

Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme Smorgon Steel Group Limited (the "Company")

ACN/ARSN ACN 082 181 726

1. Details of substantial holder (1)

Name OneSteel Limited and each entity listed in Annexure "A"

ACN/ARSN (if applicable) ACN 004 410 833

The holder became a substantial holder on 5/4/2007

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 Shares	179,124,278	179,124,278	19.98%

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
OneSteel Limited	Relevant interest in the form of rights to restrain disposal and voting and to acquire shares arising pursuant to the Share Sale and Framework Deed attached as Annexure "B".	179,124,278 Ordinary Shares
See Annexure "A"		

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
OneSteel Limited	Glenbrook Holdings Pty Limited (ACN 007 258 059)	N/A	179,124,278 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	
OneSteel Limited		Consideration will be provided in accordance with the Share Sale and Framework Deed (see Annexure "B")		179,124,278 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
See Annxure "A"	

7. Addresses

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

Name	Address
OneSteel Limited	Level 40, 259 George Street, Sydney, NSW 2000

Signature

print name	John Maurice Krenich	capacity	Company Secretary
sign here	<i>John Maurice Krenich</i>	date	11/4/2007

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 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.
- (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, moneys 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" to Form 603

This is Annexure "A" of 1 page referred to in Form 603 signed by me and dated 11 April 2007

John Maurice Krenich

Company Secretary for OneSteel Limited

Details of Related Bodies Corporate and Associates

Subsidiary Name	Type of Subsidiary	Sub Description	Percent Owned
Aquila Steel Company Pty Ltd	S	Subsidiary	100.00
Australian Wire Industries Pty Limited	S	Subsidiary	100.00
AWI Holdings Pty Limited	S	Subsidiary	100.00
J Murray-Moore (Holdings) Pty Limited	S	Subsidiary	100.00
Metpol Pty Limited	S	Subsidiary	100.00
Midalia Steel Pty Ltd	S	Subsidiary	100.00
OneSteel Building Supplies Pty Ltd	S	Subsidiary	100.00
OneSteel Finance Pty Limited	S	Subsidiary	100.00
OneSteel Investments Pty Limited	S	Subsidiary	100.00
OneSteel Limited	H	Holding Company	100.00
OneSteel Manufacturing Pty Limited	S	Subsidiary	100.00
OneSteel MBS Pty Limited	S	Subsidiary	100.00
OneSteel NSW Pty Limited	S	Subsidiary	100.00
OneSteel Queensland Pty Limited	S	Subsidiary	100.00
OneSteel Reinforcing Pty Limited	S	Subsidiary	100.00
Onesteel Trading Pty Limited	S	Subsidiary	100.00

OneSteel Wire Pty Limited	S	Subsidiary	100.00
Pipeline Supplies of Australia Pty Limited	S	Subsidiary	100.00
Reosteel Pty Limited	S	Subsidiary	100.00
Tubemakers of Australia Pty Ltd	S	Subsidiary	100.00
Tubemakers Somerton Pty Limited	S	Subsidiary	100.00
Steel & Tube Holdings Limited	S	Subsidiary	100.00
Australian Tube Mills Pty Limited	A	Associated Company	50.00
Bekaert Australia Steel Cord Pty Ltd	A	Associated Company	50.00
Palmer Tube Mills Limited	A	Associated Company	50.00
Tube Estates Pty Ltd	A	Associated Company	50.00
Zinctek Pty Ltd	A	Associated Company	50.00
Tube Technology Pty Ltd	A	Associated Company	50.00
P&T JV Subsidiary Co Pty Limited	A	Associated Company	50.00
P&T Tube Mills Pty Limited	A	Associated Company	50.00

Annexure "B" to Form 603

This is Annexure "B" of 1 page referred to in Form 603 signed by me and dated 11 April 2007

John Maurice Krenich

Company Secretary for OneSteel Limited

Share Sale and Framework Deed

Share Sale & Framework Deed

OneSteel Limited
Smorgon Steel Group Limited
BlueScope Steel Limited

Conformed Copy

Allens Arthur Robinson
Deutsche Bank Place
Corner Hunter and Phillip Street
Sydney NSW 2000
Tel 61 2 9230 4000
Fax 61 2 9230 5333
www.aar.com.au

