Form 604

Corporations Act 2001
Section 671B

Notice of change of interests of substantial holder

To Company Name/Scheme	FORTESCUE METALS GROUP LIMITED (the "Company")
ACN/ARSN	002 594 872

1. Details of substantial holder (1)

Name	Hunan Valin Iron and Steel Group Company Ltd (湖南华菱钢铁集团有限责任公司) and each of its related bodies corporate listed in Annexure A ("Hunan Valin Subsidiaries") (together the "Hunan Valin Group")
ACN/ARSN (if applicable)	N/A

There was a change in the interests of the substantial holder on	29/04/2009
The previous notice was given to the company on	24/02/2009
The previous notice was dated	24/02/2009

2. Previous and present 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 when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities (4)	Previous notice		Present notice	
	Person's votes	Voting power (5)	Person's votes	Voting power (5)
Ordinary shares	275,000,0000	9.79%	535,000,000	17.3343%

3. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (6)	Consideration given in relation to change (7)	Class and number of securities affected	Person's votes affected
29/04/2009	Hunan Valin Group	Registration of Valin Investments (Singapore) Pte Ltd, Valin Resources Investments (Singapore) Pte Ltd, and Valin Mining Investments (Singapore) Pte Ltd (each of whom is a wholly owned subsidiary of Hunan Valin Iron and Steel Group Company Ltd) as registered holders of newly issued shares in the Company pursuant to the Share Subscription Agreement attached as Annexure B (section 608(1)(a) of the Corporations Act 2001 (Cwlth))	A$644,800,000	260,000,000	8.4241%

4. Present relevant interests

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Nature of relevant interest (6)	Class and number of securities	Person's votes
Hunan Valin Group	Valin Investments (Singapore) Pte Ltd	Valin Investments (Singapore) Pte Ltd	Valin Investments (Singapore) Pte Ltd is the registered holder of ordinary shares in the Company (section 608(1)(a) of the Corporations Act 2001 (Cwlth)).	228,007,497 ordinary shares	7.3876%
Hunan Valin Group	Valin Resources Investments (Singapore) Pte Ltd	Valin Resources Investments (Singapore) Pte Ltd	Valin Resources Investments (Singapore) Pte Ltd is the registered holder of ordinary shares in the Company (section 608(1)(a) of the Corporations Act 2001 (Cwlth)).	154,267,590 ordinary shares	4.9983%
Hunan Valin Group	Valin Mining Investments (Singapore) Pte Ltd	Valin Mining Investments (Singapore) Pte Ltd	Valin Mining Investments (Singapore) Pte Ltd is the registered holder of ordinary shares in the Company (section 608(1)(a) of the Corporations Act 2001 (Cwlth)).	152,724,913 ordinary shares	4.9484%

5. Changes in association

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (9) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Valin Group Hongkong International Trade Co., Limited	Each a related body corporate of Hunan Valin Iron and Steel Group Company Ltd
Valin Investments (Singapore) Pte Ltd	
Valin Resources Investments (Singapore) Pte Ltd	
Valin Mining Investments (Singapore) Pte Ltd	

6. Addresses

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

Name	Address
Hunan Valin Group	22nd Floor, Valin Building , 111, Section II, Furong Zhonglu, Changsha, Hunan, China 410011

Signature

print name Li Xiaowei

Capacity: Chairman of Hunan Valin Iron and Steel Group Company Ltd

sign here

date 30 /4 /09

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 6 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 person's votes divided by the total votes in the body corporate or scheme multiplied by 100.

(6) Include details of:

(a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any 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.

(7) 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.

(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) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.

ANNEXURE A

Hunan Valin Associates

Each of the entities below is an Associate of Hunan Valin Iron and Steel Group Company Ltd by virtue of being a related body corporate of Hunan Valin Iron and Steel Group Company Ltd

Name	ACN/ARSN (if applicable)
Hunan Dice Technology Development Co., Ltd	N/A
Hunan Valin Industry Investment Management Co., Ltd	N/A
Beijing Chaoran Zhiye Consulting Co., Ltd	N/A
Hunan Valin Iron & Steel Group Financial Co., Ltd	N/A
Inner Mongolia Trust & Investment Limited Corporation	N/A
Hunan Valin Mining Investment Co., Ltd	
Valin Insurance Brokerage Co., Ltd.	N/A
Hunan Valin Properties Co., Ltd.	N/A
Huan Tianhe Real Estate Development Co., Ltd	N/A
Hunan Valin Steel Co., Ltd	N/A
Lianyuan Iron & Steel Group Co., Ltd.	N/A
Xiangtan Iron & Steel Group Co., Ltd.	N/A
Hengyang Steel Tube (Group) Co., Ltd.	N/A
Jiangsu Wuxi Steel Group Co., Ltd.	N/A
Valin Investments (Singapore) Pte Ltd	N/A
Valin Resources Investments (Singapore) Pte Ltd	N/A
Valin Mining Investments (Singapore) Pte Ltd	N/A
Valin Group Hongkong International Trade Co., Ltd	N/A

This is Annexure A of 1 page referred to in Form 604 Notice of Change of Interests of Substantial Holder

Name: Li Xiaowei
Capacity: Chairman of Hunan Valin Iron and Steel Group Company Ltd

Signature: ....

