

Notice of General Meeting



2017



Together we are Fortescue

ABN 57 002 594 872

CHAIRMAN'S MESSAGE

Andrew Forrest AO

Your invitation to attend
our Annual General
Meeting of Shareholders
and to vote on key issues.



Dear Valued Shareholder(s),

It is my pleasure to invite you to the Company's 2017 Annual General Meeting to be held on Wednesday, 8 November 2017 at 10:00 am (Perth time) in the Grand Ballroom, Hyatt Regency Perth, 99 Adelaide Terrace, East Perth, Western Australia **(Meeting)**.

Since the last Annual General Meeting there has been a number of changes to your Board. Ms Penelope Bingham-Hall and Ms Jennifer Morris were appointed as non-executive directors in November 2016 and Mr Owen Hegarty and Dr Geoff Raby resigned from the Board in December 2016.

Ms Elizabeth Gaines was appointed Chief Financial Officer (and became an Executive Director) on 6 February 2017 and Ms Sharon Warburton was appointed as Vice Chair in July 2017.

On 15 September 2017, I announced that our Chief Executive Officer, Nev Power, will complete his term in that role on 16 February 2018. Over the coming months, our Board will be working to appoint Nev's successor and we anticipate a strong field of internal and external candidates for the position.

At this year's AGM we will be seeking Shareholder confirmation of the reappointment of Mr Mark Barnaba AM and myself and the appointment of Ms Penelope Bingham-Hall and Ms Jennifer Morris.

The following pages contain details on the items of business to be conducted at the meeting. Your Directors believe that each of the resolutions is in the best interests of the Company and its Shareholders.

The meeting is an ideal opportunity for you to meet your Board and senior management team and I encourage you to attend. Voting on the resolutions at the meeting is important, and if you are not able to attend I recommend that you exercise your voting rights either by completing and returning the enclosed proxy form or by lodging it online at www.linkmarketservices.com.au and following the directions in the Notice of Meeting and on the proxy form.

Your Directors and management team look forward to seeing you at the meeting.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'A. Forrest', written over a faint blue line.

Andrew Forrest AO
Chairman, Fortescue Metals Group Ltd

Please read the Notice and Explanatory Statement carefully

If you are not able to attend the Annual General Meeting of Shareholders, please complete and return the Proxy Form in accordance with the specified directions.

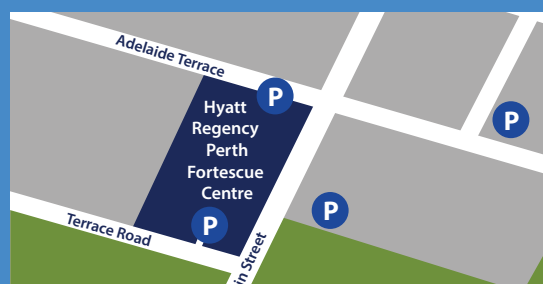
2017 Fortescue Annual Report

Our Annual Report is available electronically at www.fmgil.com.au. Printed copies of the Annual Report have been mailed to Shareholders who selected this option.

NOTICE OF ANNUAL GENERAL MEETING

**Wednesday, 8 November 2017
10.00am (Perth time)**

**Hyatt Regency Perth (Grand Ballroom)
99 Adelaide Terrace
East Perth, Western Australia**



Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Fortescue Metals Group Ltd (ABN 57 002 594 872) (**Fortescue** or the **Company**) will be held in the Grand Ballroom at the Hyatt Regency Perth, 99 Adelaide Terrace, East Perth, Western Australia on Wednesday, 8 November 2017 at 10.00 am (Perth time) (**Meeting**).

If you are unable to attend the Meeting you are encouraged to complete and return the proxy form attached to this Notice of Meeting. The completed proxy form must be received at the office of the Company's share registrar, Link Market Services Limited, by no later than 10.00 am (Perth time) on Monday, 6 November 2017.

Date for determining voting entitlements

The Directors have determined that for the purposes of the Corporations Act 2001 (Cth) (**Corporations Act**), the persons eligible to vote at the Meeting will be those persons who are registered Shareholders at 4.00 pm (Perth time) on Monday, 6 November 2017. Accordingly, transfers of shares registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Appointment of Proxies

Each Shareholder who is entitled to attend and vote at the Meeting is entitled to appoint a proxy. The proxy does not need to be a Shareholder.

A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion of votes each proxy is to exercise. If no proportion is specified, each proxy may exercise half the Shareholder's votes.

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Voting by proxy

A Shareholder can direct its proxy to vote for, against or abstain from voting on each resolution by marking the appropriate box in the Voting Directions section of the proxy form. If a proxy holder votes, they must cast all votes as directed. Any directed proxies that are not voted will automatically default to the Chairman, who must vote the proxies as directed.

If the Chairman is to act as your proxy in relation to Resolution 1 (Adoption of Remuneration Report), Resolution 6 (Participation in the Performance Rights Plan by Ms Elizabeth Gaines) and Resolution 7 (Approval of Increase in Fees paid to Non-Executive Directors) (whether by appointment or by default) and you have not given directions on how to vote by marking the appropriate box in the Voting Directions section of the proxy form, the proxy form expressly directs and authorises the Chairman to cast your vote "for" Resolutions 1, 6 and 7 (as applicable). This express authorisation is included because without it the Chairman would be precluded from casting your votes, as these resolutions are connected with the remuneration of key management personnel.

Subject to the above requirements being met, the Chairman will vote all valid undirected proxies in respect of Resolutions 1 to 8 in favour of the relevant Resolution.

If you are in any doubt as to how to vote, you should consult your professional adviser.

The proxy form that accompanies this Notice of Meeting must be completed and received at the office of Link Market Services Limited, as detailed below, by 10.00 am (Perth time) on Monday, 6 November 2017.

Mail: Fortescue Share Registry
C/- Link Market Services Limited
Locked Bag A14
SYDNEY SOUTH NSW 1235

Delivery: Fortescue Share Registry
C/- Link Market Services Limited
1A Homebush Bay Drive
RHODES NSW 2138

Facsimile: (02) 9287 0309 (from Australia)
+61 2 9287 0309 (from overseas)

Online: www.linkmarketservices.com.au

Select 'Shareholders Login' and in the 'Single Holding' section enter Fortescue Metals Group Ltd or the ASX code (FMG) in the Issuer name field, your Holder Identification Number (HIN) or Security Reference Number (SRN) (which is shown on the front of your proxy form or on your holding statement), postcode, security code which is shown on the screen, tick the terms and conditions agreement and click 'Login'.

Select the 'Voting' tab and then follow the prompts.

