

8 September 2017



The Companies Officer
Australian Securities Exchange Ltd
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

Dear Sir or Madam

Vesting and Lapse of Performance Rights

Please find attached Appendix 3B reflecting changes due to the vesting and lapse of Performance Rights issued under the shareholder approved Fortescue Metals Group Ltd (ASX: FMG, Fortescue) Performance Share Plan (PSP).

2015 Long Term Incentive Plan

(i) Lapse of Performance Rights

- 3,752,129 FY2015 Performance Rights granted under Fortescue's PSP in relation to the LTIP lapsed where performance conditions were not fulfilled during the period 1 July 2014 to 30 June 2017.

2017 Executive and Senior Staff Incentive Plan

(i) Vesting of Performance Rights

- 1,677,946 FY2017 Performance Rights granted under Fortescue's PSP in relation to the Executive and Senior Staff Incentive Plan (ESSIP) have vested where performance conditions were met during the period 1 July 2016 to 30 June 2017.
- One ordinary fully paid share has been purchased on-market by the Fortescue Employee Share Trust for each FY2017 Performance Right that has vested. Ordinary shares are held by the Fortescue Employee Share Trust until exercise. No new Fortescue shares were issued.

(ii) Lapse of Performance Rights

- 68,842 FY2017 Performance Rights granted under Fortescue's PSP in relation to the ESSIP lapsed where performance conditions were not fulfilled during the period 1 July 2016 to 30 June 2017.

Yours sincerely

Fortescue Metals Group Ltd

Alison Terry
Company Secretary

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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 | FY2015 Long Term Incentive and FY2017 Short Term Incentive Performance Rights vested (with shares being purchased on-market and then transferred) or lapsed. |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | FY2015 Performance Rights
a) 3,752,129 FY2015 Performance Rights granted under Fortescue's Performance Share Plan (PSP) lapsed.

FY2017 Performance Rights
b) 1,677,946 FY2017 Performance Rights granted under Fortescue's PSP vested.
c) 68,842 FY2017 Performance Rights granted under Fortescue's PSP lapsed. |

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)	FY2015 Performance Rights • Lapse of 3,752,129 FY2015 Performance Rights granted under Fortescue's PSP has occurred. FY2017 Performance Rights • Vesting of 1,677,946 FY2017 Performance Rights granted under Fortescue's PSP has occurred. • Lapse of 68,842 FY2017 Performance Rights granted under Fortescue's PSP has occurred. One ordinary fully paid share was acquired for each Performance Right that has vested under the above grants. Shares for the vesting of the above performance rights were purchased on-market by the Fortescue Employee Share Trust. No new Fortescue shares were issued.
4 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	Vesting of Performance Rights 1,677,946 FY2017 Performance Rights granted under Fortescue's PSP in relation to the FY17 Executive & Senior Staff Incentive Plan (ESSIP) vested where performance conditions were met during the period 1 July 2016 to 30 June 2017. One ordinary fully paid share was acquired for each Performance Right that has vested. Shares for the vesting of the above Performance Rights were purchased on-market by the Fortescue Employee Share Trust. Lapse of Performance Rights 3,752,129 FY2015 and 68,842 FY2017 Performance rights granted under Fortescue's PSP lapsed where performance conditions were not fulfilled during the period 1 July 2014 to 30 June 2017 and 1 July 2016 to 30 June 2017 respectively.
5 Issue price or consideration	Nil

⁺ See chapter 19 for defined terms.

6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Performance Rights granted in FY2015 and FY2017 vesting or lapsing in accordance with their terms.
6a	Is the entity an ⁺ eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h <i>in relation to the ⁺securities the subject of this Appendix 3B</i> , and comply with section 6i	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	⁺Issue dates 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. Cross reference: item 33 of Appendix 3B.	1 September 2017

⁺ See chapter 19 for defined terms.

8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in section 2 if applicable)	Number	⁺ Class
		3,113,798,151	Ordinary Fully Paid Shares

9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the ⁺ securities in section 2 if applicable)	Number	⁺ Class
		9,211,984	FY2016 Performance Rights
		3,647,886	FY2017 Performance Rights

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
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the ⁺ securities will be offered	N/A
14	⁺ Class of ⁺ securities to which the offer relates	N/A
15	⁺ Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A

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

⁺ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Date: 1 September 2017
 Company Secretary

Print name: Alison Terry

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+ 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.