**Table of Contents**

1.	Definitions and Interpretation	2
1.1	Definitions	2
1.2	Interpretation	4
1.3	Business Day	5
2.	BlueScope's undertakings with respect to the Scheme	5
3.	Smorgon Steel's undertakings with respect to the Scheme	5
4.	Covenants	6
5.	Sale and Purchase	6
5.1	Sale and purchase	6
5.2	Title and property	6
5.3	Completion	6
5.4	Interdependence	7
5.5	Post-Completion adjustment for the Share Sale Price	8
5.6	Set-off	8
5.7	Termination of Deed by BlueScope	9
6.	Standstill	9
6.1	Binding standstill	9
6.2	Exceptions	9
6.3	Disposal of Securities	10
6.4	Disposal of economic interest in OneSteel Securities	10
6.5	Confirmations in relation to voting power and relevant interests	10
6.6	Post-Scheme Standstill	11
6.7	This clause prevails and survives	11
7.	Warranties and Indemnities	11
7.1	BlueScope's warranties	11
7.2	OneSteel's warranties	11
7.3	Smorgon Steel's warranties	12
7.4	Survival of representations and warranties	12
7.5	BlueScope indemnity	12
7.6	OneSteel indemnity	12
7.7	Smorgon Steel indemnity	12
8.	Damages not an adequate remedy	13
9.	Notices	13
10.	Governing law	14
11.	Waiver	14
12.	Variation	14
13.	Payments	14
13.1	Direction	14
13.2	Method of payment	14

13.3	No deduction	15
13.4	Gross-up	15
13.5	Default interest	15
14.	GST	15
15.	Assignment and substitution	16
16.	Further assurances	16
17.	Time is of the essence	16
18.	Counterparts	16
19.	Confidentiality	16
20.	Entire deed	17
	Annexure A – Announcement	18
	Annexure B - MIA	19

Date	5 April 2007
Parties	<ol style="list-style-type: none">1. ONESTEEL LIMITED (ABN 63 004 410 833) of Level 40, 259 George Street, Sydney, New South Wales (<i>OneSteel</i>);2. SMORGON STEEL GROUP LIMITED (ABN 38 082 181 726) of Ground Floor, 650 Lorimer Street, Port Melbourne, Victoria (<i>Smorgon Steel</i>); and3. BLUESCOPE STEEL LIMITED (ABN 16 000 011 058) of Level 11, 120 Collins Street, Melbourne, Victoria (<i>BlueScope</i>).
Recitals	<p>A BlueScope is the legal and beneficial owner of the SSX Shares.</p> <p>B Smorgon Steel and OneSteel have entered into the MIA for the purposes of implementing the Scheme, being a scheme of arrangement pursuant to Part 5.1 of the Corporations Act by which all issued shares in Smorgon Steel (other than the SSX Shares) will be transferred to OneSteel in return for the provision by OneSteel of the Scheme Consideration to each Scheme Shareholder.</p> <p>C The parties have agreed that:</p> <ul style="list-style-type: none">• BlueScope will vote the SSX Shares in favour of the Scheme, and otherwise to treat the SSX Shares, until the Completion, in accordance with the terms of this Deed.• on the Completion Date and inter-conditionally:<ul style="list-style-type: none">○ BlueScope shall sell the SSX Shares to OneSteel on the terms and conditions set out in this Deed;○ Smorgon Steel will sell, and BlueScope will buy, the Sale Shares on the terms of the Sale Agreement; and○ the Scrap Agreement will take effect; and• on the Implementation Date, the Scheme will be implemented.

It is agreed as follows.

1. Definitions and Interpretation

1.1 Definitions

In this Deed:

acquire includes the acquisition of a relevant interest under section 608 of the Corporations Act.

Adviser means, in relation to a party, its legal, financial or other expert advisers or agents.