You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website.

Voting at the Meeting

This year we are pleased to offer shareholders who are attending the meeting in person, a new way to lodge their vote using their mobile phone or tablet device. Shareholders can download the LinkVote App from the Apple App Store or Google Play prior to the meeting and use the app during the meeting to lodge a vote.

Paper voting cards will also be available at the AGM for shareholders who would prefer not to use the App.

"Google Play is a trademark of Google Inc"

Corporate Representatives

Any corporate Shareholder wishing to appoint a person to act as its representative at the Meeting may do so by providing that person with:

- a letter or certificate executed in accordance with the Corporations Act authorising that person to act as the corporate Shareholder's representative at the Meeting; or
- a copy of the resolution appointing that person as the corporate Shareholder's representative at the Meeting, certified by a secretary or director of the corporate Shareholder.

Alternatively, Shareholders can download and fill out the 'Appointment of Corporate Representation' form from Link Market Services Limited's website – www.linkmarketservices.com.au. Hover over 'Resources' and click on 'Forms' and then select 'Holding Management'.

Key Dates

Deadline for lodgement of proxy forms

10.00 am (Perth time) on Monday, 6 November 2017

Determination of voting eligibility

4.00 pm (Perth time) on Monday, 6 November 2017

Annual General Meeting

10.00 am (Perth time) on Wednesday, 8 November 2017

Queries

If you have any queries regarding the matters contained in the Meeting documents, please call Company Secretary Alison Terry on +61 8 6218 8888.

NOTICE OF ANNUAL GENERAL MEETING

Agenda

The Explanatory Statement which accompanies and forms part of this Notice of Meeting describes the matters to be considered at the Meeting.

CEO and Chairman's address

Financial Reports

To receive and consider the financial report, the reports of the Directors and the auditors of the Company and its controlled entities for the year ended 30 June 2017.

Note: There is no requirement for Shareholders to approve these reports.

Ordinary Business

Resolution 1 Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as an advisory resolution:

"That the Remuneration Report for the Company and its controlled entities for the year ended 30 June 2017 be approved and adopted."

Voting Prohibition

A vote must not be cast on Resolution 1 (in any capacity) by or on behalf of:

- any of the Company's Key Management Personnel (**KMP**) (including the Directors), details of whose remuneration are included in the Remuneration Report; or
- a closely related party of any KMP (including spouses, dependents and controlled companies).

However, a vote may be cast on Resolution 1 by a KMP as a proxy, or a closely related party of a KMP as a proxy, if the vote is not cast on behalf of a KMP or a closely related party of a KMP, and:

- the proxy appointment is in writing and specifies the way the proxy is to vote on Resolution 1; or
- the proxy is the Chairman, and:
 - o the proxy appointment does not specify the way the proxy is to vote on Resolution 1; and
 - o the proxy appointment expressly authorises the Chairman to exercise the proxy even though Resolution 1 is connected, directly or indirectly, with the remuneration of a KMP.

The Chairman will vote all undirected proxies in favour of Resolution 1.

Resolution 2 Re-election of Mr Andrew Forrest AO

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Andrew Forrest be re-elected as a Director of the Company."

Resolution 3 Re-election of Mr Mark Barnaba AM

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Mark Barnaba be re-elected as a Director of the Company."

Resolution 4 Election of Ms Penelope Bingham-Hall

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Ms Penelope Bingham-Hall be elected as a Director of the Company."

Resolution 5 Election of Ms Jennifer Morris

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Ms Jennifer Morris be elected as a Director of the Company."

Resolution 6 Participation in the Fortescue Metals Group Ltd Performance Rights Plan by Ms Elizabeth Gaines

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve:

- (a) the grant to Ms Elizabeth Gaines of:
 - i. 89,823 performance rights in respect of the financial year ended 30 June 2017;
 - ii. 366,865 performance rights in respect of the financial year ending 30 June 2018; and
- (b) the issue, transfer or allocation of, and acquisition by Ms Elizabeth Gaines of, fully paid ordinary shares in respect of those performance rights, in accordance with the terms of the Performance Rights Plan and on the basis described in the Explanatory Statement."

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Voting Prohibition and Exclusions

The Company will disregard any votes on Resolution 6 by any Director who may participate in the Performance Rights Plan, including Ms Elizabeth Gaines, and any of their respective associates. Further, a vote must not be cast on Resolution 6 (in any capacity) by or on behalf of any KMP or a closely related party of any KMP.

However, the Company need not disregard a vote on Resolution 6 (and that person is not prohibited from voting) if the vote is not cast on behalf of a KMP or a closely related party of a KMP, and:

- the proxy appointment is in writing and specifies the way the proxy is to vote on Resolution 6; or
- the proxy is the Chairman, and:
 - o the proxy appointment does not specify the way the proxy is to vote on Resolution 6; and
 - o the proxy appointment expressly authorises the Chairman to exercise the proxy even though Resolution 6 is connected, directly or indirectly, with the remuneration of a KMP.

The Chairman will vote all undirected proxies in favour of Resolution 6.

Resolution 7 Approval of an increase in fees paid to Non-Executive Directors

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purposes of ASX Listing Rule 10.17, rule 11.9 of the Constitution and for all other purposes, the maximum aggregate annual remuneration that may be paid by the Company as remuneration for the services of the Company's non-executive directors be increased by A\$500,000 to A\$2,500,000 per annum."

Voting Prohibition and Exclusions

The Company will disregard any votes on Resolution 7 by each of the Company's Directors and any of their respective associates. Further, a vote must not be cast on Resolution 7 (in any capacity) by or on behalf of any KMP or a closely related party of any KMP.

However, the Company need not disregard a vote on Resolution 7 (and that person is not prohibited from voting) if the vote is not cast on behalf of a KMP or a closely related party of a KMP, and:

- the proxy appointment is in writing and specifies the way the proxy is to vote on Resolution 7; or
- the proxy is the Chairman, and:
 - o the proxy appointment does not specify the way the proxy is to vote on Resolution 7; and
 - o the proxy appointment expressly authorises the Chairman to exercise the proxy even though Resolution 7 is connected, directly or indirectly, with the remuneration of a KMP.

The Chairman will vote all undirected proxies in favour of Resolution 7.

Resolution 8 Refresh approval of proportional takeover provisions

To consider and, if thought fit, to pass the following resolution as a special resolution:

"That approval of the proportional takeover provisions previously adopted at the 2014 Annual General Meeting and set out in the Company's Constitution be refreshed for a further three years"

The Chairman will vote all undirected proxies in favour of Resolution 8.

