



18 February 2014

The Companies Officer
Australian Securities Exchange Ltd
2 The Esplanade
Perth WA 6000

Dear Sir,

Amendment to Dividend Reinvestment Plan

Fortescue Metals Group Ltd (ASX: FMG, Fortescue) advises that the Board has approved changes to the terms and conditions of Fortescue's Dividend Reinvestment Plan (DRP) to take effect on 19 February 2014. In accordance with ASX Listing Rule 3.10.8, please find attached an information pack which contains the revised DRP terms and conditions.

The changes to the DRP are designed to address changes to the ASX Listing Rules (in particular, Appendix 6A) which come into effect in April 2014 and provide additional flexibility in the DRP by extending the price determination period in respect of the calculation of the issue price of new shares allotted or transferred to participants under the DRP from five trading days to ten trading days.

Yours sincerely
Fortescue Metals Group Ltd

Mark Thomas
Company Secretary

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Plan Highlights

Dividend Reinvestment Plan

Under the Fortescue Metals Group Ltd (Fortescue) Dividend Reinvestment Plan (DRP), you may elect to have the dividends paid on some or all of your Fortescue shares automatically reinvested in additional Fortescue shares.

Further details of the DRP, in addition to these Plan Highlights and the Your Questions Answered, are contained in the accompanying Terms and Conditions.

Right to Participate

Participation in the DRP is entirely optional. All shareholders with an Australian or New Zealand address on the Fortescue register of members are eligible to participate in the DRP.

Shareholders who do not have an address in Australia or New Zealand on the register of members may only participate in the DRP if the Directors in their absolute and unfettered discretion approve of the participation.

How to Participate

You may elect to participate by completing a Dividend Reinvestment Plan Application or Variation Form (DRP Form) and returning it to the Fortescue Share Registry. Additional DRP Forms may be obtained from the Fortescue Share Registry.

You may participate in the DRP at any time. Your participation will commence with the first dividend paid after receipt of a valid DRP Form. However, the DRP Form must be received before 5:00pm (Perth time) on the first business day following the Record Date to participate in that dividend.

Full or Partial Participation

Shareholders may elect to participate as follows:

- a. full participation in the DRP; or
- b. partial participation in the DRP.

If you elect to participate fully in the DRP, then all shares held by you at the relevant Record Date for all dividends will be treated as participating in the DRP.

If you choose partial participation, only the specific number of shares nominated will participate in the DRP. Dividends will be paid in the normal way for shares not participating in the DRP.

If you choose partial participation, any shares allotted or transferred to you under the DRP will not participate in the DRP unless the number of shares you hold is less than the specific number of shares you have nominated to participate in the DRP.

Rights Attaching to Shares Allotted or Transferred Under the DRP

Shares allotted or transferred under the DRP rank equally in all respects with existing shares from the date of allotment or transfer.

Issue Price

Shares are allotted or transferred at the average of the daily volume weighted average market price of all Fortescue shares traded on the Australian Securities Exchange during the period of ten trading days commencing on the second trading day after the Record Date for the relevant dividend, less any applicable discount as determined by the Directors.

Number of Shares to be Allotted or Transferred

The number of new Shares to be allotted or transferred to each Participant depends on the value of the dividend declared.

The exact number of new Shares will be the value of the dividend entitlement divided by the Issue Price, rounded down to the nearest whole number of Shares.

Residual Balance after Shares are Allocated or Transferred

Any balance remaining after the rounding down will be retained for you and used to subscribe for shares under the DRP with the next dividend.

If you cease to participate in the DRP before the Record Date or you cease to hold shares under the participating shareholder registration number or the DRP is terminated before the Record Date for the next full year dividend, the balance will be donated to a charity, chosen by the Directors.

You will not receive any tax deduction for the amount donated to charity.

Costs of Participation

No brokerage or other transaction/administration costs are payable by Shareholders on shares allotted under the DRP at this time. You will be responsible for costs associated with seeking independent advice concerning your participation in the DRP.

Variation of Level of Participation or Withdrawal

You may vary your level of participation or withdraw from the DRP at any time by completing a DRP Form and forwarding it to the Fortescue Share Registry.

Subject to the DRP Form being received before 5:00pm (Perth time) on the first business day following the Record Date, the variation or withdrawal will be effective for that dividend.