Date: 30 April 2009

ANNEXURE B

Share Subscription Agreement

This is Annexure B of 20 pages referred to in Form 604 Notice of Change of Interests of Substantial Holder

Name: Li Xiaowei
Capacity: Chairman of Hunan Valin Iron and Steel Group Company Ltd

Signature: ....

Date: 30 April 2009.

Conformed copy incorporating the Amending Agreement dated 6 March 2009, the Second Amending Agreement dated 3 April 2009 and the Third Amending Agreement dated 17 April 2009.

Subscription Agreement

Fortescue Metals Group Ltd

and

Hunan Valin Iron and Steel Group Company Ltd

Dated 24 February 2009

Conformed copy incorporating the Amending Agreement dated 6 March 2009, the Second Amending Agreement dated 3 April 2009 and the Third Amending Agreement dated 17 April 2009.

Subscription Agreement

Parties

Fortescue Metals Group Ltd (ABN 57 002 594 872) of Level 2, 87 Adelaide Terrace, East Perth, Western Australia 6004 (**"Company"**)

Hunan Valin Iron and Steel Group Company Ltd (湖南华菱钢铁集团有限责任公司) (Registration Number 4300001000817) of 22nd Floor, Hualin Building, 111 Section II, Furong Zhonglu, Changsha, Hunan, China 410011 (**"Subscriber"**)

Recital

The directors of the Company have resolved to allot and issue, and the Subscriber (and/or its Nominee) has agreed to subscribe for, the Subscription Shares on the terms and conditions of this Agreement.

Date of this agreement: see signing page

The parties agree

1. Definitions and interpretation

1.1 Definitions

In this Agreement:

$ or A$ means the currency of the Commonwealth of Australia.

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

ASX Listing Rules means the listing rules of ASX.

Business Day means a day which is not a Saturday, Sunday or public holiday, and on which all banks are open for business generally, in Perth, Western Australia.

Chinese Government Agencies means each of the following regulatory bodies or agencies of the Peoples' Republic of China:

(i) the National Development and Reform Commission;

(ii) the Ministry of Commerce; and

(iii) the State Administration of Foreign Exchange.

Completion means the completion of the allotment and issue of the Subscription Shares in accordance with this Agreement and **Complete** has a corresponding meaning.

Completion Date means the date five Business Days after the date on which the last Condition Precedent is satisfied or waived.

Conditions Precedent means the conditions precedent set out in clause 3.1.

Corporations Act means the *Corporations Act 2001* (Commonwealth).

Conformed copy incorporating the Amending Agreement dated 6 March 2009, the Second Amending Agreement dated 3 April 2009 and the Third Amending Agreement dated 17 April 2009.

Cut Off Date means 22 April, 2009.

Encumbrance means security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power, title retention or flawed deposit arrangement or any agreement to create any of them or allow them to exist.

Event of Insolvency means:

(a) a receiver, manager, receiver and manager, trustee, controller (as defined in the Corporations Act) or similar officer is appointed in respect of a person or any asset of a person;

(b) a liquidator, provisional liquidator, administrator or similar officer is appointed in respect of a corporation;

(c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:

  (i) appointing a person referred to in paragraphs (a) or (b) (or which is preparatory to or could result in appointing a person referred to in paragraphs (a) or (b));

  (ii) winding up a corporation; or

  (iii) proposing or implementing any arrangement, assignment, moratorium, reorganisation, composition or compromise with, or for the benefit of, all or any class of creditors or any reorganisation or other administration involving any of them;

(d) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the insolvency or sequestration of an individual or his estate under any Insolvency Provision;

(e) a person has any material, final and unappealable judgment or award made against it and fails to satisfy such judgment or award within 14 days of the date on which it became aware of such judgment or award;

(f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable law to be, insolvent or an insolvent under administration (each as defined in the Corporations Act) or unable to pay its debts~~.~~;

(g) being taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand;

(h) being the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or making a statement from which a Party to this Agreement reasonably deduces it is so subject); or

(i) something having a substantially similar effect to paragraphs (a) to (h) happens in connection with that person under the law of any jurisdiction.

Group means the Company and its Related Bodies Corporate.