Dated this 2 October 2017
By Order of the Board



Alison Terry
Company Secretary, Fortescue Metals Group Ltd



NOTICE OF ANNUAL GENERAL MEETING

Explanatory statement

This Explanatory Statement has been prepared for the information of Shareholders of Fortescue Metals Group Ltd (**Fortescue** or the **Company**) in connection with the business to be conducted at the Annual General Meeting of Shareholders to be held in the Grand Ballroom, at the Hyatt Regency Perth, 99 Adelaide Terrace, East Perth, Western Australia on Wednesday, 8 November 2017 at 10.00 am (Perth time) (**Meeting**).

This Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting.

This Explanatory Statement and all its attachments are important documents and should be read carefully and in their entirety. If you have any questions regarding the matters set out in this Explanatory Statement or the Notice of Meeting, please contact the Company or your financial adviser, stockbroker or solicitor.

Financial Reports

The first item of the Meeting deals with the presentation of the consolidated financial report of the Company for the year ended 30 June 2017, together with the Directors' declaration and report in relation to that financial year, and the auditor's report on those financial statements (**Financial Reports**).

Shareholders are asked to consider the Financial Reports and raise any matters of interest with the Directors when this item is being considered. Shareholders will be provided with a reasonable opportunity at the Meeting to ask questions about, or make comments on, the Financial Reports. No resolution is required to be moved in respect of this item.

Resolution 1 Adoption of Remuneration Report

In accordance with the Corporations Act, Shareholders are asked to consider and vote on the adoption of the Remuneration Report as presented in the Annual Report for the year ended 30 June 2017.

A voting prohibition statement for Resolution 1 is contained in the Notice of Meeting.

Resolution 1 – Adoption of Remuneration Report

The Annual Report of the Company for the year ended 30 June 2017 contains a Remuneration Report, which sets out:

- the remuneration policy for the Company; and
- the remuneration arrangements in place for the Directors and specified Executives of the Company.

A copy of the Remuneration Report, as contained in the 2017 Annual Report, is available on the Company's website at www.fmgl.com.au under the "Investors" tab.

The vote on Resolution 1 is advisory only and will not require the Company to alter the arrangements set out in the Remuneration Report, should Resolution 1 not be passed. Notwithstanding the effect of this legislative requirement, the Board will take the outcome of the vote into consideration when applying the Company's remuneration policy.

Directors' Recommendation

The Board recommends that Shareholders vote in favour of Resolution 1.

Resolution 2 Re-election of Mr Andrew Forrest AO

Mr Andrew Forrest retires by rotation at the Meeting and, being eligible, offers himself for re-election as a Director.

Resolution 2 – Re-election of Mr Andrew Forrest

Mr Forrest was appointed Chairman of the Company in July 2003. He became Chief Executive Officer in 2005 and resumed non-executive responsibilities as Chairman (elect) in July 2011.

Mr Forrest is Fortescue's Founder and Chairman and has led the company to its A\$14 billion market capitalisation as the fourth largest seaborne iron ore producer in July 2016. Under

Mr Forrest, Fortescue has made significant investments in the Australian resources sector of more than US\$20 billion.

In 2014, Mr Forrest was named Business Leader of the Year at the Australian Institute of Management Western Australia Pinnacle Awards and was awarded an honorary doctorate by The University of Western Australia for outstanding service to the community, to his nation and beyond.

In 2017, he was named West Australian of the Year for his outstanding contribution to the community. In the same year, he was also a national finalist for the Australian of the Year.

An Adjunct Professor of the China Southern University and a longstanding Fellow of the Australian Institute of Mining and Metallurgy, Mr Forrest is a leading representative of and advocate for the resources sector globally. He is Co-Chairman of the Senior Business Leaders' Forum, the leading formal dialogue for China and Australia's most senior business leaders.

Mr Forrest is Vice-Patron of the SAS Resources Fund and a Councillor of the Global Citizen Commission, which reported to and made a series of human rights recommendations to the United Nations Secretary General in April 2016. He is Commonwealth Ambassador for employment and engagement with disadvantaged communities and Chair of the Foundation of the Art Gallery of Western Australia.

Mr Forrest is Chair of Fortescue's Finance Committee.

Directors' Recommendation

Mr Andrew Forrest has an interest in Resolution 2 and refrains from making any recommendation as to how Shareholders should vote on the Resolution.

The Company's remaining Directors recommend that Shareholders vote in favour of Resolution 2.

Resolution 3 Re-election of Mr Mark Barnaba AM

Mr Mark Barnaba retires by rotation at the Meeting and, being eligible, offers himself for re-election as a Director.

Resolution 3 – Re-election of Mr Mark Barnaba

Mr Barnaba was appointed as Lead Independent Director in November 2014 and has been a Non-Executive Director since February 2010.

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Effective 31 August 2017, Mr Barnaba is a member of the Board of the Reserve Bank of Australia. Prior to his appointment, he worked for McKinsey and Company and also recently held several senior executive roles at Macquarie Group, where until 30 August 2017, Mr Barnaba served as Chairman and Global Head of Natural Resources for Macquarie Capital.

He is Chairman of The University of Western Australia's Business School Board and is an Adjunct Professor of Finance and Investment Banking at the University of WA, is co-founder (and previously co-executive Chairman) of Azure Capital and has previously served as the Chairman of Western Power, Edge Employment Solutions, the West Coast Eagles Football Club and Alinta Infrastructure Holdings. In 2011, he was appointed by the Premier to chair the WA Steering Committee of the Commonwealth Business Forum for CHOGM.

Mr Barnaba was the recipient of the WA Citizen of the Year Award in Industry and Commerce in 2009.

In 2015, Mr Barnaba was named a Member in the General Division of the Order of Australia (AM) for significant service to the investment banking and financial sectors, to business education, and to sporting and cultural organisations.

He received an Honorary Doctor of Commerce from The University of Western Australia in 2012 and was granted the Honorary designation FCPA from CPA Australia. He is a Fellow of the Australian Institute of Company Directors.

Mr Barnaba is the Chair of Fortescue's Audit and Risk Management Committee and a member of Fortescue's Remuneration and Nomination Committee.

Directors' Recommendation

Mr Mark Barnaba has an interest in Resolution 3 and refrains from making any recommendation as to how Shareholders should vote on the Resolution.

The Company's remaining Directors recommend that Shareholders vote in favour of Resolution 3.

Resolution 4 Election of Ms Penelope Bingham-Hall

Ms Penelope Bingham-Hall, having been appointed by the Board as a Director of the Company since the last General Meeting, offers herself for election by Shareholders.

