval.
	Analytical standards were used to assist in checking laboratory results. Field duplicates were used to assist with determining sampling quality at the rig. Drill hole locations were determined by survey contractors.
	Samples were taken on 1m intervals from reverse circulation drill holes. A sample weighing approximately 1 to 3 kilograms was collected and transported to a commercial laboratory and then pulverised for XRF analysis.
Drilling techniques	Reverse circulation drill holes of approximately 140mm diameter were completed using a standard face sampling hammer. All drill holes are vertical.
Drill sample recovery	The quality of most samples was recorded by the logging geologist at the time of drilling and categorised as either good, moderate or poor. 52% of samples were recorded as good, 9% were recorded as moderate and 5% were recorded as poor. The quality of 33% of samples was not recorded.
	No major issues with the sample collection system were identified during drilling. Minimal loss of fines was achieved through the use of an automated sample collection and splitting system.
	There is assumed to be no expected relationship between sample recovery and grade.
Logging	Geological logging was completed by geologists experienced in iron mineralisation. The standard of logging is suitable to support an estimate of Mineral Resources.
	For RC drill holes: stratigraphy, mineralogy, chip size, chip shape, chip recovery, hardness, colour, moisture and sample quality were recorded. Chip trays from RC holes were collected on an intermittent basis.
	All RC drill holes were geologically logged.
Sub-sampling techniques and sample preparation	Samples are collected in labelled bags from each 1m of drilling, which are stored onsite or sent for analysis. These samples are collected using a cone or multi-tier riffle splitter of dry cuttings installed directly beneath the cyclone. Wet samples are collected using the same technique as dry samples, with thorough cleaning of gear between samples. Wet samples are allowed to dry before being processed.
	The sample collected from the cone splitter represents approximately 6 to 7% of the total sample interval. Cone splitters are the preferred splitting system used by Fortescue as they generally give the most representative sample in both dry and wet conditions.
	At the laboratory, samples were weighed, dried and pulverised.
	Coarse field standards (approximately 1 in 50 samples) and laboratory standards (1 per lab job) were used as a quality control measure at different sub-sampling stages.
	Rig duplicate samples are taken at a rate of 1 in 20 metres drilled or at an average of 3 rig duplicate samples per approximately 100 samples sent to the laboratory for a drilling campaign in 2007. An analysis of these duplicate samples indicates that they are of good quality and repeatable.

	No formal analysis of the appropriateness of sample size compared to grain size has been completed but the sampling regime is considered to be industry best practice.
Quality of assay data and laboratory tests	All samples were sent to Ultra Trace laboratories for analysis which has National Association of Testing Authorities, Australia (NATA) accreditation. The standard elements tested were Fe, SiO_2, Al_2O_3, P, MnO/Mn, MgO, CaO, TiO_2, Na_2O, S and K_2O by X Ray Fluorescence (XRF) and a three point LOI thermo gravimetric analysis at 371, 650 and 1000 degrees Celsius. This is considered a total analysis.
	No geophysical tools were used to determine any element concentrations used in the estimate.
	Field duplicates were collected at a rate of 1 in 20 metres drilled or at an average of 3 rig duplicate samples per approximately 100 samples sent to the laboratory for a drilling campaign in 2007. Standards are submitted at approximately 1 in every 50 samples. Analysis of duplicates did not indicate any major issues. Analysis of laboratory standard results indicates high confidence in XRF analysis at each laboratory. Analysis of field standards indicates an ongoing issue with standard certification. Field standard results are closely monitored and actions are underway to mitigate issues.
Verification of sampling and assaying	Significant intersections have been visually verified by Fortescue's Exploration and Resource Geology Group Managers.
	Twin hole analysis has not been completed.
	Sample data is stored using a customized acQuire database, which includes a series of automated electronic validation checks. Fortescue data entry procedures are documented and readily available. Only trained personnel perform further manual validation in order to confirm results reflect field collected information and geology.
	Some conversions of MnO% to Mn% have been made to the assay data used in the grade estimation. Samples returning below detection limits were given the result of half the detection limit. Missing data was set to -99 and those samples were excluded from statistical analysis and estimation.
Location of data points	Drill hole collar locations have been surveyed using a differential GPS (by Down Under Surveys), with an accuracy of better than 3 cm for Easting and Northing and 5 cm in elevation. Collar locations of 29 RC holes could not be verified so their planned easting and northing coordinates were used and their RL value was set to the RL of the topography at that location. No down hole surveys have been completed. Collar survey data is validated against planned coordinates and the topographic surface.
	Grid coordinates given for each point are Map Grid of Australia (GDA94) and heights are in the Australian Height Datum. The project area lies inside UTM zone 51.
	The topography was constructed from 1m, 2m and 5m contour files produced from Fugro LIDAR, Fugro aerial and Landgate 20m DEM respectively.
Data spacing and distribution	The grade estimate used vertical RC drill holes which occur nominally on a 400m x 100m and 400m by 200m grid spacing with some more sparsely drilled areas of 800m by 200m for assays and geology.
	This level of drill spacing is sufficient to establish the degree of geological and grade continuity required for an Inferred Mineral Resource.
	Some 1m drill samples were composited to 2m, 3m and 4m.
Orientation of data in relation to geological structure	Drill holes have been drilled as vertical holes in drill lines sub-perpendicular to the local bearing of the ore body. The mineralisation is sub-horizontal and these vertical holes are sufficient to imply geological and grade continuity in the remaining areas.