DRP Statements

Fortescue will send Participants a statement for each dividend payment providing full details of shares allotted or transferred to the Participant under the DRP.

Modification of the DRP

The DRP may be modified, suspended or terminated by the Directors at any time. Any such changes will be notified to the ASX.

Sale of Shares

Shareholders participating in the DRP may sell any of their Shares at any time (subject of course to any relevant legislative provisions).

Taxation

For tax purposes, dividends reinvested under the DRP, including any amounts donated to charity, are usually assessable for income tax in the same way as cash dividends in both Australia and New Zealand.

Fortescue takes no responsibility for any taxation liability of participants. Shareholders should seek their own independent tax advice in relation to the DRP.

Frequently Asked Questions

What is the Dividend Reinvestment Plan?

Under the plan you may elect to have dividends paid on some or all of your Fortescue shares automatically reinvested in additional Fortescue shares.

Can I participate?

You are eligible to participate in the DRP if your address on the Fortescue share register is in Australia or New Zealand.

If you do not have an address on the share register in Australia or New Zealand you may only participate in the DRP if the Board in its absolute and unfettered discretion approves of your participation.

How do I participate?

Participation in the DRP is entirely optional.

You may elect to participate by completing a Dividend Reinvestment Plan Application or Variation Form (DRP Form) and returning it to the Fortescue Share Registry. Additional DRP Forms may be obtained from the Fortescue Share Registry.

You may elect to participate in the DRP at any time. Your participation will commence with the first dividend paid after receipt of a valid DRP Form. However, the DRP Form will only be effective for a particular dividend if it is received before 5:00pm (Perth time) on the first business day following the Record Date for that dividend.

Shareholders may elect to participate as follows:

- a full participation in the DRP; or
- b partial participation in the DRP.

If you elect to participate fully in the DRP, then all shares held by you at the relevant Record Date for all dividends will be treated as participating in the DRP.

If you choose partial participation, only the specific number of shares nominated will participate in the DRP. Dividends will be paid in the normal way for shares not participating in the DRP.

If you choose partial participation, any shares allotted or transferred to you under the DRP will not participate in the DRP unless the number of shares you hold is less than the specific number of shares you have nominated to participate in the DRP.

Do I have to participate?

No, it is entirely optional. If you are unsure whether to participate, you should obtain your own independent advice before making a decision.

Is there a discount?

The Board will determine for each dividend whether or not a discount will be applied to the DRP. The discount, if any, will be announced to the ASX at the time the relevant dividend is announced to the ASX.

Will these shares be the same as my existing shares?

Yes, shares allotted or transferred under the DRP rank equally in all respects with existing shares from the date of allotment.

What will the Issue Price be?

Shares are allotted or transferred at the average of the volume weighted average market price of all Fortescue shares traded on the Australian Securities Exchange during the period of ten trading days commencing on the second trading day after the Record Date for the relevant dividend, less any applicable discount as announced to the ASX.

How many shares will I receive?

The number of new shares to be allotted or transferred to each Participant depends on the value of the dividend declared. The exact number of new shares will be the value of the dividend entitlement divided by the Issue Price, rounded down to the nearest whole number of shares.

Will I have to pay anything to participate in the DRP?

No brokerage or other transaction/administration costs are payable by Participants on shares allotted under the DRP at this time.

What if I have more than one shareholding?

A separate form will have to be lodged for each shareholding registered under different names or for each shareholding that has a different shareholder registration number.

Can I vary my level of participation later? Can I withdraw from the DRP?

You may vary your level of participation or withdraw from the DRP at any time by completing a DRP Application or Variation Form and forwarding it to the Fortescue Share Registry.

When is the latest I can submit my DRP Application or Variation Form?

You may submit your DRP Application or Variation Form at any time, but for the application or change to be effective for a particular dividend, the form must be received before 5:00pm (Perth time) on the first business day following the Record Date for that dividend.

How will I know how many shares I have been allotted or transferred?

Fortescue will send you a statement for each dividend payment providing full details of an allotment or transfer under the DRP.

When will shares be recorded in my name?

Shares allotted or transferred under the DRP will be recorded in Fortescue's register of members under your name on or about the date of payment of the relevant dividend.