Ms Bingham-Hall was appointed a Non-Executive Director of the Company in November 2016.

Ms Bingham-Hall is a Fellow of the Australian Institute of Company Directors, a Senior Fellow of the Financial Securities Institute of Australasia and a member of Chief Executive Women and The Global Foundation. She holds a Bachelor of Arts (Industrial Design).

Ms Bingham-Hall brings significant operational skills and experience from executive roles at Leighton, Australia's largest construction, contract mining, infrastructure and property development group, together with 20 years' experience as a company director. Currently a Non-Executive Director at ASX-listed BlueScope Steel Limited and DEXUS Property Group, Ms Bingham-Hall also serves as a Non-Executive Director at the Port Authority of NSW and Taronga Conservation Society Australia and is an Independent Director at Macquarie Specialised Asset Management Limited.

Ms Bingham-Hall is a member of Fortescue's Audit and Risk Management Committee and Fortescue's Finance Committee.

Directors' Recommendation

Ms Bingham-Hall has an interest in Resolution 4 and refrains

from making any recommendation as to how Shareholders should vote on the Resolution.

The Company's remaining Directors recommend that Shareholders vote in favour of Resolution 4.

Resolution 5 Election of Ms Jennifer Morris

Ms Jennifer Morris, having been appointed by the Board as a Director of the Company since the last General Meeting, offers herself for election by Shareholders.

Ms Morris was appointed a Non-Executive Director of the Company in November 2016.

Ms Morris is a former Partner in the Consulting Division of Deloitte, where she specialised in complex large-scale business transformation programs and strategy development. She currently holds a senior position at the Minderoo Foundation as Chief Executive Officer of the Walk Free Foundation.

She has senior corporate governance experience and is currently a Commissioner of the Board of Australian Sports Commission. A former Director of the Fremantle Football Club and Western Australian Institute of Sport, Ms Morris also served as Chairperson of the Board of Healthway – the WA Government's peak health promotion body.

A former member of the Australian Women's Hockey Team, Ms Morris won Olympic gold medals at the Atlanta 1996 and Sydney 2000 Olympic Games. In 1997, she was awarded a Medal of the Order of Australia (OAM).

Ms Morris is a Member of the Australian Institute of Company Directors, a Fellow of Leadership WA, an affiliate member of Chartered Accountants Australia and New Zealand, a member of the Vice Chancellor's List, Curtin University. She holds a Bachelor of Arts (Psychology and Journalism) received with Distinction and completed the Finance for Executives at INSEAD.

Ms Morris is a member of Fortescue's Audit and Risk Management Committee and Fortescue's Remuneration and Nomination Committee.

Directors' Recommendation

Ms Morris has an interest in Resolution 5 and refrains from making any recommendation as to how Shareholders should vote on the Resolution.

The Company's remaining Directors recommend that Shareholders vote in favour of Resolution 5.

Resolution 6 Participation in the Fortescue Metals Group Ltd Performance Rights Plan by Ms Elizabeth Gaines

In accordance with the ASX Listing Rules, Shareholders are asked to consider the grant of performance rights to Ms Elizabeth Gaines under the Fortescue Metals Group Ltd Performance Rights Plan.

The Fortescue Metals Group Ltd Performance Rights Plan (**Performance Rights Plan**) was approved by Shareholders at the 2015 Annual General Meeting. Ms Elizabeth Gaines, Executive Director and Chief Financial Officer, is eligible to participate in the Performance Rights Plan.

Under ASX Listing Rule 10.14, the Company requires Shareholder approval to issue equity securities to a Director of the Company under an employee incentive scheme. Accordingly, Resolution 6 seeks Shareholder approval to issue securities to Ms Gaines under the Performance Rights Plan, as part of her reasonable

NOTICE OF ANNUAL GENERAL MEETING

remuneration for the financial year ended 30 June 2017 and the financial year ending 2018, as follows:

- 89,823 performance rights in respect of the financial year ended 30 June 2017, in accordance with the Company's Executive and Senior Staff Incentive Plan (**ESSIP**); and
- 366,865 performance rights in respect of the financial year ending 30 June 2018, in accordance with the ESSIP and the Company's Long Term Incentive Plan (**LTIP**).

Ms Elizabeth Gaines was appointed as Chief Financial Officer and an Executive Director on 6 February 2017, and from that time has been entitled to participate in the FY17 ESSIP on a pro-rata basis. As part of Ms Gaines' remuneration package, it is proposed to grant Ms Gaines a pro rata entitlement to the ESSIP award for the financial year ended 30 June 2017. Ms Gaines elected (subject to shareholder approval) to receive the entirety of the pro rata ESSIP award in the form of performance rights. As the performance period in respect of the FY17 ESSIP is complete, the performance measures and vesting conditions in respect of this grant have already been assessed. Accordingly, the performance rights to be granted to Ms Gaines in respect of the FY17 ESSIP will be in the form of vested rights and will therefore not be subject to any further vesting conditions or vesting period, which are described in detail below.

From FY18 Ms Gaines is entitled to participate in both the ESSIP and the LTIP.

Further information on Ms Gaines' remuneration package is contained within the Remuneration Report, which is a section of the 2017 Annual Report. A summary of the Performance Rights Plan is set out in Annexure A.

For the purposes of the approval sought under Listing Rule 10.14 and in accordance with the requirements of Listing Rule 10.15 and for all other purposes, the following information is provided to Shareholders in respect of the proposed grant of performance rights under the Performance Rights Plan to Ms Gaines.

Number of performance rights which may be granted

The maximum number of performance rights that may be granted to Ms Gaines without further Shareholder approval under the ESSIP and LTIP is as follows:

	For the financial year ending 30 June 2018	For the financial year ending 30 June 2017*
ESSIP Performance Rights	157,227	89,823
LTIP Performance Rights	209,637	Nil
Total	366,865	89,823

*These performance rights reflect Ms Gaines accrued pro rata entitlement.

Category	Sub-category	Objective	Financial / Non-financial targets
Company Annual Performance	Safety	Target percentage reduction in Total Recordable Injury Frequency Rate (TRIFR)	Non-financial
	Production	Target tonnes shipped	Financial
	Cost	Target cost per tonne shipped; and Target capital expenditure	Financial
	Operating Margin	Target EBITDA/revenue and price realisation	Financial
Company Growth Performance	Growth	Strategic options for growth, including in iron ore and other commodities	Financial

Entitlement to shares

Subject to the terms of the Performance Rights Plan, the satisfaction of vesting conditions and other conditions attached to performance rights, each performance right entitles the holder to be issued, transferred or allocated one share in the Company. Under the Performance Rights Plan, shares will only be issued, transferred or allocated to recipients (and value received) upon the vesting of relevant performance rights.