Conformed copy incorporating the Amending Agreement dated 6 March 2009, the Second Amending Agreement dated 3 April 2009 and the Third Amending Agreement dated 17 April 2009.

Group Member means each member of the Group.

Immediately Available Funds means payment by cash, bank cheque or telegraphic or other electronic means of transfer of cleared funds into an account nominated in advance by the Company.

Insolvency Provision means any law relating to insolvency, sequestration, liquidation or bankruptcy (including any law relating to the avoidance of conveyances in fraud of creditors or of preferences, and any law under which a liquidator or trustee in bankruptcy may set aside, revoke or avoid transactions), and any provision of any agreement, arrangement or scheme, formal or informal, relating to the administration of any of the assets of any person.

Issue Price means A$2.48.

Material Adverse Change means any change, effect, event, occurrence, state of facts or development that could reasonably be expected to be substantially and materially adverse to the business, financial condition or results of operations or prospects of the Group.

Nominee means each entity nominated in accordance with clause 2.1.

Official Quotation means quotation by ASX.

Party means a party to this Agreement and their successors and permitted assigns.

Related Body Corporate has the meaning given in section 9 of the Corporations Act.

Relevant Interest has the meaning given to it in the Corporations Act.

Securities means Shares or instruments which are convertible into Shares.

Share means a fully paid ordinary share in the capital of the Company.

State means the State of Western Australia.

Statute means any legislation of any country, state or territory in force at any time, and in any rule, regulation, ordinance by-law, statutory instrument, order or notice at any time made under that legislation.

Subscriber Group means the Subscriber together with each of its Wholly Owned Subsidiaries.

Subscription Amount means the number of Subscription Shares multiplied by the Issue Price, being A$644,800,000.

Subscription Shares means 260 million Shares.

Treasurer means the Treasurer of the Commonwealth of Australia.

Variation Date means the date of the Amending Agreement executed between the Company and the Subscriber.

Warranty means:

(a) in relation to those given by the Company, the warranties, representations and undertakings given by the Company, including those set out in clauses 9.1 and 9.2; and

(b) in relation to those given by the Subscriber, the representations and warranties given by the Subscriber including those set out in clauses 9.1 and 9.3.

Wholly Owned Subsidiaries collectively means companies (wherever incorporated) no shareholder of which is a person other than the Subscriber or another one of the Wholly Owned Subsidiaries.

1.2 Interpretation

In this Agreement:

(a) headings are for convenience only and do not affect interpretation;

and unless the context indicates a contrary intention:

(b) a reference to any Party includes that Party's executors, administrators, successors, substitutes and assigns, including any person taking by way of novation and where a Party executes this Agreement in its capacity as trustee, a reference to that Party includes any substituted or additional trustee;

(c) a reference to this Agreement or to any other agreement, deed or document includes, respectively, this Agreement or that other agreement, deed or document as amended, novated, supplemented, varied or replaced from time to time;

(d) words importing the singular include the plural (and vice versa), words denoting a given sex include the other sex, and words denoting individuals include corporations (and vice versa);

(e) reference to any legislation or to any section or provision of any legislation includes any statutory modification or re-enactment or any statutory provision substituted for it, and ordinances, by-laws, regulations, and other statutory instruments issued under any legislation;

(f) references to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Agreement, and a reference to this Agreement includes any schedule, exhibit and annexure;

(g) if any day appointed or specified by this Agreement for the payment of any money or doing of any thing falls on a day which is not a Business Day, the day so appointed or specified will be deemed to be the next Business Day;

(h) the word **includes** in any form is not a word of limitation; and

(i) if more than one person is under an obligation to act or not to act under this Agreement, the liability of those persons so identified binds each of them severally and every two or more of them jointly; if more than one person receives the same benefit under this Agreement the benefit is to be enjoyed by each of them severally.

2. Subscription

2.1 Issue and subscription

The Subscriber (and/or its Nominee) agrees to subscribe for and the Company agrees to allot and issue to the Subscriber (and/or its Nominee) the Subscription Shares for the Subscription Amount on the terms set out in this Agreement.

The Subscriber may nominate one or more of its Wholly Owned Subsidiaries to subscribe for the Subscription Shares or to participate in a New Issue (each a "**Nominee**") by giving notice of the identity of that Nominee to the Company at least two Business Days prior to the Completion Date for the Subscription Shares or the completion date for the Securities to be acquired under the New Issue, as the case may be.

2.2 Conditional on consent from Chinese Government Agencies

Clause 2.1 does not come into effect and is not binding until the consents, approvals or authorisations of the Chinese Government Agencies to enter into or perform this Agreement have been obtained. The Subscriber agrees to use its best endeavours to obtain these consents promptly after satisfaction of the condition set out in clause 2.3.