Associate has the meaning given in sections 11, 12 and 15 of the Corporations Act.

Business Day means a day on which banks are open for business in Victoria, excluding a Saturday, Sunday or public holiday.

Cash Consideration has the meaning given to that term in the Scheme.

Completion means the completion of the Share Sale as provided for in clause 5.3, which will be inter-conditional with and practically contemporaneous with completion of the Sale Agreement.

Completion Date means the date on which Completion occurs, which shall be the same day as completion of the Sale Agreement, namely the Second Court Date (as defined in the Scheme).

Encumbrance means an interest or power:

- (a) reserved in or over an interest in any asset including but not limited to, any retention of title;
- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of security for the payment of a debt, any other monetary obligation or the performance of any other obligation, and includes, but is not limited to, any deed to grant or create any of the above.

Encumber has the corresponding meaning.

End Date means 31 August 2007.

Implementation Date has the meaning given to that term in the Scheme.

Initial Share Sale Price means, in respect of the amount payable by OneSteel for all SSX Shares under clause 5.3(b)(i)(B) at Completion, an amount calculated by reference to using the OneSteel Pre-Scheme Meeting VWAP in place of the OneSteel VWAP in calculating the Share Sale Price for each SSX Share.

Interdependent Agreements means:

- (a) this Deed;
- (b) the Sale Agreement; and
- (c) the Scrap Agreement.

MIA means the agreement titled, "Merger Implementation Agreement" between OneSteel and Smorgon Steel dated the same date as this Deed by which OneSteel and Smorgon Steel will merge pursuant to the Scheme, a copy of which has been appended to this Deed as Annexure B.

Officer means, in relation to an entity, its directors, officers and employees.

OneSteel Pre-Scheme Meeting VWAP has the meaning given to that term in the MIA.

OneSteel VWAP has the meaning given to that term in the Scheme.

Representative in relation to a party means:

- (a) each of the party's related bodies corporate (as defined in the Corporations Act); and
- (b) the party's or any of its related bodies corporates' (as defined in the Corporations Act):
 - (i) Officers; and
 - (ii) Advisers.

Sale Agreement means the share sale deed to be executed between Smorgon Steel and BlueScope on the same date as this Deed by which Smorgon Steel will sell, and BlueScope will buy, the Sale Shares, being all the issued shares in Smorgon Steel Distribution Pty Ltd (ABN 88 096 380 068) which will either directly or through its wholly-owned subsidiaries, on the Completion Date own the Smorgon Steel Distribution Business.

Sale Shares has the meaning given to that term in the Sale Agreement.

Scheme means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act to be made between Smorgon Steel and its shareholders pursuant to which all Smorgon Steel shares (other than the SSX Shares) will be transferred to OneSteel in return for the provision by OneSteel of the Scheme Consideration to each Scheme Shareholder, substantially in the form attached to the MIA.

Scheme Consideration has the meaning given to that term in the Scheme.

Scheme Meeting means the meeting of Smorgon Steel shareholders for the purposes of considering and, if thought fit, approving the Scheme Resolutions.

Scheme Resolutions means each and all resolutions to be put to the shareholders of Smorgon Steel in order to approve the Scheme and to give effect to any Interdependent Agreement, and includes each and all resolutions to be put to the shareholders of Smorgon Steel in order to approve the Sale Agreement and the sale of the Sale Shares.

Scheme Shareholder has the meaning given to that term in the Scheme.

Scrap Agreement means the CFF Asset Sale and Purchase Agreement between the Buyer and OneSteel dated on or about the date of this Agreement relating to the procurement and resupply of cold ferrous feed (CFF) and other steel scrap substitutes, and the associated supply agreements annexed to that agreement.

Securities has the meaning given to that term in section 92 of the Corporations Act.

Share Sale means the sale and purchase of the SSX Shares by BlueScope to OneSteel for the Share Sale Price pursuant to clause 5.

Share Sale Price means the amount payable by OneSteel for each SSX Share under this Deed, being an amount in cash which is equivalent to the sum of:

- (a) the Cash Consideration (if any); and
- (b) the number (calculated to 2 decimal places) derived by multiplying the OneSteel VWAP by the fraction $\frac{9}{22}$.

