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Date 22 August 2007
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To Company Announcements Office
Australian Securities Exchange
Fax 1900 999 279

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Our ref AH/KF/MAGN12755-9038192

Sydney
Melbourne
Brisbane
Perth
Gold Coast

Notice of initial substantial holder - Fortescue Metals Ltd

Please find **attached** a notice of initial substantial holding in Fortescue Metals Ltd for lodgement.

Yours faithfully
Corrs Chambers Westgarth



 **Adam Handley**
Partner

attachments

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Form 603

Corporations Act 2001
Section 671B

Notice of initial substantial holder

To: Company Name/Scheme
ACN/ARSN

Fortescue Metals Group Ltd
002 594 872

1. Details of substantial holder (1)

Name Magnitogorsk Iron and Steel Works (MMK) and also on behalf of Fulnek Enterprises Limited, Mintha Holding Limited, Steelnet Limited and Victor Rashnikov (MMK Controllers) and each of MMK's controlled bodies corporate or related bodies corporate set out in annexure A (MMK Subsidiaries).

ACN/ARSN (if applicable) N/A

The holder became a substantial holder on 20/ 8 / 2007

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary	15,036,000	15,036,000	5.37%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
MMK	ANZ Nominees Limited holds the shares on behalf of MMK. MMK has a relevant interest in the shares by virtue of section 608(2) of the Corporations Act.	15,036,000 ordinary shares
Fulnek Enterprises Limited, Mintha Holding Limited Steelnet Limited and Victor Rashnikov (MMK Controllers)	Taken to have a relevant interest under section 608(3)(b) of the Corporations Act by reason of having control of MMK.	15,036,000 ordinary shares
MMK Subsidiaries	Taken to have a relevant interest under section 608(3)(a) of the Corporations Act by reason of having voting power (through the relevant interests of their associates, the MMK Controllers) above 20% in MMK.	15,036,000 ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
MMK	ANZ Nominees Limited	ANZ Nominees Limited	15,036,000 ordinary shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
MMK	19 July 2007	AUD8,860	Nil	1000 ordinary shares
MMK	20 August 2007	USD28.76 per share	Nil	1,855,000 ordinary shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Refer to paragraph 3	Refer to paragraph 3

7. Addresses

The addresses of the persons named in this form are as follows:

Name	Address
MMK, MMK Controllers and MMK Subsidiaries	93 Kirov Street Magnitogorsk Chelyabinsk Region Russia 455000
ANZ Nominees	GPO Box 2842AA Melbourne VIC 3001

Signature

print name *Igor Vier*

capacity *Acting President
of MMK Managing
Company*

sign here *[Signature]*

date *11/22/08/2007*

DIRECTIONS

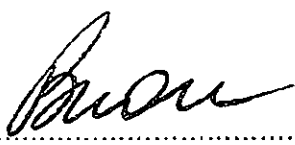
- (1) If there are a number of substantial holders with similar or related relevant interests (eg, a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of the relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg if the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Annexure A

This is Annexure A of 3 pages referred to in ASIC Form 603 (Notice of initial substantial holder).

Signed and dated 22 August 2007.

✓  Igor Vier

Name:

Position:

Acting President of MMK Managing Company

Part 1. (Details of substantial holder)

- 1 CJSC Mechanoremont
- 2 LLC Avtotransportnoye Upravleniye
- 3 LLC Poligrafiya
- 4 LLC Emal
- 5 OJSC «MMK-Profile-Moscow»
- 6 LLC MMK Management Company
- 7 MMK Steel Trade AG
- 8 MMK Trading AG
- 9 MMK Finance S.A.
- 10 LLC MMK Trading Stroy
- 11 MMK Holdings (Asia) Ltd.
- 12 LLC Magfer
- 13 LLC Minimax
- 14 CJSC MRK
- 15 LLC MRK-Protection Coating
- 16 LLC Buskul
- 17 LLC MRK-Remont
- 18 CJSC MZPV
- 19 CJSC Construction Complex

- 20 CJSC Construction Fund
- 21 LLC Abzakovo
- 22 LLC MSC «Metallurg - Magnitogorsk»
- 23 LLC MC «MMK – Kurorot»
- 24 LLC Aquapark
- 25 LLC The Jubileyny Sanatorium
- 26 LLC The Metallurg Sanatorium
- 27 LLC Beriozky Rest House
- 28 LLC Editorial Office of Radio Program «Magnitogorsk Radio Center»
- 29 LLC Clearing & Stock Center
- 30 LLC Region
- 31 LLC Mekom
- 32 LLC RFC-Capital MC
- 33 CJSC RFC-Capital
- 34 CJSC A - Capital
- 35 LLC Fund - Capital
- 36 CJSC MMK-Capital
- 37 LLC Center – F
- 38 LLC Dyuna
- 39 OJSC MMK-METIZ
- 40 LLC TEK MMK
- 41 LLC Aktiv - T
- 42 LLC Metiz - Capital
- 43 CJSC Patent Services
- 44 CJSC Customs Broker
- 45 LLC NPO Avtomatika
- 46 LLC BRU
- 47 LLC Energy Fund
- 48 LLC Electroremont
- 49 CJSC RMK
- 50 LLC Interlux
- 51 LLC Slag Service
- 52 LLC Remput
- 53 LLC MetAl

- 54 CJSC Intercos - IV
- 55 MMK Atakas Metalurji Sanayi, Tikaret ve Liman Isletmeciligi Anonim Sirketi
- 56 CJSC T & PPP
- 57 CJSC APK
- 58 CJSC Magma
- 59 LLC Magstorn
- 60 OJSC MCOZ
- 61 LLC Ogneupor