



Fortescue Metals Group Ltd
ABN 57 002 594 872

**NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY STATEMENT**

Please read the Notice and Explanatory Memorandum 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.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Fortescue Metals Group Ltd (ABN 57 002 594 872) ("the Company") will be held in the Terrace Ballroom, at the Hyatt Regency Perth, 99 Adelaide Terrace, East Perth, Western Australia on Thursday, 20 November 2008 at 2.00 pm (WDT).

If you are unable to attend the Meeting, you are encouraged to complete and return the proxy form attached to this Notice. The completed proxy form must be received at the office of Computershare by no later than 48 hours prior to the time of the meeting or any adjournment thereof.

Date for determining voting entitlements

The Directors have determined that for purposes of the Corporations Act, the persons eligible to vote at the Meeting will be those persons who are registered Shareholders at 5.00 pm (WDT) on Tuesday, 18 November 2008. 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 is entitled to appoint a proxy. The proxy does not need to be a Shareholder. A Shareholder that is entitled to cast two or more votes may appoint two proxies and may specify the proportion of votes each proxy is entitled to exercise. If a Shareholder appoints two proxies, each proxy may exercise half of the Shareholder's votes if no proportion or number of votes is specified.

A proxy form accompanies this Notice and to be effective must be completed and received at the office of Computershare as detailed below:

Mail to:

Share Registry
Computershare Investor Services Pty Ltd
GPO Box 242
MELBOURNE VIC 3001

Deliver to:

Share Registry
Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
PERTH WA 6000

or by facsimile on:

(08) 9323 2033

by no later than 9.00 am (WDT) on Tuesday, 18 November 2008.

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:

1. a letter or certificate executed in accordance with the Corporations Act authorising that person as the corporate Shareholder's representative at the Meeting; or
2. 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.

AGENDA

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

Terms used in this Notice will, unless the context otherwise requires, have the same meaning given to them in the Glossary of Terms as contained in the Explanatory Statement.

1. FINANCIAL REPORTS

To receive and consider the financial report and the reports of the Directors and the auditors of the Company and its controlled entities for the year ended 30 June 2008.

2. RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an advisory resolution:

"That the Remuneration Report for the Company and its controlled entities for the year ended 30 June 2008 be approved and adopted."

3. RESOLUTION 2 - ELECTION OF MR OWEN L. HEGARTY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That Mr Owen Hegarty, having been appointed as an additional Director of the Company since the last meeting of Shareholders, resigns from the office of Director in accordance with rule 17.3 (9) of the Company's Constitution and, being eligible for election, be elected as a Director of the Company."

4. RESOLUTION 3 - ELECTION OF DR IAN F. BURSTON

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That Dr Ian Burston, having been appointed as an additional Director of the Company since the last meeting of Shareholders, resigns from the office of Director in accordance with rule 17.3 (9) of the Company's Constitution and, being eligible for election, be elected as a Director of the Company."

5. RESOLUTION 4 - RE-ELECTION OF MR JOSEPH S. STEINBERG

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That Mr Joseph Steinberg, being a Director of the Company who retires by rotation pursuant to Rule 17.3 (3) of the Company's Constitution, and being eligible, is re-elected as a Director of the Company."

6. RESOLUTION 5 - RE-ELECTION OF MR GRAEME ROWLEY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, Mr Graeme Rowley, being a Director of the Company who retires by rotation pursuant to Rule 17.3 (3) of the Company's Constitution, and being eligible, is re-elected as a Director of the Company."

Dated this 14 October 2008

By Order of the Board.

A handwritten signature in black ink, appearing to read 'Rod Campbell', is written over a light grey rectangular background.

Rod Campbell
Company Secretary

EXPLANATORY STATEMENT

This Explanatory Memorandum has been prepared for the information of Shareholders of Fortescue Metals Group Ltd ("**Company**") in connection with the business to be conducted at the Annual General Meeting of Shareholders to be held in the Terrace Ballroom, at the Hyatt Regency Perth, 99 Adelaide Terrace, East Perth, Western Australia on Thursday, 20 November 2008 at 2.00 pm (WDT).

