

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Fortescue Metals Group Ltd

ABN

57 002 594 872

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | FY2018 Performance Rights Granted |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | <p>FY2018 Performance Rights</p> <p>(a) 1,463,206 FY2018 Performance Rights granted under Fortescue's Performance Rights Plan (PRP) in relation to the Executive and Senior Staff Incentive Plan (ESSIP); and</p> <p>(b) 2,667,227 FY2018 Performance Rights granted under Fortescue's PRP in relation to the Long Term Incentive Plan (LTIP).</p> |

3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

Performance Rights granted under Fortescue's PRP. Terms of the Performance Rights are determined in accordance with the relevant plan.

Each Performance Right granted under the PRP will entitle the holder to be issued, transferred or allocated a share for nil consideration subject to the satisfaction of any relevant vesting conditions.

Subject to the terms of the relevant plan the Performance Rights granted under the PRP in respect to the ESSIP and the LTIP entitles the recipient to one (1) ordinary share for each Performance Right.

Recipients will only benefit from the grant of a Performance Right (and value received) if the relevant Performance Conditions are fulfilled and they are allocated the performance shares.

The final number of ESSIP Performance Rights that vest 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 final number of LTIP Performance Rights that vest will be dependent upon an assessment of overall performance of the Company at the end of each 3-year vesting period. LTIP Performance is measured against a combination of financial and strategic measures being Absolute Return on Equity (AROE), relative Total Shareholder Return (TSR), and a basket of Strategic Objectives.

These Performance Conditions will be measured over the period 1 July 2017 to 30 June 2018 for the ESSIP and over the 3-year period 1 July 2017 to 30 June 2020 for the LTIP.

Subject to applicable laws, all Performance Rights will immediately vest upon a change of control, the retirement or retrenchment of the Recipient and the death of the Recipient, to the extent that the above Performance Conditions have been met.

Unvested Performance Rights granted will lapse where the Performance Conditions are not met during the period 1 July 2017 to 30 June 2018 for the ESSIP and 1 July 2017 to 30 June 2020 for the LTIP, or if the Recipient ceases to be an Eligible Employee, to the extent that the Performance Conditions have not been met (or unless the Board otherwise determines).

+ See chapter 19 for defined terms.

4	<p>Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional ⁺securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>No.</p> <p>A grant of a Performance Rights will not give the holder a legal or beneficial interest in ordinary fully paid Fortescue Metals Group Ltd (Fortescue) shares until that Performance Right vests. Prior to vesting, Performance Rights do not carry a right to vote, receive dividends or generally participate in other corporate actions.</p> <p>When Performance Rights have vested, ordinary fully paid Fortescue shares will be allocated. These shares will rank equally with existing Fortescue shares</p>
5	Issue price or consideration	Nil
6	<p>Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Performance Rights granted to certain Executives and Senior Staff as part of the Fortescue FY2018 ESSIP for the period 1 July 2017 to 30 June 2018 and FY2018 LTIP for the period 1 July 2017 to 30 June 2020.</p>
6a	<p>Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the ⁺securities the subject of this Appendix 3B, and comply with section 6i</p>	No
6b	The date the security holder resolution under rule 7.1A was passed	N/A
6c	Number of ⁺ securities issued without security holder approval under rule 7.1	N/A
6d	Number of ⁺ securities issued with security holder approval under rule 7.1A	N/A

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A
6f	Number of +securities issued under an exception in rule 7.2	N/A
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A
7	<p>+Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	29 September 2017

+ See chapter 19 for defined terms.

	Number	+Class
8	3,113,798,151	Ordinary Fully Paid Shares

	Number	+Class
9	9,211,984	FY2016 Performance Rights (unvested)
	3,647,886	FY2017 Performance Rights (unvested)
	4,130,433	FY2018 Performance Rights (unvested)

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
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Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
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12	Is the issue renounceable or non-renounceable?	N/A
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13	Ratio in which the +securities will be offered	N/A
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14	+Class of +securities to which the offer relates	N/A
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15	+Record date to determine entitlements	N/A
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16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
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17	Policy for deciding entitlements in relation to fractions	N/A
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18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A

+ See chapter 19 for defined terms.

- 31 How do security holders sell *part* of their entitlements through a broker and accept for the balance? N/A
- 32 How do security holders dispose of their entitlements (except by sale through a broker)? N/A
- 33 ⁺Issue date N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)
- (a) ⁺Securities described in Part 1
- (b) All other ⁺securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

N/A

39 +Class of +securities for which quotation is sought

N/A

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

N/A

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

N/A

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	N/A	N/A

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

N/A

+ See chapter 19 for defined terms.