2.3 Conditional on FIRB approval

Clause 2.1 does not come into effect and is not binding until either:

(a) the Treasurer (or his delegate) provides written advice (without condition, or with conditions that are reasonably acceptable to the Subscriber), that there are no objections under Australia's foreign investment policy to the proposed subscription by the Subscriber for the Subscription Shares; or

(b) following notice of the proposed subscription for the Subscription Shares having been given by the Subscriber to the Treasurer under the *Foreign Acquisitions and Takeovers Act 1975* (Cwlth), the Treasurer ceases to be empowered to make any order under Part III of that Act because of lapse of time.

3. Conditions Precedent

3.1 Conditions Precedent

Completion is conditional on:

(a) **(Chinese government consent)** the satisfaction of the condition set out in clause 2.2;

(b) **(FIRB)** the satisfaction of the condition set out in clause 2.3; and

(c) **(approval from ASX)** in principle approval being received by the Company from ASX indicating that it will grant Official Quotation to the Subscription Shares;

Conformed copy incorporating the Amending Agreement dated 6 March 2009, the Second Amending Agreement dated 3 April 2009 and the Third Amending Agreement dated 17 April 2009.

3.2 Reasonable endeavours

Each Party must use its reasonable endeavours to obtain the satisfaction of the Conditions Precedent, including procuring performance by a third party. The Parties must keep each other informed of any circumstances which may result in any Condition Precedent not being satisfied in accordance with its terms.

3.3 Waiver

The Conditions Precedent are for the benefit of the Subscriber alone and may be waived by the Subscriber in writing.

3.4 Satisfaction of Conditions Precedent

If the Conditions Precedent in clause 3.1 are not satisfied, or waived in accordance with clause 3.3, by the Cut Off Date, then this Agreement is terminated automatically, without the need for notice by either Party.

3.5 Effect of termination

If this Agreement is terminated under clause 3.4 then, in addition to any other rights, powers or remedies provided by law, each Party is released from its obligations under this Agreement.

4. Completion

4.1 Time and place

Completion will take place at 12 noon on the Completion Date at the offices of the Company or at any other time and place agreed by the Company and the Subscriber.

4.2 Payment of Subscription Amount

Subject to the Company satisfying its obligations under clause 4.3, on the Completion Date the Subscriber must pay the Subscription Amount to the Company in Immediately Available Funds.

4.3 Company's obligations at Completion

Subject to the Subscriber satisfying its obligations under clause 4.2, on the Completion Date the Company must:

(a) **(issue and registration)** issue the Subscription Shares to the Subscriber (and/or its Nominee) and register the Subscriber (and/or its Nominee) as the holder of the Subscription Shares; and

(b) **(holding statement)** deliver to the Subscriber the holding statement for its Subscription Shares.

4.4 Interdependence

Conformed copy incorporating the Amending Agreement dated 6 March 2009, the Second Amending Agreement dated 3 April 2009 and the Third Amending Agreement dated 17 April 2009.

The requirements of clauses 4.2 and 4.3 are interdependent and must be carried out contemporaneously. No delivery or payment is deemed to have been made until all deliveries and payments have been made.

4.5 Company's obligations after Completion

As soon as practicable after Completion, and in any event within 5 Business Days of Completion, the Company must:

(a) **(quotation)** apply for and use its best endeavours to obtain Official Quotation of the Subscription Shares by ASX; and

(b) **(re-sale notice)** provide ASX with a notice in relation to the Subscription Shares in accordance with section 708A(5)(e) of the Corporations Act which complies with section 708A(6) of the Corporations Act.

4.6 Subscriber's obligation to Complete

The Subscriber is not required to Complete on the Completion Date if:

(a) **(Material Adverse Change)** a Material Adverse Change has occurred;

(b) **(insolvency)** an Event of Insolvency has occurred in relation to the Company or any other Group Member;

(c) **(Warranties)** a Warranty is not correct, or is misleading in a material respect; or

(d) **(suspension)** trading in shares of the Company on ASX is suspended for more than 3 days, and the Subscriber has, on or before the Completion Date, given notice to the Company that the Subscriber elects not to Complete.

4.7 Effect of termination

If this Agreement is terminated under clause 4.6 then, in addition to any other rights, powers or remedies provided by law, each Party is released from its obligations under this Agreement.

4.8 Placement capacity

The Company must not take any step (including issuing any Shares) which would result in the issue of the Subscription Shares to the Subscriber requiring approval from shareholders under the ASX Listing Rules (including with respect to refreshing any placement capacity) or the Corporations Act.