Vesting conditions

Under the Performance Rights Plan, the Board must determine the vesting conditions that will apply to the vesting of performance rights prior to the date of grant of those performance rights, which may not be modified during the vesting period. Further information regarding the vesting conditions is set out below.

Vesting period

The vesting period during which each of the vesting conditions attached to the performance rights to be granted in respect of the financial year ending 2018 must be satisfied is as follows:

- in relation to the ESSIP Performance Rights, by the end of 30 June 2018; and
- in relation to the LTIP Performance Rights to be granted by the end of 30 June 2020.

At the end of the vesting period, the vesting conditions, as further particularised below, will be assessed to determine the number of ESSIP Performance Rights and LTIP Performance Rights (as the case may be) that vest.

As noted above, the rights to be granted to Ms Gaines in respect of her accrued ESSIP award for the year ended 30 June 2017 would be in the form of vested performance rights. As the relevant vesting conditions and vesting period have been satisfied, the FY17 ESSIP performance rights are not subject to any further vesting conditions or vesting period.

FY18 ESSIP Performance Rights

The vesting of FY18 ESSIP Performance Rights will be dependent upon an assessment of Company and individual performance. Company performance comprises Company annual and growth measures designed to drive both a short and long term perspective on performance, and protect the long term interests of Shareholders.

The financial performance measures of the ESSIP were chosen as they represent the key drivers for the short term success of the Company and provide a framework for delivering long term value. The non-financial component of the ESSIP is measured with reference to an assessment against a range of measures. A majority of the non-financial measures are quantitative-based.

By way of summary the targets and objectives that the Board, on the recommendation of the Remuneration and Nomination Committee, has determined will apply to ESSIP Performance Rights to be granted to Ms Gaines in respect of FY18 are set out below:

Additionally, the vesting of Ms Gaines' unvested ESSIP Performance Rights will be subject to an assessment of individual performance measures based on Ms Gaines' business plan, which shall be determined by the Board prior to the grant of the performance rights.

Once the Board has assessed overall performance of Ms Gaines and the Company at the end of the vesting period, based on the vesting conditions determined prior to the commencement of that period, and determined the extent of vesting of the ESSIP Performance Rights, the results achieved will be communicated to Ms Gaines and to Shareholders as part of the Company's annual remuneration reporting obligations.

Neither the targets nor objectives for the ESSIP Performance Rights, nor the applicable pre-agreed thresholds in respect of each target and objective, may be modified during the vesting period.

LTIP Performance Rights

LTIP Performance Measures

The Board has determined that the vesting conditions applicable to the LTIP Performance Rights to be granted under Resolution 6 shall include the following performance measures, which shall be weighted as set out below.

Performance Measure	Weighting of Measures
Absolute Return on Equity	33%
Relative Total Shareholder Return	33%
Strategic Objectives	34%

The relative weighting between the tranches of LTIP Performance Rights, vesting conditions and objectives will be agreed at the beginning of the period and will not be modified during the vesting period.

The Board will assess overall performance of the Company at the end of each 3-year vesting period, based on the vesting conditions determined prior to the commencement of that period. This assessment will determine the extent of vesting of the LTIP Performance Rights. The results achieved will be communicated to LTIP participants, including Ms Gaines, and to Shareholders as part of the Company's annual remuneration reporting obligations.

Measurement of performance and maximum performance cap

Each of the performance measures provide for a determination by the Board that the Company has performed at a "Threshold", "Target" or "Stretch" level. These graduated levels of performance have been included in order to align and reward LTIP participants through market cycles. In the event that performance is at the "Target" level in respect of the relevant performance measure, the LTIP participants will be entitled to 100% of the tranche of LTIP Performance Rights to which the performance measure relates. Where performance is at the "Stretch" level, the LTIP participants will be entitled to 150% of the tranche of LTIP Performance Rights to which the performance measure relates.

Nevertheless, if the target for any individual Performance Measure is exceeded, so that up to 150% of the relevant number of LTIP Performance Rights may vest, the total number of LTIP Performance Rights that may vest across the three Performance Measures is capped in aggregate at 100% (of

the LTIP Performance Rights the subject of the applicable vesting period). The Board believes that by incorporating the "Stretch" level of performance into the vesting schedule, the Company will be better able to effectively reward and recognise LTIP participants in years where outstanding performance is achieved. This will serve as further motivation and assist in retention through more challenging periods.

Absolute Return on Equity (AROE)

AROE performance is measured over the relevant three year performance period.

The AROE vesting schedule in respect of LTIP Performance Rights to be granted to Ms Gaines is as set out below:

AROE Performance	AROE	Portion of tranche that vests
Below Threshold	< 15%	Nil
Threshold	15%	25 per cent of share rights vest
Target	30%	100 per cent of share rights vest
Stretch	>30%	150 per cent of share rights vest

* Vesting of awards is granted on a pro-rata basis for performance between Threshold, Target and Stretch.

Relative Total Shareholder Return (TSR)

TSR is a measure of the performance of the Company's shares over a three year period against the ASX 100 Resources Index. It combines share price appreciation and dividends paid to show the total return to the Shareholder expressed as a percentage. The use of TSR relative to a peer group is well accepted by the market. Relative TSR hurdles are valuable because the Company needs to outperform a peer group for participants to receive any rewards and, therefore, is aligned to relative market performance. A further consideration for the Board in using relative TSR is the selection of the peer group. The ASX 100 Resources Index has been chosen as the comparator group because this is a transparent market indicator and includes Fortescue's ASX listed commodity market peers.

The threshold for relative TSR is the 60th percentile for the comparison group, and target performance is the 80th percentile.

TSR Performance	TSR Percentile Ranking (%)	Portion of tranche that vests
Below Threshold	Below the 60th percentile	Nil
Threshold	At the 60th percentile	25 per cent of share rights vest
Target	At the 80th percentile	100 per cent of share rights vest
Stretch	At the 100th percentile	150 per cent of share rights vest

* Vesting of awards is granted on a pro-rata basis for performance between Threshold, Target and Stretch.

The above levels for determining TSR performance may not be modified during the vesting period.

Strategic Objectives

In line with the recommendations of the Remuneration and Nomination Committee, the LTIP performance measures include a basket of five strategic measures with associated key performance indicators for the Company aimed at directing performance towards the Company's long term objectives (**Strategic Objectives**). Whether a Strategic Objective has been achieved is measured at the end of the vesting period on an outcome basis as follows:

Below Threshold	0
Threshold	1
Target	2
Exceeded	3

In respect of the LTIP Performance Rights to be granted to Ms Gaines, the Board, on the recommendation of the Remuneration and Nomination Committee, has selected the following list of Strategic Objectives.