You should confirm that the shares have been recorded in your name before entering into any transaction involving shares allotted or transferred under the DRP.

Can I sell my Shares?

You may sell any of your shares at any time (subject of course to any relevant legislative provisions).

Are my shares taxed?

Dividends reinvested under the DRP, including any amounts donated to charity, are usually assessable for income tax in the same way as cash dividends in both Australia and New Zealand. There is generally no tax benefit in participating in the DRP.

Fortescue takes no responsibility for any taxation liability of participants. You should seek your own independent tax advice in relation to the DRP.

Where can I get another DRP Application or a DRP Variation form?

To receive another form please contact:

Fortescue Share Registry
Locked Bag A14
Sydney South NSW 1235

Enquiries:

1300 733 136 (*within Australia*)
+61 2 8280 7603 (*outside Australia*)

Facsimile:

02 9287 0303

Where can I get more information?

More information can be found in the Terms and Conditions located on Fortescue's website – www.fmgl.com.au.

Terms and Conditions

1. Definitions and Interpretation

1.1 Definitions

In these Terms:

'**ASX**' means the ASX Ltd (ABN 98 008 624 691) or the market conducted by it;

'**ASX Settlement Operating Rules**' means the settlement rules applicable to trading on the ASX;

'**ASX Operating Rules**' means the market rules applicable to trading on the ASX;

'**Charity**' means any charitable organisation licensed or registered to conduct fundraising activities under the *Charitable Collections Act 1946* in Western Australia, or any similar legislation in any other State or Territory of Australia

'**Constitution**' means the Constitution of Fortescue as amended from time to time;

'**Directors**' means the Directors of Fortescue from time to time;

'**DRP**' means the Dividend Reinvestment Plan of Fortescue conducted on these Terms;

'**Excluded Trades**' means all off-market trades, including but not limited to, transactions defined in the ASX Operating Rules as special crossings, crossings prior to the commencement of the open session state, portfolio special crossings, equity combinations, crossings during overnight trading, overseas activity, trades pursuant to the exercise of options over shares and any other trades that the Directors determine should be excluded on the basis that the trades are not fairly reflective of supply and demand;

'**Fortescue**' means Fortescue Metals Group Ltd (ABN 57 002 594 872);

'**Issue Price**' means, in relation to a dividend, 100% or such other amount that the Directors may determine from time to time of:

- a. the average of the volume weighted average market price per share of all shares traded on the ASX during the Price Determination Period in relation to the Record Date for that dividend (excluding Excluded Trades); or
- b. if no Shares are traded during the Price Determination Period, the last sale price (that is not in respect of an Excluded Trade) recorded on the ASX prior to commencement of the Price Determination Period;

'**Listing Rules**' means the Official Listing Rules of the ASX;

'**Participant**' means a Shareholder participating in the DRP in respect to a holding under a Shareholder Number;

'**Participating Shares**' means the number of a Participant's Shares that are participating in the DRP as at the Record Date calculated in accordance with clause 4;

'**Price Determination Period**' means, in relation to a dividend, the period commencing on the second Trading Day after the Record Date (Commencement Date) for that dividend and ending:

- a. if not otherwise determined by the Directors, ten Trading Days after the Commencement Date; or
- b. at such time as is determined by the Directors in their absolute and unfettered discretion;

'**Record Date**' means the date the Register is closed for determining entitlements to a dividend;

'**Register**' means the register of members maintained by Fortescue (or by Fortescue's duly appointed agent), including both the principal register and any branch registers or sub-registers;

'**Shareholder**' means a person registered in the Register as a holder of Shares;

'**Shareholder Number**' includes a holder identification number issued to a Shareholder under the ASX Settlement Operating Rules;

'**Shares**' means fully paid ordinary shares in the capital of Fortescue;

'**Terms**' means these terms and conditions of the DRP as amended from time to time in accordance with clause 13;

'**Trading Days**' means days on which the ASX is open for trading;

'**Withholdings**' means withholding tax and any other amounts (including without limitation, amounts withheld as a result of a failure to provide a tax file number) which Fortescue is required or permitted to withhold from a dividend payable on Participating Shares.

