



**Fortescue Metals Group Ltd**  
**ABN 57 002 594 872**

## **NOTICE OF GENERAL MEETING EXPLANATORY STATEMENT**

Please read the Notice and Explanatory Statement carefully.

If you are not able to attend the General Meeting of Shareholders, please complete and return the proxy form in accordance with the specified directions.

## **NOTICE OF GENERAL MEETING**

**Notice is hereby given that the General Meeting of Fortescue Metals Group Ltd ABN 57 002 594 872 ("Company") will be held at 10.00 am (Perth time) on Tuesday, 30 September 2008, at the Freshwater Bay Room in the Hyatt Regency Perth, 99 Adelaide Terrace, East Perth, Western Australia.**

**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 10.00 am (Perth time) on Sunday, 28 September 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:**

+61 8 9323 2033

**by no later than 10.00 am (Perth time) on Sunday, 28 September 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.

### RESOLUTION 1 - AMENDMENT TO THE CONSTITUTION

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

*"That, for the purposes of section 136 of the Corporations Act and for all other purposes, approval is given for the Company to amend its Constitution as follows:*

- a) by inserting a new clause 4.1A in the form set out in Appendix A of the Explanatory Statement accompanying this Notice; and*
- b) by removing the wording in clause 16.12(5) and replacing it with the following wording:*

*"A holder of a preference Share has the right to vote in the circumstances set out in clause 4.1A(2)(h)."*

### RESOLUTION 2 - AMENDMENT TO THE CONSTITUTION

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

*"That, for the purposes of Listing Rule 15.11.1 and section 136 of the Corporations Act and for all other purposes, approval is given for the Company to amend its Constitution as follows:*

- a) by removing the existing definition of "ASX" from clause 2(6) and replacing it with the following wording:*

*" "ASX" means ASX Limited (ABN 98 008 624 691)."*

- b) by removing the existing definition of "Listing Rules" from clause 2(18) and replacing it with the following wording:*

*" "Listing Rules" means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX."*

*c) by inserting a new clause 3.2A in the form set out in Appendix A of the Explanatory Statement accompanying this Notice.*

**Dated 28 August 2008**  
**By Order of the Board.**

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

**Rod Campbell**  
**Company Secretary**

## **EXPLANATORY STATEMENT**

This Explanatory Statement has been prepared for the information of Shareholders of Fortescue Metals Group Ltd ABN 57 002 594 872 ("**Company**") in connection with the business to be conducted at the General Meeting of Shareholders to be held at 10.00 am (Perth time) on Tuesday, 30 September 2008, at the Freshwater Bay Room in the Hyatt Regency Perth, 99 Adelaide Terrace, East Perth, Western Australia.

This Explanatory Statement should be read in conjunction with the accompanying Notice of 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.

### **RESOLUTIONS 1 AND 2 - AMENDMENTS TO THE CONSTITUTION**

#### **Authority to issue preference shares**

The Company is seeking to raise additional capital for the purposes of financing expansions of the infrastructure platform relating to its project in the Pilbara region of Western Australia ("**Project**"). The Project comprises a port facility at Port Hedland, iron ore mining operations within the Chichester Range and a railway line that links these two sites. The Company's intentions regarding its expansion planning were recently articulated in the June 2008 quarterly report released to ASX on 28 July 2008. The report provided information relating to the construction program and the procurement schedules for certain long lead time items.

In recognition of the capital raising requirements, the Company has assessed a number of alternative sources of funding. One such source is to raise capital through the issue of preference shares.

Under section 254A(2) of the Corporations Act, a company may only issue preference shares where certain rights attached to the preference shares to be issued have been approved by shareholders (by special resolution) or are set out in the company's constitution. The present Constitution of the Company does not contain provisions permitting the Company to issue preference shares.

Accordingly, Resolution 1 seeks the approval of Shareholders to amend the Constitution by inserting into the Constitution a new clause 4.1A as set out in Appendix A to this Explanatory Statement.

If Resolution 1 is passed by Shareholders, the proposed amendments to the Constitution will enable the Company to issue, subject to the Corporations Act and the Listing Rules, preference shares (including redeemable preference shares) without having to seek specific shareholder approval if the rights of the holders of the preference shares are as set out in the new clause 4.1A. The specific terms of any

preference shares may be determined by the Board in accordance with clause 4.1A at their time of issue, having regard to the best interests of the Company as a whole including the market conditions prevailing at that time.

The Board believes that the proposed amendments to the Constitution are in the interests of the Company because they will:

- provide the Company with an alternative source of funding at a low cost relative to ordinary equity;
- diversify the Company's funding sources and provide a potential source of subordinated long-term funding; and
- enable the Company to maintain its balance sheet and financial flexibility, assisting it to achieve its current and future operational objectives and pursue other growth opportunities.