	No material relationship is apparent between sampling bias and geological orientation.
Sample security	To ensure sample security consignment notes (sample submission information) have been used and direct delivery to site laboratories has been carried out.
Audits or reviews	All sampling has been carried using Fortescue standard procedures.
	For analogous deposits Fortescue has had a sampling audit conducted by Snowden. For this project there were no major risk factors relating to the sampling and assaying of the data. Similar rigs and splitter systems were utilised in this deposit.

Section 2 Reporting of Exploration Results

Criteria	Commentary
Mineral tenement and land tenure status	The Mt Lewin deposit is located within 100% owned Fortescue Exploration and Mining licences E46/518, E46/568, M46/292, M46/293, M46/314, M46/315, M46/316, M46/318 and M46/319.
	The tenement lies within the Wunna Nyiyaparli People Native Title Determination (WC2012/001). Fortescue has a current Land Access Agreement with the Registered Native Title Body Corporate.
	The tenure is currently generally in good standing and no impediments are known to exist.
Exploration done by other parties	BHP and to a lesser extent Hancock Prospecting Pty. Ltd. have performed exploration for iron within the vicinity of Mt Lewin. No historical data has been used by Fortescue.
Geology	Bedded mineralisation (BID) within the Mt Lewin deposit is hosted within the outcropping Nammuldi Member of the Marra Mamba Iron Formation (MMIF). The MMIF strikes for approximately 30kms in an east-west orientation and dips variably to the south. In a small area in the eastern portion of the deposit the MMIF trends in a north-south direction and dips variably to the west which occurs in response to a local synform.
Drill hole Information	Collar details of the RC drill holes used in the Mt Lewin estimate are not being reported here. Significant intersections have been released previously.
Data aggregation methods	No exploration results are being reported. For methods used in the estimation of Mt Lewin please refer to: *Section 3 Estimation and Reporting of Mineral Resources.*
Relationship between mineralisation widths and intercept lengths	No exploration results are being reported. Please refer to: *Orientation of data in relation to geological structure* in *Section 1 Sampling Techniques and Data* for the geometry of mineralisation with respect to drill hole angle.
Diagrams	The Mineral Resource extents are shown in the attached map.
Balanced reporting	No exploration results are being reported and this is not pertinent to the reporting of Mineral Resources.
Other substantive exploration data	Geological surface mapping of the Mt Lewin project has been carried out by Fortescue geologists. Dip and strike measurements have been recorded into a database.
	The estimated groundwater level has been recorded on most RC drill holes.
Further Work	Further infill drilling and metallurgical test work is planned for Mt Lewin. Extensions to known mineralisation may occur in the Mt Lewin area.