1.2 Interpretation

In these Terms, unless the context otherwise requires:

- a. the singular includes the plural and vice versa;
- b. headings are for convenience only and do not affect interpretation;
- c. an expression importing a natural person includes a firm, a body corporate, an unincorporated association and an authority;
- d. a reference to any statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances of by-laws amending, consolidating or replacing them, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute; and
- e. a reference to a document includes an amendment or supplement to, or replacement or novation of, that document.

2. Eligibility

- 2.1 Any Shareholder with an address on the Register in Australia or New Zealand is eligible to participate in the DRP.
- 2.2 Shareholders who do not have an address on the Register in Australia or New Zealand may only participate in the DRP if the Directors in their absolute and unfettered discretion approve of the participation.
- 2.3 The Directors have an absolute and unfettered discretion to refuse to accept Shares for participation in the DRP and to suspend or withdraw Shares from participation without notice.

3. Participation in the DRP

- 3.1 Participation in the DRP is optional and is subject to the Terms, all applicable laws, the Listing Rules and the Constitution.
- 3.2 If a Shareholder wishes to participate in the DRP, or vary the Shareholder's participation in ways permitted by these Terms, the Shareholder must complete a form prescribed by the Directors from time-to-time for that purpose.

4. Level of Participation

- 4.1 A Shareholder may specify in the form completed under clause 3.2 the number (or percentage, if so permitted by the Directors) of Shares which the Shareholder wishes to participate in the DRP.
- 4.2 If an application to participate or to vary participation is received which does not specify the number (or percentage, if applicable) of Shares that the Participant wishes to participate in the DRP, then the application will be deemed to specify all of the Participant's Shares from time to time.
- 4.3 If an application to participate or to vary participation is received that specifies a number of Shares that the Participant wishes to participate in the DRP that is greater than the number of Shares held under the Participant's Shareholder Number, then the application will be deemed to specify all of the Shares under that Shareholder Number from time to time.
- 4.4 Participating Shares will participate in the DRP and dividends paid on those Participating Shares will be reinvested in new Shares in accordance with these Terms.
- 4.5 Shares which are sold or otherwise transferred to a new Shareholder Number will cease to participate in the DRP on registration of the transfer by or on behalf of Fortescue.

5. Operation

- 5.1 Subject to this clause 5, each dividend (net of Withholdings, if any) payable to a Participant in respect of Participating Shares together with any balance under clause 5.5 will be applied by Fortescue to subscribe for Shares, at the Issue Price, on the Participant's behalf.
- 5.2 The number of Shares subscribed for by each Participant will be the exact number for that Participant calculated under clause 5.1, rounded down to the nearest whole number of Shares.
- 5.3 The DRP will not operate in relation to a dividend to the extent that the allotment or transfer of Shares under the DRP would breach any applicable law, the Listing Rules or any provision in the Constitution.
- 5.4 If and to the extent that the DRP does not operate, the relevant dividend on Participating Shares must instead be distributed (net of Withholdings, if any) to Participants in the same way as to Shareholders not participating in the DRP.

5.5 Fortescue will retain for the Participant's benefit any balance remaining after the rounding down of the number of Shares subscribed for under clause 5.2, and subject to clause 5.6 such balance shall be applied to subscribe for Shares under clause 5.1 with the next dividend.

5.6 If the Participant does not hold Shares under, or has ceased to participate in the DRP in respect to, the Shareholder Number to which the balance in clause 5.5 relates or the DRP has been terminated at the time of the Record Date for the next full year dividend, the Shareholder will forfeit that balance and Fortescue will donate the balance to a Charity chosen by the Directors.

6. Allotted shares

Shares allotted under the DRP will rank equally with existing Shares and must:

- a. be allotted in accordance with the Listing Rules and the terms of the DRP;
- b. be subject to the same rights as all other Shares; and
- c. where a Participant lodges separate applications under clause 11.4 in respect of parcels of Shares held by that Participant identified in the Register by a separate Shareholder Number, be registered on the same Register as the Participant's Shares to which the application relates.