Smorgon Steel means Smorgon Steel Group Limited (ABN 38 082 181 726).

Smorgon Steel Distribution Business means the core steel and metals distribution business of Smorgon Steel, being more particularly defined as the "Business" in the Sale Agreement.

SSX Shares means all the fully paid ordinary issued shares in the capital of Smorgon Steel owned by BlueScope or any related body corporate of BlueScope, which at the date of this Deed comprised 179,124,278 ordinary Smorgon Steel shares registered in the name of Glenbrook Holdings Pty Limited (ACN 007 258 059).

1.2 Interpretation

In this Deed, headings are for convenience only and do not affect the interpretation of this Deed and, unless the context otherwise requires:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing a gender include any gender;
- (c) other parts of speech and grammatical forms of a word or phrase defined in this Deed have a corresponding meaning;
- (d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and any governmental agency;
- (e) a reference to any thing (including, but not limited to, any right) includes a part of that thing;
- (f) a reference to a part, clause, party, annexure, exhibit or schedule is a reference to a part and clause of, and a party, annexure exhibit and schedule to, this Deed;
- (g) a reference to any statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws varying, consolidating or replacing them, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (h) a reference to a document includes an amendment or supplement to, or replacement or novation of, that document;
- (i) a reference to a party to a document includes that party's successors and permitted assigns;
- (j) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this Deed or any part of it;
- (k) a reference to an asset includes all property of any nature, including, but not limited to, a business, and all rights, revenues and benefits; and
- (l) a reference to a body (including, without limitation, an institute, association or authority), whether or not it is a statutory body:
 - (i) which ceases to exist; or
 - (ii) whose powers and functions are transferred to any other body, refers to the body which replaces it or which substantially succeeds to its powers or functions; and
- (m) a reference to a month is to a calendar month.

1.3 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the preceding Business Day.

2. BlueScope's undertakings with respect to the Scheme

BlueScope covenants in favour of OneSteel and Smorgon Steel as follows:

- (a) to vote all the SSX Shares in favour of the Scheme Resolutions;
- (b) to make a public announcement in agreed terms promptly after the execution of this Deed that it will vote all the SSX Shares in favour of the Scheme Resolution, in the form appended to this Deed as Annexure A;
- (c) at appropriate times, to make public statements affirming its intention to vote all the SSX Shares in favour of the Scheme Resolutions and to implement the Share Sale, the Sale Agreement and the Scrap Agreement;
- (d) not to make or authorise any public announcement or commentary contrary to the support for the Scheme described in the announcement to be made under paragraph (b);
- (e) if OneSteel or Smorgon Steel requests in writing before the Scheme Meeting:
 - (i) provide OneSteel or Smorgon Steel (as the case may be) at least 72 hours before the commencement of the Scheme Meeting with a directed proxy in favour of the Chairman of the Scheme Meeting to vote all SSX Shares in favour of the Scheme Resolutions;
 - (ii) if OneSteel receives a directed proxy under paragraph (e)(i), OneSteel shall deliver that proxy to Smorgon Steel or the Chairman of the Scheme Meeting at least 48 hours before the Commencement of the Scheme Meeting; and
 - (iii) otherwise do or refrain from doing all such things as are necessary to give effect to this paragraph (e) including:
 - (A) refraining from appointing or appearing via a corporate representative or any other method at the Scheme Meeting; and
 - (B) not withdrawing or cancelling the directed proxy provided under paragraph (e)(i) at any time until after the Scheme Resolutions put to a vote at the Scheme Meeting; and
- (f) promptly prepare and provide to OneSteel and Smorgon Steel such information and materials as are reasonably regarded by OneSteel and Smorgon Steel to be desirable and/or necessary for inclusion in the shareholder or other materials prepared for the Scheme.