Section 3 Estimation and Reporting of Mineral Resources

Criteria	Commentary
Database integrity	Sample data is stored using a customised acQuire database, which includes a series of automated electronic validation checks. AcQuire is a secure and an industry standard strength database.
	Only trained personnel perform further manual validation on the data in order to confirm results reflect field collected information and geology. In order to ensure integrity of the database, any changes to the database only occur after a review of the suggested changes are authorised, and these changes can only be performed by an authorised person. Prior to modelling, further validation was performed on the dataset being used. Adjustments were made to various details of 9 holes prior to resource estimation after rigorous cross checks.
Site visits	The Competent Person and Competent Persons team conducts regular site visits, approximately every two to three months when drilling operations are in progress to inspect the model area, RC drill hole logging and sampling practices. Discussions are held regularly with site geologists.
Geological interpretation	Logging and geological interpretation was completed by geologists experienced in iron mineralisation. Geology over the majority of the deposit is relatively straight forward. There is some risk of misinterpretation in areas of wider spaced drilling with limited assay data, however, this is not considered to be material.
	Geological interpretation is based on geological logging and geochemistry of RC drill samples.
	The stratigraphy of Mt Lewin is not well known, further drilling will provide a better definition of the units within the Nammuldi Member of the Marra Mamba Iron Formation, but this is not assumed to have a material impact on the Mineral Resource estimate. Extrapolation of mineralisation has been restricted to approximately half of the nominal drill spacing, this is sufficient for an Inferred Mineral Resource.
	All samples are flagged with their host geological zone, only samples with the same geological zone as the block to be estimated can be used in grade estimation.
	It is not expected that further drilling will change the grade and geological continuity. The geological continuity is generally good compared with analogous areas.
Dimensions	Mineralisation at Mt Lewin occurs in an area covering approximately 7 km in a north-south direction and 30 km in an east west direction. Mineralisation extends from the surface to depths of up to around 100 metres. The defined mineralised units are approximately between 1m and 20m thick.
Estimation and modelling techniques	Ordinary Kriging was used to estimate grades. Estimation was done using Vulcan software. Mineralisation was extrapolated half the distance of drill spacing away from the drilling. Kriging parameters were derived from semivariograms which were created using Supervisor software. The deposit was domained by stratigraphy, local strike/orientation and mineralised/un-mineralised zones. Top-cuts were applied to some elements where a coefficient of variation was greater than 1.2.
	No check estimates were completed.
	No assumptions regarding the recovery of by-products have been made.
	The iron ore suite of Fe, SiO_2, Al_2O_3, P, Mn, MgO, CaO, TiO_2, Na_2O, S, K_2O, LOI Total, LOI 371, LOI 650 and LOI 1000 has been estimated.