FY18 LTIP Strategic Measures and Objectives

Performance Measure	Objective (KPI)	Link to Strategy
Safety	• Improve Fortescue's relative position against the global safety culture benchmark	Safety leadership
Performance	• Reduce all-in cash cost	Competitive position, cash flow and efficient use of capital
Resource Management	• Increase long term resources quantity and value • No net decrease in mine life • Quantity, Quality and Diversity of tenements	Long term sustainability
Growth	• Diversify customer base • Strategic options for growth, including in iron ore and other commodities	Growth and diversity of income
Management	• Reduce gearing to target levels • Overall cost of financing • Maintain cash on hand at Board approved levels • Balance sheet flexibility	Sustainability

The relevant portion of LTIP Performance Rights that would vest is then determined by reference to the total score achieved as follows:

Strategic Objective Performance	Score	Portion of tranche that vests
Below Threshold	<5	Nil
Threshold	5	25 per cent of share rights vest
Target	10	100 per cent of share rights vest
Stretch	15	150 per cent of share rights vest

* Vesting of awards is granted on a pro-rata basis for performance between Threshold, Target and Stretch.

Participation and details of prior grants

- Mr Neville Power and Ms Gaines are the only persons referred to in ASX Listing Rule 10.14 who are eligible to participate in the Performance Rights Plan.
- Since the Performance Rights Plan was approved by Shareholders in 2015:
 - o Mr Power has been granted 4,387,050 performance rights (of which 3,462,837 have yet to vest, 924,213 have vested and none have lapsed); and
 - o Mr Peter Meurs was granted 842,094 performance rights, all of which lapsed upon his resignation.
- No other person under Listing Rule 10.14 has received performance rights since the Performance Rights Plan was approved by Shareholders in 2015.

Price

No consideration is payable for:

- the grant of performance rights under the Performance Rights Plan; or
- the issue, transfer or allocation of shares upon the vesting and exercise of performance rights granted under the Performance Rights Plan.

Timing of grants

It is proposed that the performance rights to be granted to Ms Gaines will be granted as soon as practicable after the Annual General Meeting and in any event no later than 12 months after the Annual General Meeting (or such later date as permitted by an ASX waiver or modification of the ASX Listing Rules).

No loans

No loans have or will be made by the Company in connection with the acquisition of the relevant performance rights.

- All shares provided to Mr Power on vesting and exercise of the performance rights granted under the Performance Rights Plan were acquired on market.
- No acquisition price was payable for the grant of the performance rights or for the issue, transfer or allocation of shares upon the vesting and exercise of performance rights granted under the Performance Rights Plan.

Voting Prohibition and Exclusions

A voting exclusion statement in respect of Resolution 6 is set out in the Notice of Meeting.

Other Implications

- No funds will be raised from the grant of performance rights or the issue, transfer or allocation of shares to Ms Gaines following the vesting and exercise of the performance rights. If shares will be transferred or allocated, rather than issued upon vesting and exercise, funds will be expended by the Company to acquire shares on market.
- Australian International Financial Reporting Standards require the performance rights to be expensed in accordance with AASB 2 – Share Based Payments. Expensing performance rights will have the effect of increasing both the expenses and contributed equity of the Company.
- There are no significant opportunity costs to the Company or benefits foregone by the Company in granting performance rights.
- The grant of performance rights to Ms Gaines under the Performance Rights Plan will not have a diluting effect on the percentage interest of Shareholders' holdings if, following the vesting and exercise of the performance rights, the shares transferred or allocated to Ms Gaines are acquired on market.
- In accordance with ASX Listing Rule 7.2 (Exception 14), if approval for the grant of performance rights is given under ASX Listing Rule 10.14, approval is not required for the purposes of ASX Listing Rule 7.1.

Annual Report

- Full details of Ms Gaines' holdings of interests in the Company are set out in the Company's 2017 Annual Report.

If Shareholder Approval is Not Obtained

If shareholders do not approve the grant of performance rights under Resolution 6, then:

- the proposed grant of performance rights the subject of Resolution 6 to Ms Gaines will not proceed;
- the Board would need to consider alternative remuneration arrangements for Ms Gaines, for both FY17 and FY18, which are consistent with Fortescue's remuneration principles, including providing an equivalent short term and long term cash incentive; and
- issues may arise with the competitiveness of the Executive Directors' total remuneration package and alignment of rewards with other senior executives in the Company.

Directors' Recommendation

Ms Elizabeth Gaines, Chief Financial Officer and Executive Director, of the Company, has an interest in Resolution 6. Accordingly, Ms Gaines refrains from making any recommendation as to how Shareholders should vote on the Resolution.

The Company's remaining Directors recommend that Shareholders vote in favour of Resolution 6.

Resolution 7 Approval of an Increase in Fees Paid to Non-Executive Directors

In accordance with the Listing Rules, Shareholders are asked to consider and vote on the proposed increase in the fee pool available to Non-Executive Directors by A\$500,000 from A\$2,000,000 to A\$2,500,000.

Resolution 7 – Approval of an increase in fees paid to Non-Executive Directors

Under the Company's Constitution and in accordance with Listing Rule 10.17, the maximum aggregate amount payable by way of fees to Non-Executive Directors in any financial

year is determined by Shareholders from time to time in general meeting (**NED Fee Pool**). The current NED Fee Pool of A\$2,000,000 was approved by Shareholders at the 2010 Annual General Meeting.

Shareholder approval is sought to increase the NED Fee Pool by A\$500,000 to A\$2,500,000 per year. In accordance with Listing Rule 10.17, the NED Fee Pool is inclusive of superannuation contributions made by the Company for the benefit of Non-Executive Directors and any fees which a Non-Executive Director agrees to sacrifice on a pre-tax basis.

Rationale for Increase in NED Fee Pool

The Directors are seeking Shareholder approval to increase the NED Fee Pool for the following reasons:

- to ensure that the Company has the ability to set fees at a competitive level so that it can attract and retain the services of Non-Executive Directors of the highest calibre;
- to ensure the NED Fee Pool can accommodate payment of fees to any additional Non-Executive Directors appointed if necessary as part of the Board's succession planning strategy to ensure that the Board continues to have the right balance of skills, experience and expertise; and
- to allow for some growth in Non- Executive Directors' fees in the future to reflect market competitiveness for Non-Executive Directors with the skills and experience that are appropriate for the Company's business.