From a Shareholder's perspective, the important issues to consider in relation to the proposed amendments to the Constitution are as follows:

- dividends on preference shares will be paid in priority to dividends on Shares and if the Company does not pay a dividend on the preference shares, it may be restricted in paying dividends on Shares;
- holders of preference shares will have priority over Shareholders for a return of capital if the Company is wound up; and
- preference shares may convert into Shares in some circumstances and, as a result, may dilute the percentage ownership of the Company held by Shareholders.

Resolution 1 also seeks to amend the wording in clause 16.12(5) of the Constitution which deals with the voting rights of holders of preference shares. The voting rights of holders of preference shares are set out in the new clause 4.1A.

### **Application of Listing Rules**

Under Listing Rule 15.11.1, the constitution of an ASX-listed company must be consistent with the Listing Rules unless the company's constitution includes the provisions in Appendix 15A or Appendix 15B of the Listing Rules (whichever is applicable).

The Company proposes to amend the Constitution by inserting into the Constitution the provisions of Appendix 15A of the Listing Rules (being the provisions applicable to the Company). The proposed amendments to the Constitution outlined in Resolution 2 clarify that where there is a conflict or inconsistency between the Constitution and the Listing Rules, the Listing Rules will prevail.

Resolution 2 seeks the approval of Shareholders to make those amendments to the Constitution.

If Resolution 2 is passed, the amendments to the Constitution will take effect immediately. If Resolution 2 is not passed, the existing Constitution will remain in place which may be an issue under current Listing Rules.

### **Amendments to the Constitution**

Under section 136(2) of the Corporations Act, the Company must have Shareholder approval by special resolution to amend its Constitution. Accordingly, Resolutions 1 and 2 seek shareholder approval by special resolution to amend the Constitution as outlined above and in the Notice.

A copy of the proposed amended Constitution will be sent to any Shareholder upon request. It will also be available for inspection at the Company's registered office during normal business hours prior to the General Meeting and will be tabled and available for inspection at the General Meeting.

The proposed amended Constitution document available for inspection at the General Meeting will have the proposed changes underlined.

If either or both of Resolutions 1 and 2 are passed, the relevant amendments to the Constitution will take effect immediately.

### **Directors' Recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolutions 1 and 2.

## GLOSSARY OF TERMS

Unless the context indicates a contrary intention, the following terms and abbreviations used in the Notice and this Explanatory Statement (except Appendix A) have the following meanings:

|                                         |                                                                                                                                                                                                                                                     |
|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "ASX"                                   | means ASX Limited ABN 98 008 624 691.                                                                                                                                                                                                               |
| "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 as amended from time to time.                                                                                                                                                                                 |
| "Corporations Act"                      | means the Corporations Act 2001 (Cth).                                                                                                                                                                                                              |
| "Directors"                             | means the directors of the Company from time to time.                                                                                                                                                                                               |
| "Explanatory Statement"                 | means this explanatory statement.                                                                                                                                                                                                                   |
| "Listing Rules"                         | means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX. |
| "Meeting" or "General Meeting"          | means the general meeting of Shareholders of the Company or any adjournment thereof, convened by the Notice.                                                                                                                                        |
| "Notice" or "Notice of General Meeting" | means the notice of general meeting which accompanies this Explanatory Statement.                                                                                                                                                                   |
| "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.                                                                                                                                                                                                                           |

Terms used in Appendix A will, unless the context otherwise requires, have the same meaning given to them in the Constitution of the Company.

## **APPENDIX A - AMENDMENTS TO THE CONSTITUTION**

### **Clause 3.2A Application of Listing Rules**

If the Company is included in the official list of ASX, then:

- (1) notwithstanding anything contained in this Constitution, if the Listing Rules prohibit an act being done, the act must not be done;
- (2) nothing contained in this Constitution prevents an act being done that the Listing Rules require to be done;
- (3) if the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
- (4) if the Listing Rules require this Constitution to contain a provision and it does not contain such a provision, this Constitution is taken to contain that provision;
- (5) if the Listing Rules require this Constitution not to contain a provision and it contains that provision, this Constitution is taken not to contain that provision; and
- (6) if any provision of this Constitution is or becomes inconsistent with the Listing Rules, this Constitution is taken not to contain that provision to the extent of the inconsistency.