7. Issue New Shares Or Purchase Existing Shares

- 7.1 The Directors in their absolute discretion will determine, with respect to the operation of the DRP for any dividend, whether to issue new Shares or to cause the purchase and transfer of existing Shares, or to apply a combination of both options, to satisfy Fortescue's obligations under these Terms.
- 7.2 If the Directors determine to cause the purchase of Shares and their transfer to Participants, the Shares may be acquired as the Directors consider appropriate. Fortescue, if it so chooses, may create a trust (of which Participants are the beneficiaries) to acquire the Shares and then transfer or sell such Shares to the Participants.

8. Statements

After each allotment of Shares under the DRP, Fortescue must send to each Participant a statement setting out full details of the allotment and any cash balances.

9. Changes to Participation

A Participant may at any time, by notice in writing to Fortescue in a form prescribed by the Directors, terminate the Participant's participation in the DRP, or (subject to these Terms) increase or decrease the number (or percentage, if applicable) of the Participating Shares. A notice given under this clause which is received after 5pm (Perth time) on the first business day following the Record Date for a dividend is not effective for that dividend, but takes effect in respect of the next dividend.

10. Share transfers and other changes in shareholding

Where a Shareholder holds Participating Shares and non-Participating Shares, and sells or transfers a Share, the non-Participating shares will be deemed to be sold or transferred in priority to Participating Shares.

11. Applications and Notices

- 11.1 Any notice or application by a Shareholder provided for in the Terms must be in writing, addressed to Fortescue and in the form prescribed (if any) for that purpose by the Directors.
- 11.2 By applying to participate in the DRP, the Shareholder agrees to be bound by these Terms and the Constitution in respect of all Shares allotted or transferred to the Shareholder under the DRP.
- 11.3 The Directors may in their absolute and unfettered discretion accept or reject any notice of application to participate in the DRP or discontinue the participation of a Participant in the DRP, without being bound to give any reason for doing so.
- 11.4 Separate notices or applications must be given in respect of each parcel of Shares identified in the Register by a separate Shareholder Number and a Shareholder is deemed for the purposes of the DRP to be a separate Shareholder in relation to each parcel of Shares identified by a separate Shareholder Number.

11.5 A notice required by these Terms to be given to Shareholders by Fortescue may be given by:

- (a) giving the notice to ASX for release to the market (in which case the notice is taken to be given on the date that it is released to the market); or
- (b) sending the notice to the registered postal address or nominated email address (if applicable) of the Shareholders (in which case the notice is taken to be given on the date determined in accordance with the Constitution); or
- (c) both methods (in which case the notice is taken to be given on the date that it is released to the market).

11.6 The failure to give a notice of modification, suspension or termination, or the non-receipt of any notice by any Shareholder, does not invalidate the variation, suspension or termination (as the case may be).

12. ASX Listing

Pursuant to the Listing Rules, Fortescue will apply for quotation on the ASX of all Shares issued (if any) and allotted under the DRP.

13. Modification, Suspension and Termination

- 13.1 The Directors may, in their absolute and unfettered discretion, modify the Terms, or suspend or terminate the DRP at any time.
- 13.2 Subject to clause 9, each Shareholder who was a Participant immediately prior to the suspension of the DRP is taken to continue to participate in the DRP when it recommences.
- 13.3 Subject to clause 9, in the event that the Terms are modified by the Directors, each Participant is taken to continue to participate in the DRP as varied.

14. Costs

Any brokerage, commission and other transaction costs in respect of any subsequent disposal of Shares acquired under the DRP by a Participant will be payable by that Participant.

15. Delegation

The Directors may delegate their obligations under these Terms to the Chief Executive Officer of Fortescue (from time to time).

16. Set-Off

The Directors may, at their discretion, cease the participation in the DRP of a Shareholder where, in accordance with the Constitution or any law, the Directors are entitled to retain all or part of a dividend payable in respect of that Participant's Participating Shares or Fortescue is entitled to a charge over such Participating Shares or over any dividend payable in respect of such Participating Shares.

17. Waiver

Fortescue reserves the right to waive strict compliance with any of these Terms.

18. Disputes

Any disputes or disagreements arising under or in relation to the DRP or the Terms may be settled by the Directors in any way the Directors think appropriate and any determination made by the Directors will be final and binding.

19. Taxation

Fortescue takes no responsibility for the taxation liabilities of any Participant. A Participant should obtain their own independent taxation advice, if required.

20. Governing Law

The Terms will be governed by and construed in accordance with the laws of Western Australia.