5. Anti-dilution rights

5.1 Participation in further issues

Subject to clause 5.3 and clause 6, if the Company wishes to issue Securities **(the New Issue)** in the period which is one year from the date of this Agreement:

(a) the Company must also offer the Subscriber (and/or its Nominee) that number of Securities within the New Issue such that the percentage holding of the Subscriber Group in the issued capital of the Company is not reduced as a result of the issue of those Securities. This entitlement of the Subscriber (and/or its Nominee) only applies if immediately before the date of the relevant New Issue of Securities the Subscriber Group holds in aggregate, 10% or more of the Company's issued capital;

(b) within two Business Days of receiving a request from the Company, the Subscriber will provide written notice to the Company, signed by an authorised representative of the Subscriber, specifying the current shareholding of the Subscriber Group in the Company, in the form of a change in substantial notice under the Corporations Act;

(c) any offer of Securities by the Company under clause 5.1(a) must:

(i) be on the same terms of issue as provided to all other potential offerees, except that the Subscriber (and/or its Nominee) must, if it wishes to participate in the New Issue, accept the offer within two Business Days of it being received from the Company; and

(ii) allow the Subscriber (and/or its Nominee) to accept for the whole or part of the number of Securities offered;

(d) if the Subscriber (and/or its Nominee) accepts the offer in respect of some or all of the Securities offered to it, the Subscriber (and/or its Nominee) must pay the agreed subscription amount by the due date for receipt of all subscription amounts under the offer, such date to be the same date that other offerees are required to pay relevant subscription amounts;

(e) if the Subscriber (and/or its Nominee) rejects or does not accept in full an offer made to it under clause 5.1(a) or, in the event of a bookbuild placement, does not make an offer to acquire Securities at or above the final clearing price, then the Securities in respect of which that offer was not accepted can be issued by the Company to such persons as it thinks fit on terms no more favourable than those offered to the Subscriber (and/or its Nominee); and

(f) it is agreed by both the Subscriber and the Company that the objective of the Subscriber, following the Completion of this Agreement, is to obtain a minimum of 16% of the Company issued shares on an ongoing basis. The Company will ensure that this objective can continue to be achieved by the Subscriber despite any issue of New Shares as defined in this clause 5.1.

5.2 Further New Issues

Within two years after expiry of the period in clause 5.1, and to the extent permitted by any laws or commitments binding on the Company, the Company will discuss with the Subscriber the terms of any proposed New Issue (other than those referred to in clause 5.3), to be undertaken within that period and whether the Subscriber (and/or its Nominee) wishes to participate. The Company has the final discretion to determine the participants in the New Issue.

5.3 Excluded issues

Clause 5.1 does not apply where the Company wishes to issue Securities:

(a) to employees or directors of any Group Member as part of any remuneration arrangements approved by the Company's shareholders or board;

(b) on conversion or exercise of any convertible securities or options which are on issue at the date of this Agreement; or

(c) in accordance with the terms of a registered bidder's statement or offer document for an off-market bid made under Chapter 6 of the Corporations Act or a scheme of arrangement or similar, or a compulsory acquisition of securities under Chapter 6A of the Corporations Act.

6. Standstill

The Subscriber agrees that it will not, and will ensure that the Subscriber Group will not, following the date of this Agreement, without the prior written consent of the Company (or unless there is a change of control proposal announced by a third party for the Company (whether by means of takeover, scheme of arrangement or otherwise) or the Company becomes insolvent), acquire an aggregate Relevant Interest in more than 17.55% (including taking into account the Securities the subject of this Agreement) of the Securities of the Company which are listed on the ASX or any other recognized stock exchange.

After Completion the Company will consider in good faith any request by the Subscriber to review this Standstill.

7. Appointment of Nominee Director

(a) If the Subscriber Group achieves a holding of 10% or more of the Company's total issued Shares within 6 months of the date of this Agreement, then the Subscriber will be entitled to nominate the Subscriber Chairman (currently Mr. Li Xiaowei) to act as a director of the Company.

(b) If there is a nomination in accordance with clause 7(a), then subject to the exercise by the directors of the Company of their fiduciary duties, the board of the Company will appoint the Subscriber Chairman as a director of the Company as soon as reasonably practicable being at the next board meeting of the Company after the nomination. The Board will take reasonable steps to procure shareholder approval of the appointment of the Subscriber Chairman, including recommending approval of his appointment to shareholders of the Company.

(c) If the Subscriber Chairman is appointed a director of the Company under clause 7 (b) and on any date the Subscriber Group subsequently ceases to hold 10% or more of the Company's total issued Shares, then:

(1) if this is as a result of the Subscriber Group disposing of Shares, the Subscriber must immediately procure the resignation of the Subscriber Chairman as a director of the Company; or

(2) if this occurs without the Subscriber Group disposing of Shares and the Subscriber Group does not increase its holding of Shares to 10% or more of the Company's total issued Shares within 90 days of that date then the Subscriber must immediately procure the resignation of the Subscriber Chairman as a director of the Company.