Details of Non-Executive Director remuneration for the financial year ended 30 June 2017 are contained within the Remuneration Report, which is a section of the 2017 Annual Report. The total aggregate value of remuneration provided to all Non-Executive Directors during the last financial year was A\$1.3m.

No securities have been issued to any Non-Executive Director under Listing Rules 10.11 or 10.14 with Shareholder approval within the last three years.

Voting Prohibition and Exclusions

A voting prohibition and exclusion statement for Resolution 7 is contained in the Notice of Meeting.

Directors' Recommendation

As the Non-Executive Directors have an interest in the outcome of Resolution 7, the Board does not believe it is appropriate to make a recommendation to shareholders as to how to vote in relation to this Resolution.

Resolution 8 Refresh Approval of Proportional Takeover Provisions

The proportional takeover provisions contained in rule 5 of the Company's constitution are required to be re-approved every three years or the provisions cease to have effect. The proportional takeover provisions were last renewed by Shareholders at the Annual General Meeting in 2014.

Resolution 8 – Refresh Approval of Proportional Takeover Provisions

The Company's constitution includes rule 5 "Approval required for proportional takeover" (as set out in Annexure B to this Explanatory Statement).

The Corporations Act requires the Company to provide Shareholders with an explanation of the proportional

takeover approval provisions so that Shareholders may make an informed decision on whether to support or oppose the resolution.

What is a Proportional Takeover Bid?

A proportional takeover bid is a takeover offer sent to all Shareholders, but only in respect of a specified portion of each Shareholder's shares. Accordingly, if a Shareholder accepts in full the offer under a proportional takeover bid, the Shareholder will dispose of the specified portion of their shares in the Company and retain the balance of the shares.

Effect of the Provisions to be Refreshed

If refreshed, in the event that a proportional takeover offer is made to Shareholders of the Company, the Board will be required to convene a meeting of Shareholders to vote on a resolution to approve the proportional takeover offer. That meeting must be held at least 15 days before the offer under the proportional takeover bid closes.

The resolution shall be taken to have been passed if a majority of shares voted at the meeting, excluding the shares of the bidder and its associates, vote in favour of the resolution. The Directors will breach the Corporations Act if they fail to ensure the approving resolution is voted on. However, if no resolution is voted on before the end of the 15th day before the close of the offer, the resolution will be deemed to have been passed. Where the resolution approving the offer is passed or deemed to have been passed, transfers of shares resulting from accepting the offer will be registered provided they otherwise comply with the Corporations Act, the Listing Rules, the Settlement Operating Rules and the Company's Constitution. If the resolution is rejected, then in accordance with the Corporations Act, the offer will be deemed to be withdrawn.

The proportional takeover approval provisions do not apply to full takeover bids and only apply for three years after the date of adoption of the provisions. The provisions may be renewed, but only by a special resolution.

If refreshed, the proportional takeover provisions will be in the same terms as the existing provisions as set out in Annexure B and will have effect for a three year period commencing on 8 November 2017.

Reasons for Proposing the Resolution

The Directors consider that Shareholders should have the opportunity to vote on any proportional takeover bid for the Company. Without the inclusion of the proportional takeover approval provisions, a proportional takeover bid for the Company may enable effective control of the Company to be acquired without Shareholders having the opportunity to dispose of all of their shares to the bidder. Accordingly, Shareholders could be at risk of passing control to the bidder without payment of an adequate control premium for all their shares whilst leaving themselves as part of a minority interest in the Company.

The proportional takeover approval provisions deal with this possibility by providing that if a proportional takeover bid is made for shares in the Company, Shareholders must vote on whether or not a proportional takeover bid should be permitted to proceed.

The benefit of the provisions is that Shareholders are able to decide collectively whether the proportional offer is acceptable in principle and may ensure that any partial offer is appropriately priced.

No Knowledge of Present Acquisition Proposals

As at the date on which this Explanatory Statement is prepared, no Director is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential Advantages and Disadvantages for the Directors and Shareholders

The renewal of the proportional takeover approval provision will enable the Directors to formally ascertain the views of Shareholders in respect of a proportional takeover bid. Without the provisions, the Directors are dependent upon their perception of the interests and views of Shareholders. Other than this advantage, the Directors consider that renewing the provision has no potential advantages or potential disadvantages for them as they remain free to make a recommendation on whether a proportional takeover offer should be accepted.

The Directors consider that refreshing the proportional takeover approval provision will benefit all Shareholders in that they will have an opportunity to consider a proportional takeover bid and then attend, or be represented by proxy at, a meeting of Shareholders called specifically to vote on the proposal. Accordingly, Shareholders will be able to prevent a proportional takeover bid proceeding if there is sufficient support for the proposition that control of the Company should not be permitted to pass under the proportional takeover bid. The provisions may also help Shareholders avoid being locked in as a minority with one majority Shareholder. In addition, increasing the bargaining power of Shareholders may ensure that any partial offer is adequately priced. Furthermore, knowing the view of other Shareholders assists each individual Shareholder in assessing the likely outcome of the proportional takeover bid and whether to accept or reject that bid.

As to the possible disadvantages to Shareholders of refreshing the proportional takeover approval provisions, it may be argued that the proposal makes a proportional takeover bid more difficult and that such proportional takeover bids will therefore be discouraged. The chance of a proportional takeover bid being successful may be reduced. In turn, this may reduce the opportunities which Shareholders may have to sell all, or some, of their shares at a premium to persons seeking control of the Company and may reduce any takeover speculation element in the Company's share price. The provisions may also be considered an additional restriction on the ability of individual Shareholders to deal freely in their shares.

On balance, the Directors consider that the possible advantages outweigh the possible disadvantages such that refreshing the proportional takeover approval provisions is in the interest of Shareholders.

Impact of the Existing Proportional Takeover Approval Provisions

As far as the Directors are aware, while the existing proportional takeover provisions have been in effect, no takeover bids for the Company have been made, either proportional or otherwise. Accordingly, no actual advantages or disadvantages of the existing proportional takeover provisions, for the Directors or the Shareholders, could be reviewed. The Directors are not aware of any potential takeover bid that was discouraged by the inclusion of proportional takeover provisions in the Company's constitution.

Directors' Recommendation

The Board recommends that Shareholders vote in favour of Resolution 8.

ANNEXURE A – SUMMARY OF THE FORTESCUE METALS GROUP LIMITED PERFORMANCE RIGHTS PLAN

The terms and conditions of the Performance Rights Plan as amended are summarised below.

1. Board

The Board, or a duly appointed committee of the Board, is responsible for the operation of the Performance Rights Plan.