3. Smorgon Steel's undertakings with respect to the Scheme

- (a) Smorgon Steel undertakes to provide drafts to BlueScope of any descriptions of the Interdependent Agreements and of BlueScope which it proposes to include in materials to be sent to its shareholders in relation to obtaining approval of the Scheme at the Scheme Meeting a reasonable time before those materials are finalised, and to obtain BlueScope's

prior consent to the inclusion of such information in the materials it proposes to send to shareholders in a form acceptable to BlueScope (such consent not to be unreasonably withheld or delayed by BlueScope).

- (b) Smorgon Steel acknowledges that BlueScope is not responsible for and accepts no liability for the accuracy or completeness of any materials it sends to its shareholders in relation to obtaining approval of the Scheme at the Scheme Meeting, including any descriptions of the Interdependent Agreements and of BlueScope.

4. Covenants

- (a) Each party covenants in favour of the other to use its best endeavours to implement the Share Sale, the Sale Agreement and the Scrap Agreement, subject to their respective terms and conditions.
- (b) Each of OneSteel and Smorgon Steel covenants in favour of BlueScope to use their best endeavours, in accordance with the MIA, to implement the Scheme.
- (c) Each party covenants in favour of the other to assist the other parties, in good faith, to obtain any necessary regulatory approvals for implementation of the Share Sale, the Sale Agreement and/or the Scrap Agreement.
- (d) The parties will consult with each other regarding the content of any public announcements made in relation to the Scheme, the Share Sale, the Sale Agreement and/or the Scrap Agreement, including any announcements to the Australian Securities Exchange Ltd.

5. Sale and Purchase

5.1 Sale and purchase

On Completion, but subject to clause 5.4, BlueScope will sell free from all Encumbrances, and OneSteel will buy, the SSX Shares on the terms set out in this Deed.

5.2 Title and property

Title to, beneficial ownership of and property in the SSX Shares, subject to the provisions of this Deed, passes to OneSteel with effect from Completion.

5.3 Completion

- (a) Completion must, subject to paragraph (b), take place on the Completion Date at the offices of Smorgon Steel's lawyers, Clayton Utz, Level 18, 333 Collins Street, Melbourne, Victoria..
- (b) Subject to clause 5.4, Completion will occur in the following sequence:
 - (i) Completion will commence at 3:00 pm (or such other time agreed by the parties) on the Business Day before the Completion Date by the following:
 - (A) BlueScope must deliver to OneSteel duly executed transfers in registrable form in respect of the SSX Shares; and

- (B) OneSteel must pay the Initial Share Sale Price in respect of all SSX Shares to BlueScope in the form of a Receivable owed to BlueScope, which shall be immediately assigned by BlueScope to Smorgon Steel (*Receivable*); but
 - (ii) following compliance with sub-paragraph (i), Completion will be held in abeyance, and all documents and undertakings held in escrow, pending and subject to the Scheme becoming Effective (as defined in the Scheme), at which time Completion will be finalised.
- (c) Subject to the adjustment of the Cash Consideration contemplated by clause 4.2(b) of the Scheme, BlueScope shall be entitled to receive all dividends declared in respect of the SSX Shares before the Completion Date, including the proposed special dividend to be declared by Smorgon Steel of 6.23 cents per Smorgon Steel share, to which the following covenants apply:
 - (i) the record date for that special dividend shall be the Business Day before the Scheme Meeting; and
 - (ii) that special dividend shall be the only dividend declared by Smorgon Steel from the date of this Agreement until after the Implementation Date.

5.4 Interdependence

- (a) Despite anything else in this Deed, from the moment that the Court makes an order approving the Scheme pursuant to section 411(4) of the *Corporations Act* ("**Scheme Order**"):
 - (i) neither the Sale Agreement nor this Agreement will be capable of termination or rescission;
 - (ii) the Scrap Agreement will not, pending implementation of the Scheme, be capable of termination or rescission; and
 - (iii) no party will reverse or purport to reverse any act or transaction that has taken place for the purposes of Completion,for any reason other than a failure by Smorgon Steel to lodge the Scheme Order with ASIC within 3 Business Days of the Scheme Order being made.
- (b) The obligations of the parties under paragraph 5.3(b) are interdependent.
- (c) Subject to paragraph (a), if:
 - (i) any obligation specified in paragraph 5.3(b)(i) is not performed by the Completion Date; or
 - (ii) after satisfaction of paragraph 5.3(b)(i), the Scheme does not become Effective (as defined in the Scheme) within 3 Business Days of the Completion Date (or such further period as the parties agree, acting reasonably having regard to the duration of the Second Court Hearing (as defined in the Scheme)),then, without prejudice to any other rights of the parties:
 - (iii) Completion is taken not to have occurred; and