For purposes of clarity, the Subscriber will not be entitled to re-nominate a director of the Company under clause 7(a) of this Agreement should the

Subscriber Group subsequently achieve a holding of 10% or more of the Company's total issued Shares.

8. Restructuring of Company debt and expansion

The Subscriber acknowledges that it is the Company's intention to expand to 120 million tonnes per annum and beyond (which the Company has indicated will require funding in the order of US$3 billion) and also to seek to replace or restructure the existing senior debt with alternative funding by way of debt on less restrictive terms or preference capital or a combination. Recognising the significance of the Subscriber's interest in the Company, the Subscriber confirms that it is supportive of the Company seeking third party finance for this purpose, including where appropriate from third party Chinese financiers.

9. Warranties

9.1 General

Each Party represents and warrants to the other Party on the date of this Agreement and the Completion Date that:

(a) **(Incorporation)** It is a body corporate validly existing under the laws of its place of incorporation.

(b) **(Legally binding obligation)** This Agreement constitutes valid and legally binding obligations of that Party and subject to any necessary stamping is enforceable against it in accordance with its terms, except as the enforcement thereof may be limited by insolvency, fraudulent transfer, reorganisation, moratorium and other similar laws relating to or affecting enforcement of creditor's rights generally.

(c) **(Execution, delivery and performance)** Subject to the Conditions Precedent, the execution, delivery and performance of this Agreement by it does not violate any Statute or law, or any document or agreement to which it is a party or which is binding on it or any of its assets.

(d) **(Authorisation)** Other than any consents, licences, approvals and authorisations required to be obtained in order to satisfy the Conditions Precedent, all consents, licences, approvals and authorisations required to be obtained by it in connection with the execution, delivery and performance of this Agreement have been obtained and are valid and subsisting.

(e) **(Power)** Subject to the Conditions Precedent, it has the power to enter into and perform its obligations under this Agreement and to carry out the transactions contemplated by it.

(f) **(Corporate action)** Subject to the Conditions Precedent, it has taken all necessary corporate action to enter into and perform this Agreement.

9.2 Company

The Company represents and warrants (other than in respect of clause 9.2(n)) on the date of this Agreement and (other than in respect of clause 9.2(f) and clause 9.2(g)) on the Completion Date that:

(a) **(Power)** The Company and each other Group Member has the power to own its assets and to carry on its business as it is now being conducted.

(b) **(Compliance)** The business and affairs of the Company and each other Group Member have at all times been and continue to be conducted in accordance with the Constitution, the Corporations Act and the ASX Listing Rules.

(c) **(No breach)** Entry into and performance of this Agreement will not cause the Company to be in breach of:

(i) any contract or agreement to which it is a party or constitute grounds for termination of any such contract or agreement;

(ii) the constitution of the Company;

(iii) any law, writ, order, injunction, judgment, rule or regulation which applies to the Company; or

(iv) any regulatory consent or licence relating to the Company or its assets or business.

(d) **(No restriction on allotment)** There is no restriction on the allotment and issue of the Subscription Shares and that the allotment and issue of the Subscription Shares does not need disclosure to investors under Part 6D.2 of the Corporations Act or approval from shareholders under the ASX Listing Rules (including with respect to refreshing any placement capacity) or the Corporations Act.

(e) **(Subscription Shares rank equally)** The Subscription Shares will, once issued, be fully paid, rank equally with all other Shares in the capital of the Company including enjoying the same rights to the payment of any ordinary share dividend distributions following allotment.

(f) **(Issued capital)** The Company's issued securities as at the date of this Agreement are:

(i) 2,809,572,985 ordinary shares;

(ii) 1,400 preference shares at A$100,000 face value; and

(iii) 13,397,910 unlisted employee options.

(f)A **(Issued capital)** The Company's issued securities as at the Variation Date are:

(i) 2,826,101,954 ordinary shares;

(ii) 1,400 preference shares at A$100,000 face value; and

(iii) 16,322,410 unlisted employee options.

(g) **(Obligations to issue shares)** Other than the obligations of the Company to issue shares:

(i) upon the exercise of any unlisted employee options;

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(ii) in accordance with the terms of the preference shares referred to in clause 9.2(f)(ii);

(iii) in accordance with a commitment under the settlement in relationship to a shipping contract with Bocimar International NV to issue 16,453,470 shares and then a second tranche of an unspecified share number for a value of US$28,000,000 on 31 December 2009; and

(iv) to Leucadia National Corporation in connection with its anti-dilution rights,.

as at the date of this Agreement, the Company is not under any obligation to issue Shares to any person.

(h) **(No Encumbrances)** The Subscription Shares are free from all Encumbrances.