2. Participants

- (a) Executive Directors, full-time, part-time and casual employees, and contractors of the Group are all eligible to participate in the Performance Rights Plan.
- (b) Non-Executive Directors are not eligible to participate in the Performance Rights Plan.

3. Eligibility

The Board has an absolute discretion to determine the eligibility of participants. Some of the factors the Board will have regard to in determining eligibility include:

- (a) the seniority of the participant and the position the participant occupies within the Group;
- (b) the length of service of the participant with the Group;
- (c) the record of employment of the participant with the Group;
- (d) the potential contribution of the participant to the growth and profitability of the Group;
- (e) the extent (if any) of the existing participation of the participant in the Performance Rights Plan; and
- (f) any other matters the Board considers relevant.

4. Number of performance rights

- (a) The Board has discretion to determine the number of performance rights offered to participants, however in accordance with applicable law, the Board will ensure that the number performance rights offered to eligible participants over a 3 year period does not exceed 5% of the Company's issued capital.
- (b) Further, in determining the number of performance rights to be granted to participants, the Board will have regard to:
 - (i) current market practice; and
 - (ii) the overall cost to the Company of grants under the Performance Rights Plan.

5. No payment on grant or vesting

Unless the Board determines otherwise, no payment is required for the grant, on the vesting, or the issue, transfer or allocation of shares following vesting, of a performance right.

6. Vesting conditions

Vesting of the performance rights is conditional on the participant satisfying the pre-determined vesting conditions determined by the Board by the end of the vesting period. The vesting period applicable to performance rights is the period determined by the Board.

7. Vesting of performance rights

The performance rights will only vest if the participant meets any specified vesting conditions within the vesting period. If the terms of grant require the performance rights to be exercised, the participant must exercise the performance rights in order for vesting to occur. Any performance rights which have not vested within the vesting period will lapse.

8. Entitlements under performance rights

The performance rights do not entitle the holder to exercise any votes in respect of the shares to which the performance right relates, nor is the holder entitled to participate in any dividend or any new issue of securities by the Company in respect of that performance right.

9. Issue, transfer or allocation of shares on vesting of performance rights

The shares to be provided on vesting and exercise (if required) of the performance rights may be issued by the Company or acquired on market by the Company (or any trustee of the Performance Rights Plan) and transferred or allocated to the holder of the performance right. Any shares issued under the Performance Rights Plan will rank equally with those traded on the ASX at the time of issue. The Board may impose restrictions on the transferability of a share issued, transferred or allocated to a participant following vesting of a performance right, which shall be set out in the invitation.

10. Cessation of employment

On a participant's cessation of employment, the Board may determine that some or all of the participant's performance rights or restricted shares lapse, vest, are exercisable for a prescribed period (if applicable), or are no longer subject to some or all applicable restrictions.

11. Change of Control

On a change of control event (which includes a takeover, merger, any person acquiring a relevant interest in more than 50% of the issued share capital in the Company and other similar events) the Board may waive some or all of the vesting conditions or other conditions applicable to the performance rights or shares, in its absolute discretion.

12. Capital reorganisation

In the event of any capital reorganisation, performance rights may be adjusted having regard to the ASX Listing Rules and on the basis that participants do not receive any advantage or disadvantage from such an adjustment.

13. Clawback provision

If in the Board's opinion, performance rights vest as a result of the fraud, dishonesty or breach of obligations by the participant or another person, or if there is a material misstatement or omission in the financial statements of a Group Company, the Board may determine any treatment in relation to the performance rights or shares issued on vesting to ensure no unfair benefit is obtained by the participant.

ANNEXURE B – PROPORTIONAL TAKEOVER PROVISIONS

5. Approval Required for Proportional Takeover

5.1 Definitions

In this rule 5:

Approving Resolution means a resolution of Eligible Shareholders approving a Proportional Takeover.

Deadline means the day which is the 14th day before the last day of the bid period for a Proportional Takeover.

Proportional Takeover means offers for securities made under a proportional takeover bid within the meaning of the Corporations Act.

Eligible Shareholder means a person (other than the bidder or an associate of the bidder) who, as at the end of the day on which the first offer under a Proportional Takeover was made, held securities in the class of securities to which the Proportional Takeover relates.

5.2 Transfer not to be registered

The registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under a Proportional Takeover is prohibited unless and until an Approving Resolution is passed (or is taken to have been passed) in accordance with this Constitution.

5.3 Approving Resolution

- a. Where offers have been made under a Proportional Takeover, the directors must, before the Deadline, convene a meeting of the Eligible Shareholders to vote on the Approving Resolution for the purpose of considering and, if thought fit, passing a resolution to approve the Proportional Takeover.
- b. The provisions of this Constitution relating to general meetings apply, with such modification as is necessary, to a meeting convened under this rule 5.3 as if that meeting were a general meeting.
- c. Any vote cast on an Approving Resolution by the bidder or any of its associates will be disregarded.
- d. An Approving Resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.
- e. If an Approving Resolution is voted on in accordance with this rule 5.3 before the Deadline, a Director or a Secretary must, on or before the Deadline, give the bidder and the exchange (if required) notice stating that an Approving Resolution has been voted on and whether it was passed or rejected.
- f. If no Approving Resolution has been voted on in accordance with this rule, as at the end of the day before the Deadline, an Approving Resolution is taken, for the purposes of this rule 5, to have been passed in accordance with those provisions.

5.4 Cessation of effect

Rules 5.1 to 5.3 cease to have effect at the end of three years after:

- a. where those rules have not been renewed since their adoption, the date on which those rules were adopted by the Company; or
- b. if those rules have been renewed since their adoption, the date on which they were last renewed.



www.fmgl.com.au
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LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
Fortescue Metals Group Ltd
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

 **ALL ENQUIRIES TO**
Telephone: +61 1300 733 136



X99999999999

PROXY FORM

I/We being a member(s) of Fortescue Metals Group Ltd and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am (Perth time) on Wednesday, 8 November 2017, in the Grand Ballroom, Hyatt Regency Perth, 99 Adelaide Terrace, East Perth, Western Australia (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 6 & 7: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 6 & 7, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).


The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Election of Ms Jennifer Morris	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Andrew Forrest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Participation in the Fortescue Metals Group Ltd Performance Rights Plan by Ms Elizabeth Gaines	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr Mark Barnaba	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Approval of an increase in fees paid to Non-Executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Election of Ms Penny Bingham-Hall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 Refresh approval of proportional takeover provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a securityholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's security registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (Perth time) on Monday, 6 November 2017**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your securityholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Fortescue Metals Group Ltd
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)



COMMUNICATION PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**