- (iv) each party must do everything within its power to reverse each transaction that has already taken place pursuant to any obligation in those clauses.
- (d) Notwithstanding anything contained in any of the Interdependent Agreements, apart from paragraph (a):
 - (i) the Interdependent Agreements are all interdependent with one another;
 - (ii) completion under each of the Interdependent Agreements (which in the case of the Scrap Agreement means that they have taken effect) must be carried out contemporaneously with completion under each of the other Interdependent Agreements;
 - (iii) Completion shall not be taken to have occurred unless completion has also occurred under each of the other Interdependent Agreements (which in the case of the Scrap Agreement means that they have taken effect);
 - (iv) a breach or default by a party under or in respect of any of the other Interdependent Agreements will be deemed to be a breach or default under this Deed and the party affected by the breach or default may make a claim in respect of such breach or default under any one or more of the Interdependent Agreements; and
 - (v) if any of the Interdependent Agreements or the MIA is validly terminated or rescinded prior to the commencement of the Second Court Hearing, then this Deed, all other Interdependent Agreements and the MIA shall be automatically terminated.

5.5 Post-Completion adjustment for the Share Sale Price

At the end of the VWAP Period (as defined in the Scheme), and following calculation of the OneSteel VWAP:

- (a) if the Initial Share Sale Price is greater than the Share Sale Price, BlueScope shall pay to OneSteel in cash the amount of the excess in respect of all SSX Shares; or
- (b) if the Initial Share Sale Price is less than the Share Sale Price, OneSteel shall pay to BlueScope in cash the amount of the deficiency in respect of all SSX Shares,

in each case with payment to be made in accordance with clause 13.2 within 5 Business Days of the end of the VWAP Period (as defined in the Scheme).

5.6 Set-off

- (a) The parties hereby agree and acknowledge that upon assignment of the Receivable under clause 5.3(b)(i)(B), the Receivable shall be set-off by Smorgon Steel against the amount due to Smorgon Steel from BlueScope under the Sale Agreement, and the parties shall do all things necessary to procure that set-off.
- (b) Smorgon Steel agrees and acknowledges that:
 - (i) the set-off of the Receivable referred to in paragraph (a) shall be full and final satisfaction by BlueScope of its obligation to pay the amount of the Receivable towards the purchase price under the Sale Agreement; and

- (ii) Smorgon Steel shall have recourse to that extent only against OneSteel.

5.7 Termination of Deed by BlueScope

BlueScope shall have the right, in its sole and absolute discretion, to terminate this Deed if:

- (a) both:
 - (i) condition 3.1(a) of the MIA is not satisfied by the End Date; and
 - (ii) BlueScope has not consented to the OneSteel and Smorgon Steel continuing to pursue the Scheme beyond the End Date;
- (b) condition 3.1(e) of the MIA is not satisfied by the End Date; or
- (c) condition 3.1(f) of the MIA is not satisfied by the End Date.

6. Standstill

6.1 Binding standstill

Subject to clause 6.2, each party agrees that neither it, nor, so far as it is able (using its best endeavours) to procure, any of its Associates or Representatives will:

- (a) directly or indirectly:
 - (i) make or cause to be made any offer for, invitation to dispose of, or solicitation for (or any announcement of such an offer or an intention to make such an offer);
 - (ii) purchase or otherwise acquire;
 - (iii) sell or otherwise dispose of, any Securities (including shares), derivatives of Securities, or economic interest in any Securities of another party; or
- (b) co-operate or assist or enter into any agreement or arrangement of any kind with any person relating to (or in any way connected with) anything in paragraph (a), above.