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting.

This Explanatory Statement and all 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, please contact the Company or your financial adviser, stockbroker or solicitor.

1. FINANCIAL REPORTS

The first item of the Notice deals with the presentation of the consolidated financial report of the Company for the year ended 30 June 2008 together with the Directors' declaration and report in relation to that financial year and the auditor's report on those financial statements. Shareholders should consider these documents 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 Annual General Meeting to ask questions about or make comments on the above reports. No resolution is required to be moved in respect of this item.

2. RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

The Annual Report of the Company for the year ended 30 June 2008 contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the Directors and specified executives of the Company. A copy of the report can also be found on the Company's website at www.fmgl.com.au.

In accordance with the Corporations Act, Shareholders are asked to consider and vote on the Remuneration Report as presented in the Annual Report for the year ended 30 June 2008. The vote on Resolution 1 is advisory only and will not require the Company to alter the arrangements detailed in the Remuneration Report, should Resolution 1 not be passed. Notwithstanding the legislative effect of this requirement, the Board will take the outcome of the vote into consideration when considering the remuneration policy.

3. RESOLUTIONS 2 AND 3 - ELECTION OF DIRECTORS

In accordance with Rule 17.3 (9) of the Company's Constitution, Mr Owen Hegarty and Dr Ian Burston, having been appointed by the Board as Directors of the Company since the last General Meeting, will retire and offer themselves for election by Shareholders.

Resolution 2: Election of Mr Owen Hegarty

Owen L. Hegarty BEc(Hons), FAusIMM was appointed a Director in October 2008. Mr Hegarty is a Non-Executive Director of OZ Minerals Limited, the company formed in mid-2008 by the merger of Oxiana Limited and Zinifex Limited. Mr Hegarty has more than 35 years experience in the mining industry in Australia and internationally, most recently at Oxiana Ltd where he was the founding managing director from 1995 through to the merger

in 2008. Mr Hegarty also spent 24 years with the Rio Tinto Group where, from 1983 to 1988, he was managing director of Rio Tinto's Asian business and from 1988 to 1993 he was managing director of Rio Tinto's Australian copper and gold mining and smelting business unit.

Mr Hegarty is also a Non-Executive Director of Range River Gold Limited and was appointed a senior advisor to Citadel Resource Group in July 2008. Mr Hegarty is a fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and was awarded the 2005 AusIMM Institute Medal for his leadership and achievements in the mining industry. He was elected a Director of the AusIMM in October 2008 and will assume that position from January 2009.

Mr Hegarty served as a Non Executive Director of Toro Energy Ltd from November 14, 2005 to 2007.

Directors' Recommendation

Mr Hegarty 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: Election of Dr Ian Burston

Ian Fred Burston, AM, FAICD, FAusIMM, FIEAus was appointed a Director in October 2008. Dr Burston has more than 30 years of top-level experience in Western Australian and international mining. Most recently he was Executive Chairman of Cape Lambert Iron Ore Ltd between May 2007 and August 2008 and previously served as Non Executive Chairman of Cape Lambert from July 2006 to May 2007.

Dr Burston has been Non Executive Chairman of Imdex Ltd since November 2000 and Chairman and Director of NRW Holdings Ltd since July 2007. He has been a Non Executive Director of Mincor Resources since January 2003 and served as Executive Chairman and chief executive officer at Aztec Resources Ltd between June 2003 and February 2006 where he currently serves as Director. He is also a Director of Kanzai Mining Corp.

Formerly, Dr Burston held positions as managing director of Hamersley Iron Pty Limited between 1982 and 1986, managing director and chief executive officer of Aurora Gold Ltd and managing director of Portman Limited where he developed the company's iron ore division. Dr Burston was chief executive officer of Kalgoorlie Consolidated Mines Pty Ltd between 1989 and 1993 where he was responsible for closing down the underground mines and consolidating them into an open pit mining operation - the Super Pit.