	Estimation into parent cells of 200m (along strike) x 100m (across strike) x 1mRL was used. Size and orientation of parent blocks reflected half the nominal drill spacing and orientation of mineralisation. Sub blocking down to 5mE x 5mN x 0.25mRL was used along domain boundaries to better define the domain interface.
	Up to four estimation passes were used for each element, gradually increasing search ellipse distances with each pass. Search distances along strike and across strike varied between each domain. These were primarily defined by sample spacing within each domain and determined by neighbourhood iterative tests. First pass estimation search distances along strike are all 600m, and across strike range are all 300m. Estimation search distances for subsequent estimation passes along strike range from 1000m to 1800m and across strike range from 500m to 600m. The radii of the search in the z direction ranged from 2m to 50m. The minimum number of samples used in searches ranged from 2 to 7 and the maximum number of samples was 30 for all searches. The maximum number of samples per drill hole was set to 3. A block discretisation of 4(x) by 4(y) by 1(z) was used for all blocks.
	No assumptions behind the modelling of selective mining units have been made.
	Correlation between some elements has been noted during statistical analysis.
	The definition of mineralised zones within each stratigraphic unit was accomplished using an indicator approach. The probability of any zone being mineralised was estimated using appropriate geochemical indicator thresholds for Fe, SiO_2, Al_2O_3 and Mn for the individual stratigraphic units. These thresholds were based on data population statistics and visual validation. A domain code was assigned to each sample, defined by the stratigraphic unit and mineralisation.
	Some element grades were top-cut during estimation based on coefficient of variation values higher than 1.2.
	Visual validation of the block model coding of the domains was completed prior to estimation. Once estimated, the grade of all elements was also visually validated. Visual validation of both the domains and grade were completed in Vulcan by comparing section and plan slices of the block model against the drill holes. Statistics for the mean grade of the mineralised blocks within each stratigraphic unit were compared to the mean grade of the declustered and top-cut mineralised samples within each stratigraphic unit. Overall, the mean values between the model and samples are within an acceptable range. Trend analysis graphs have been created for each of the mineralised domains. These have been generated in Northing, Easting and RL, for all elements. The trend analysis graphs show the modelled grade vs. the raw data grade at a particular slice in space. The trend analysis charts show that overall, the model grade is consistent with the raw data and shows no bias. Areas with a large number of samples correlate much better with the model grade than do areas with few samples.
Moisture	Tonnages are estimated on a dry basis.
Cut-off parameters	A cut-off of greater than or equal to 54% Fe was used to report the tonnages of all stratigraphic units. 54% Fe has been used for analogous Fortescue estimates and represents a similar cut-off to current product specifications.

Mining factors or assumptions	It is assumed that the mining will be carried out in a similar manner to existing operations at Christmas Creek and Cloudbreak operations, using a combination of surface miner techniques and conventional truck and shovel. The truck and shovel would utilise medium sized equipment with 3m bench heights to enhance selectivity in ore. Grade control drilling and sampling will be applied and drill and blast used where required by ore hardness. Dilution impacts will be modelled on the Chichester experience until such time as local reconciliation can be performed.
Metallurgical factors or assumptions	It is anticipated that a proportion of the ore will not require beneficiation and will be crushed and screened to product specifications on site, and then hauled to the Christmas Creek stockyard for railing to port. The remaining portion of ore will be primary and secondary crushed on site and then hauled to the Christmas Creek Ore Processing Facilities for beneficiation and railing. This material is expected to respond (recoveries and upgrades) in a similar manner to existing ores sourced from the current operations.
Environmental factors or assumptions	Fortescue has an extensive environmental and heritage approvals process. Waste is considered to be inert and formed waste dumps will conform to WA standards. Waste will be formed as dumps or into mining voids. In the case of acid and fibre mitigation, Fortescue has industry standard procedures. Some beneficiation may take place but reject is considered to be inert and there are no foreseen problems with tailings disposal. It is assumed material will be transported to existing ore processing facilities and use current tailings disposal infrastructure.
Bulk density	Density has been calculated from down-hole geophysical measurements throughout the analogous Christmas Creek deposit. Average rounded densities by geological unit and mineralisation have been applied globally to the model. Whilst on site down-hole geophysical tools are calibrated fortnightly in a designated test diamond drill hole.
	Down-hole geophysical probes measure the insitu bulk density which accounts for void spaces. These measurements are not corrected for moisture. Down-hole geophysical measurements are grouped by geological and mineralisation domains.
	The densities used are similar to known densities for current and historic mines, of similar geology and mineralisation, across the Pilbara.
Classification	The Mineral Resource is classified as Inferred. This takes into account drill spacing and data integrity, geological complexity, grade estimation quality, interpreted risk and mineralisation continuity based on the semivariogram ranges of influence.
	The Mineral Resource classification reflects the views of the competent persons.
Audits or reviews	Internal audits have been completed during all stages of the estimate.
Discussion of relative accuracy/ confidence	Grade and geological continuity is sufficient for an Inferred Mineral Resource.
	Greater confidence in applied density values will be achieved through physical density and down-hole geophysical measurements.
	The global estimate is sufficient to imply the grade and geological continuity in the area of the Inferred Mineral Resource.
	No production data is available at this stage.