(i) **(Issue of Subscription Shares)** The offer, issue and Official Quotation of the Subscription Shares complies with:

(i) all applicable laws; and the ASX Listing Rules;

(ii) the Company's constitution.; and

(iii) all other obligations and agreements binding on the Company and its shareholders.

(j) **(No Event of Insolvency)** No Event of Insolvency has occurred in relation to the Company or any other Group Member, nor is there any act which has occurred or any omission made which may result in an Event of Insolvency occurring in relation to the Company or any other Group Member.

(k) **(Disclosure)** The Company is in compliance with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules and no information which is being withheld from disclosure pursuant to the exceptions listed in ASX Listing Rule 3.1A is likely to have a material adverse effect on the price or value of the Shares.

(l) **(Notices)** All returns, notices and other documents required to be lodged or given by the Company under the Corporations Act or the ASX Listing Rules have been duly and properly prepared and lodged or given and are in all material respects accurate and not misleading or deceptive.

(m) **(Information)** No information provided to the Subscriber is false or misleading in any material respect.

(n) **(Re-sale notice)** The Company is able to issue a notice that would comply with section 708A(6) of the Corporations Act and, upon the issue of that notice, section 708A(1) would apply with respect to an offer for the sale of any Subscription Shares.

9.3 Subscriber warranties

The Subscriber represents and warrants to the Company that upon being registered as the registered proprietor of the Subscription Shares, the Subscriber (and/or its Nominee) will be bound by the Company's constitution.

9.4 Survival of Warranties

Each of the covenants, warranties, representations and undertakings contained in this Agreement shall remain in full force and effect on and after the Completion Date notwithstanding Completion and is and will be given with the intent that liability thereunder is not confined to breaches discovered on or prior to the Completion Date.

9.5 Separate

Each representation and warranty in this Agreement is to be construed independently of each other representation and warranty in, and each other provision of, this Agreement. The interpretation of any statement made may not be restricted by reference to or inference from any other statement.

9.6 Warranties limited

The representations and warranties given by the Parties are limited to the Warranties expressly set out in this Agreement and all other warranties, representations or undertakings given by or on behalf of any Party are expressly excluded and negatived.

9.7 Acknowledgments

The Parties acknowledge that:

(a) each Party has entered into this Agreement in reliance on the Warranties given by the other Party; and

(b) except where a Warranty expressly states otherwise, the Party gives all the Warranties to the best of its knowledge and belief.

9.8 Reduction in purchase price

If payment is made for a breach of any Warranty by the Company, the payment is to be treated as an equal reduction in the price of each Subscription Share.

9.9 Effect of knowledge on Warranties

The Company will not be liable for any claim by the Subscriber for breach of a Warranty by the Company to the extent that the Company has fully and fairly disclosed to the Subscriber before the date of this Agreement the facts and circumstances which would otherwise constitute a breach of the Warranty.

The Company will also not be liable to any claim by the Subscriber for breach of a Warranty to the extent that:

(a) the Subscriber has given a specific written waiver or release; or

(b) the claim relates to a thing done or not done after the date of this Agreement at the request or with the approval of the Subscriber.

10. Announcements

10.1 Public announcements

Subject to clause 10.2, neither Party may, before or after Completion, make or send a public announcement, communication or circular concerning the transactions referred to in this
Agreement unless it has first obtained the written consent of the other Party, which consent is not to be unreasonably withheld or delayed.

10.2 Public announcements required by law

Clause 10.1 does not apply to a public announcement, communication or circular required by law or a regulation of a stock exchange, if the Party required to make or send it has:

(a) provided the other Party with sufficient notice to enable it to seek a protective order or other remedy; and

(b) provided all assistance and co-operation that the other Party considers necessary to prevent or minimise that disclosure.

11. Notices

Any notice or other communication which must be given, served or made under or in connection with this Agreement must be:

(a) in writing:

(b) in English;

(c) signed by an officer or under the common seal of the sender; and

(d) addressed and marked for the attention of the person as shown below (or as specified to the sender by the recipient by notice).

Party	**Attention**	**Address**	**Facsimile**	**Email**
Company	Michael Minosora	Level 2 87 Adelaide Tec, East Perth WA 6004	+61 8 6218 8880	mminosora@fmgl.com.au
Subscriber	Li Menghui	22F Valin Building, 111 (Section II) FuRong Road (M), Changsha, Hunan, China PC 410011	+86 731 444 7112	limenghui@chinavalin.com

Conformed copy incorporating the Amending Agreement dated 6 March 2009, the Second Amending Agreement dated 3 April 2009 and the Third Amending Agreement dated 17 April 2009.