Early in his career, held engineering positions with the Commonwealth of Australia and within the South Australian state government before moving to CRA Group (now part of Rio Tinto) where he worked for 22 years in various senior executive positions.

Dr Burston was awarded the Order of Australia (General Division) in 1993 and was elected Western Australian Citizen of the Year in 1992.

Directors' Recommendation

Dr Burston 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.

4. RESOLUTIONS 4 AND 5 – RE-ELECTION OF DIRECTORS

In accordance with the Director rotation provisions in Rule 17.3(3) of the Constitution, Mr Joseph S. Steinberg and Mr Graeme Rowley retire by rotation at the Meeting. Mr Steinberg and Mr Rowley, being eligible for re-election pursuant to Rule 17.3(6) of the Constitution, offer themselves for re-election as a Director.

Resolution 4 - Re-Election of Mr Joseph S. Steinberg

Mr Steinberg was appointed a Non-Executive Director in August 2006. Mr Steinberg has been President and a Director of Leucadia National Corporation, Inc. ("Leucadia") of the United States of America since 1978. Mr Steinberg was invited onto the Fortescue Board to represent Leucadia following its US\$400 million investment, comprising US\$300 million equity and US\$100 million subordinated debt, made in Fortescue in August 2006.

Mr Steinberg is also President and Director on the FINOVA Group, Inc., Jordon Industries, Inc. and Chairman of HomeFed Corporation. He is Trustee of the New York University and serves on several non profit boards. Mr Steinberg received an AB in government in 1996 from New York University and an MBA from Harvard Business School in 1970. He served within the United States Peace Corps from 1966 to 1968.

Directors' Recommendation

Mr Steinberg 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: Re-Election of Mr Graeme Rowley

Mr Rowley has been an Executive Director since October 2003. Mr Rowley is a former senior executive of global resources group Rio Tinto, holding senior roles in Hamersley Iron, Argyle Diamonds and the former CRA corporate headquarters. His previous executive position before joining Fortescue was as the General Manager of Hamersley Iron's Rail and Port Operations at Dampier in the Pilbara region of Western Australia. During a successful six year term in that appointment, Mr Rowley was responsible for significant improvements in unit costs and productivity, expanding the capacity of the port and rail system from 54 million tonnes per annum to 76Mtpa. Mr Rowley has brought a wealth of operational talent to the Fortescue board with particular emphasis on infrastructure strategy.

Mr Rowley's directorships have included Dampier Port Authority, the Pilbara Development Commission (Chairman), the Council for the West Pilbara College of TAFE (Chairman) and the WA State Government's Technical Industry Advisory Council. Prior to his 25 year career with Rio Tinto, Mr Rowley had a 20 year Royal Australian Air Force career, which included a period as Commanding Officer of the RAAF's VIP Squadron at Canberra.

Directors' Recommendation

Mr Rowley 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.

5. GLOSSARY OF TERMS

The following terms and abbreviations used in the Notice and this Explanatory Memorandum have the following meanings:

"Board"	means the Board of Directors from time to time.
"Company"	means Fortescue Metals Group Ltd ABN 57 002 594 872.
"Computershare"	means Computershare Investor Services Pty Limited ABN 48 078 279 277.
"Constitution"	means the constitution of the Company from time to time.
"Corporations Act"	means the Corporations Act 2001 (Cth).
"Directors"	means the directors of the Company from time to time.
"Explanatory Memorandum"	means this explanatory memorandum.
"Meeting" or "Annual General Meeting"	means annual general meeting of Shareholders of the Company or any adjournment thereof, convened by the Notice.
"Non Executive Directors"	means the non executive directors of the Company from time to time.
"Notice" or "Notice of Annual General Meeting"	means the notice of annual general meeting which accompanies this Explanatory Memorandum.
"Resolution"	means a resolution referred to in the Notice.
"Share"	means a fully paid ordinary share in the capital of the Company.
"Shareholder"	means a holder of shares in the Company.
"WDT"	means Australian western daylight saving time.