### **Clause 4.1A Preference Share Rights**

- (1) The Company may issue preference Shares (including those which may be, or at the option of either or both the Company and the holder are, liable to be redeemed) and may convert any issued Shares into preference Shares, if the rights of the holders of the preference Shares are as set out in this clause 4.1A or are approved in accordance with the Applicable Law.
- (2) If the Company at any time proposes to issue any preference Shares with the terms set out in this clause 4.1A, each preference Share confers on the holder the right to:
  - (a) convert the preference Share into an ordinary Share if and on the basis the Directors resolve at the time of issue;
  - (b) receive a Dividend, in priority to any payment of Dividend on ordinary Shares and any other class of Shares as the Directors resolve at the time of issue, at the rate or of the amount (which may be fixed or variable) and on the basis (including whether cumulative or not) the Directors resolve at the time of issue;
  - (c) in addition to the preferential Dividend, participate with the ordinary Shares in Dividends determined by the Directors if and on the basis the Directors resolve at the time of issue;

- (d) in a winding up or on a reduction of capital, and on redemption in the case of a redeemable preference Share, payment in priority to ordinary Shares and any other class of Shares as the Directors resolve at the time of issue of:
  - (i) the amount of any Dividends due but unpaid on the preference Share at the date of winding up or reduction of capital or, in the case of a redeemable preference share, the date of redemption; and
  - (ii) any additional amount (which may include the amount paid or agreed to be considered as paid on the preference Share) that the Directors resolve at the time of issue;
- (e) a bonus issue or capitalisation of profits in favour of holders of preference Shares only, if and to the extent the Directors resolve at the time of issue of the preference Share;
- (f) in addition to the rights pursuant to clauses 4.1A(2)(b), 4.1A(2)(c), 4.1A(2)(d) and 4.1A(2)(e), participate with the ordinary Shares in profits and assets of the Company, including on a winding up, only if and to the extent that the Directors resolve at the time of issue;
- (g) receive Notices, reports and accounts and to attend and be heard at all meetings of Members on the same basis as the holders of ordinary Shares; and
- (h) vote at meetings of Members only in the following circumstances:
  - (i) on any matter considered at a meeting if, at the date of the meeting, the Dividend (or part of a Dividend) on the preference Shares is due and payable but has not been paid;
  - (ii) on a proposal to reduce the share capital of the Company (other than in connection with a redemption or buy-back of preference Shares in accordance with the terms of their issue);
  - (iii) on a resolution to approve the terms of a buy-back agreement (other than in connection with a redemption or buy-back of preference Shares in accordance with the terms of their issue);
  - (iv) on a proposal that affects rights attached to the preference Shares;
  - (v) on a proposal to wind up the Company;
  - (vi) on a proposal for the disposal of the whole of the property, business and undertaking of the Company;
  - (vii) on any matter considered at a meeting held during the winding up of the Company; and

(viii) in any other circumstances that the Directors resolve at the time of issue and which are permitted pursuant to the Applicable Law,

and is, on a poll on those matters, entitled to the number of votes specified in, or determined in accordance with, the terms of issue for the preference Share.

- (3) In the case of a redeemable preference Share, the Company must if required by the terms of issue for that Share, at the time and place for redemption specified in, or determined in accordance with, those terms of issue, redeem that Share and, subject to the giving or receiving of a valid redemption notice or other document (if any) required by those terms of issue, pay to or at the direction of the registered holder the amount payable on redemption of that Share.



**Fortescue Metals Group Ltd**  
ABN 57 002 594 872

000001 000 FMG  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Lodge your vote:



### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

### In Person:

Computershare Investor Services Pty Limited  
Level 2, 45 St. Georges Tce Perth  
Western Australia 6000 Australia

Alternatively you can fax your form to  
+61 8 9323 2033

## For all enquiries call:

(within Australia) 1300 733 136  
(outside Australia) +61 3 9415 4679

## Proxy Form

 **For your vote to be effective it must be received by 10.00am (Perth Time) Sunday 28 September 2008**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided.

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.computershare.com](http://www.computershare.com).

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** ➔



View your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**

- ☒ Review your securityholding
- ☒ Update your securityholding

**Your secure access information is:**

**SRN/HIN: I9999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

☐

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark ☒ to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Fortescue Metals Group Ltd hereby appoint

☐

the Chairman  
of the meeting **OR**



**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Fortescue Metals Group Ltd to be held at the Freshwater Bay Room, Hyatt Regency Perth, 99 Adelaide Terrace, East Perth, Western Australia on Tuesday, 30 September 2008 at 10.00am (Perth Time) and at any adjournment of that meeting.

### STEP 2 Items of Business



**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

|                                            | For                      | Against                  | Abstain                  |
|--------------------------------------------|--------------------------|--------------------------|--------------------------|
| Resolution 1 Amendment to the Constitution | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 Amendment to the Constitution | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

### SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_

Date    /    /   

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Computershare +