	With copy to: Mallesons Stephen Jaques, Level 50, 600 Bourke Street, Melbourne, Victoria 3000. Attention - Louis Chiam: Phone - +61 3 9643 4086: Email - louis.chiam@mallesons.com

12. General

12.1 Governing law

This Agreement is governed by and is to be construed according to the laws of the State.

12.2 Jurisdiction

(a) **(Acceptance of jurisdiction)** Each of the Parties irrevocably submits to and accepts generally and unconditionally the non-exclusive jurisdiction of the courts and appellate courts of the State with respect to any legal action or proceedings which may be brought at any time relating in any way to this Agreement.

(b) **(No objection to inconvenient forum)** Each of the Parties irrevocably waives any objection it may now or in the future have to the venue of any action or proceedings, and any claim it may now or in the future have that the action or proceeding has been brought in an inconvenient forum.

12.3 Amendments

This Agreement may not be modified, amended or otherwise varied except by a document in writing signed by or on behalf of each of the Parties.

12.4 Waiver

No waiver or indulgence by any Party to this Agreement is binding on the Parties unless it is in writing. No waiver of one breach of any term or condition of this Agreement will operate as a waiver of another breach of the same or any other term or condition of this Agreement.

12.5 Further acts

The Parties will promptly do and perform all further acts and execute and deliver all further documents required by law or reasonably requested by any other Party to carry out and effect the intent and purpose of this Agreement.

12.6 Approvals

Subject to any law to the contrary and unless this Agreement expressly provides otherwise, where the doing or execution of any act, matter or thing is dependent on the consent or approval of a Party, that consent or approval may be given or withheld in the absolute discretion of that Party.

12.7 Counterparts

This Agreement may be executed in any number of counterparts all of which taken together constitute one and the same document.

12.8 Expenses

Each of the Parties will bear and pay its own expenses, including legal fees, costs and disbursements incurred by it in connection with the preparation and execution of this Agreement and any subsequent consent, agreement, approval, waiver or amendment to this Agreement.

12.9 Stamp duties

The Subscriber must pay all stamp duties (apart from receipts duties, financial institutions duties or bank account debits taxes which will lie between the Parties as they fall) assessed on or in relation to this Agreement or in connection with any of the matters or transactions or sales under this Agreement.

12.10 Brokerage

The Company must pay all brokerage payable for the delivery or receipt of shares under this Agreement.

12.11 Set-off

Any undisputed amounts due and payable by any Party (**first party**) to another Party (**second party**) under this Agreement may be set-off against any other undisputed amount that may be due and payable on the same day to the first party by the second party. The Party tendering payment must also give a statement setting out details of the gross amount owing and all individual amounts set-off against that amount.

12.12 Assignments

The rights arising out of or under this Agreement are not assignable in whole or in part and whether by way of security or absolutely by a Party without the prior written consent of the other Party.

12.13 Relationship of Parties

This Agreement is not intended to create a partnership, joint venture or agency relationship between the Parties.

12.14 Power of attorney

Each attorney who signs this Agreement on behalf of a Party declares that the attorney has no notice from the Party who appointed him that the power of attorney granted to him, under which the attorney signs this Agreement, has been revoked or suspended in any way.

12.15 Entire agreement

This Agreement constitutes the sole and entire agreement between the Parties in relation to the sale and purchase of the Subscription Shares and contains all of the representations, warranties, undertakings and agreements of and between the Parties. The Parties accept that they rely on only those matters expressly set out in this Agreement as this Agreement supersedes all prior negotiations, contracts, arrangements or understandings with respect to the subject matter dealt with in this Agreement. There are no representations warranties, undertakings or agreements between the Parties, expressed or implied, except as set out in this Agreement.

10.16 Language

This Agreement has been written in both the English and Chinese languages. In the event of any inconsistency between the two documents, the English language version will prevail to the extent of this inconsistency.

Signed as an agreement.

Conformed copy incorporating the Amending Agreement dated 6 March 2009, the Second Amending Agreement dated 3 April 2009 and the Third Amending Agreement dated 17 April 2009.

Subscription Agreement

Dated: 24 February 2009......................................

EXECUTED by **Fortescue Metals Group Ltd** in accordance with section 127(1) of the Corporations Act:	)	
[SGD ANDREW FORREST]	)	[SGD RUSSELL SCRIMSHAW]
....	)	....
Signature of director	)	Signature of director/company secretary* *delete whichever is not applicable
[ANDREW FORREST]	)	[RUSSELL SCRIMSHAW]
....	)	....
Name of director (block letters)	)	Name of director/company secretary* (block letters) *delete whichever is not applicable

EXECUTED by **Hunan Valin Iron and Steel Group Company Ltd**
(湖南华菱钢铁集团有限责任公司)
by its authorised representative:

[SGD LI XIAOWEI]
....
Signature

Mr Li Xiaowei
Legal Representative