*Rule 2.7, 3.10.3, 3.10.4, 3.10.5*

# 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 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

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 | FY2013 Performance Rights granted |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | FY2013 Performance Rights<br>(a) 1,432,731 FY2013 Performance Rights granted under Fortescue's Performance Share Plan (PSP) in relation to the Executive and Senior Staff Incentive Plan (ESSIP).<br>(b) 912,643 FY2013 Performance Rights granted under Fortescue's Performance Share Plan in relation to the Long Term Incentive Plan (LTIP).<br>(c) 367,380 FY2013 Performance Rights granted under Fortescue's Tax Deferred Employee Bonus Share Plan (TDEBSP). |



+ See chapter 19 for defined terms.

| | | |
|---|---|---|
| 3 | Principal terms of the +securities (eg, 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 PSP and TDEBSP. Terms of the Performance Rights determined in accordance with the relevant plan.<br><br>Performance Rights under the PSP and TDEBSP are granted for no consideration and no consideration is payable for the provisions of shares on vesting.<br><br>Subject to the terms of the relevant plan:<br><br>• the Performance Rights granted under the PSP for the ESSIP entitles the Recipient to 1 ordinary share for each performance right;<br><br>• the Performance Rights granted under the PSP for the LTIP entitles the Recipient to 1 ordinary share for each performance right, additional rights may be granted if Return on Equity performance exceeds 15% over a three year period; and<br><br>• the Performance Rights granted under the TDEBSP entitles the Recipient to the number of ordinary shares calculated by multiplying the number of performance rights by 150% and then by the Market Value of a Share at the Grant Date dividing the result by the Market Value of a Share as at the vesting date.<br><br>Recipients will only benefit from the grant of a Performance Right if the relevant Performance Conditions are fulfilled and they are allocated the Performance Shares.<br><br>The final number of Performance Rights that vest is ultimately determined by performance across a number of key areas including the adherence to safety, environmental, heritage and other regulatory targets, the shipment of a specified number of tonnes, and the meeting of specified operating cost profiles. In addition personal targets that have defined performance criteria relevant to a recipient's specific area of responsibility may be required to be met.<br><br>These Performance Conditions will be measured over the period 1 July 2012 to 30 June 2013 for the ESSIP and TDEBSP and over the period 1 July 2012 to 30 June 2015 for the LTIP.<br><br>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.<br><br>Unvested Performance Rights granted will lapse where the Performance Conditions are not met during the period 1 July 2012 to 30 June 2013 for the TDEBSP and ESSIP, or the period 1 July 2012 to 30 June 2015 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) |

| | | |
|---|---|---|
| 4 | Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?<br><br>If the additional securities do not rank equally, please state:<br>• the date from which they do<br>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment<br>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | No.<br><br>A grant of a Performance Right 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.<br><br>When Performance Rights have vested, ordinary fully paid Fortescue shares will be allocated. These shares will rank equally with existing Fortescue shares. |
| 5 | Issue price or consideration | Nil |
| 6 | Purpose of the issue<br>(If issued as consideration for the acquisition of assets, clearly identify those assets | Performance Rights granted to certain staff as part of the Fortescue ESSIP and TDEBSP for the period 1 July 2012 to 30 June 2013 and the LTIP for the period 1 July 2012 to 30 June 2015. |
| 7 | Dates of entering +securities into uncertificated holdings or despatch of certificates | 10 December 2012 |



+ See chapter 19 for defined terms.

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

| | | Number | +Class |
|---|---|---|---|
| 9 | Number and +class of all +securities not quoted on ASX (*including* the securities in clause 2 if applicable) | 600,000 | Unlisted February 2014 options exercisable at $2.50 each |
| | | 7,500,000 | Unlisted May 2015 options exercisable at $5.00 each |
| | | 400,000 | Unlisted September 2015 options exercisable at $5.69 |
| | | 1,400 | Preference shares at face value $100,000 with a 9% coupon redeemable on or before end February 2017. |
| | | 2,325,068 | FY2012 Performance Rights |
| | | 2,712,754 | FY2013 Performance Rights |

| | | |
|---|---|---|
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | N/A |

# Part 2 - Bonus issue or pro rata issue

| | | |
|---|---|---|
| 11 | Is security holder approval required? | |
| 12 | Is the issue renounceable or non-renounceable? | |
| 13 | Ratio in which the +securities will be offered | |
| 14 | +Class of +securities to which the offer relates | |

| | | |
|---|---|---|
| 15 | +Record date to determine entitlements | |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | |
| 17 | Policy for deciding entitlements in relation to fractions | |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents<br>Note: Security holders must be told how their entitlements are to be dealt with.<br>Cross reference: rule 7.7. | |
| 19 | Closing date for receipt of acceptances or renunciations | |
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |
| 22 | Names of any brokers to the issue | |
| 23 | Fee or commission payable to the broker to the issue | |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | |
| 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 | |



+ See chapter 19 for defined terms.

| | | |
|---|---|---|
| 28 | Date rights trading will begin (if applicable) | |
| 29 | Date rights trading will end (if applicable) | |
| 30 | How do +security holders sell their entitlements *in full* through a broker? | |
| 31 | How do +security holders sell *part* of their entitlements through a broker and accept for the balance? | |
| 32 | How do +security holders dispose of their entitlements (except by sale through a broker)? | |
| 33 | +Despatch date | |

# 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 | |
| 39 | Class of +securities for which quotation is sought | |
| 40 | Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?<br><br>If the additional securities do not rank equally, please state:<br>• the date from which they do<br>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment<br>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | |
| 41 | Reason for request for quotation now<br><br>Example: In the case of restricted securities, end of restriction period<br><br>(if issued upon conversion of another security, clearly identify that other security) | |

| | | Number | +Class |
|---|---|---|---|
| 42 | Number and +class of all +securities quoted on ASX (*including* the securities in clause 38) | | |

### Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.



+ See chapter 19 for defined terms.

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 not available now, 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: 11 December 2012

Print name: Mark Thomas. Company Secretary.....

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