6.2 Exceptions

- (a) Clause 6.1 does not apply to any acquisition of the Securities (including shares), derivatives of Securities, or economic interest in any Securities of another party as part of the Scheme, Share Sale or Sale Agreement.
- (b) Clause 6.1 ceases to apply in respect of the Securities (including shares), derivatives of Securities, or economic interest in any Securities of a party in circumstances where:
 - (i) a takeover offer for the party; or
 - (ii) other form of merger (whether by way of or involving a scheme of arrangement, reduction of capital, shareholder approval, constitutional change, reorganisation, issue or consolidation of capital) involving a significant change (either directly or indirectly) to the nature or scale of the party's activities,is publicly announced in good faith, by a person which is not a party to this Deed or a Representative or Associate of a party.

- (c) Clause 6.1 shall not apply to any of UBS AG Australia Branch, Goldman Sachs JBWere Pty Ltd, Credit Suisse, Carnegie Wylie or any of their respective Associates in respect of any of their securities, debt or derivatives businesses or other similar businesses, provided such entities comply with relevant securities laws in respect of the Securities (including shares), derivatives of Securities, or economic interest in any Securities of a party to this Deed.
- (d) Unless the parties otherwise agree and subject to this clause 6.2 and clause 6.6, the obligations under clause 6.1 continue until the earlier of:
 - (i) the conclusion of the implementation of the Scheme on the Implementation Date (if it occurs); and
 - (ii) termination of the MIA or any Interdependent Agreement.

6.3 Disposal of Securities

If a party or any of its Associates or Representatives acquires ownership of any interest in, or rights over, any the Securities (including shares), derivatives of Securities, or economic interest in any Securities of a party in contravention of the provisions of this Deed it shall promptly dispose, or procure the disposal, of such the Securities (including shares), derivatives of Securities, or economic interest in any Securities of a party and until such disposal it shall either, at the election of the other parties:

- (a) appoint one or both of them as proxies to vote all rights attaching to such Securities; or
- (b) not, and shall procure that no other person shall, exercise any voting rights attached to such Securities (including shares), derivatives of Securities, or economic interest in any Securities of a party.

6.4 Disposal of economic interest in OneSteel Securities

Within 10 Business Days after the end of the VWAP Period (as defined in the Scheme), BlueScope will:

- (a) dispose of all interests it has at that time in any OneSteel Securities (including shares), derivatives of OneSteel Securities, or economic interest in any OneSteel Securities; and
- (b) provide written confirmation to OneSteel that it has no interests in any OneSteel Securities (including shares), derivatives of OneSteel Securities, or economic interest in any OneSteel Securities.

6.5 Confirmations in relation to voting power and relevant interests

- (a) BlueScope confirms that as at the date of this agreement it has “voting power” in SSX Shares within the meaning of Chapter 6 of the Corporations Act of less than 20%.
- (b) OneSteel and Smorgon Steel each confirm that as at the date of this agreement neither has a “relevant interest” in SSX Shares within the meaning of Chapter 6 of the Corporations Act. However, this confirmation does not extend to any holdings by related bodies corporate of OneSteel and Smorgon Steel held in fiduciary capacities under staff superannuation plans.

6.6 Post-Scheme Standstill

If Completion occurs but for any reason whatsoever the Scheme is not implemented in accordance with its terms by the End Date:

- (a) Smorgon Steel and OneSteel shall promptly use their best endeavours to propose and execute another scheme of arrangement under Part 5.1 of the Corporations Act as expeditiously and in as identical terms to the Scheme as feasible; and
- (b) the standstill obligations of each of BlueScope, OneSteel and Smorgon Steel under clause 6.1 shall continue to apply until the earlier of:
 - (i) that new scheme of arrangement being implemented; and
 - (ii) the prosecution of that new scheme of arrangement by OneSteel and Smorgon Steel (pursuant to the functional equivalent to the MIA) being terminated.

6.7 This clause prevails and survives

This clause 6 applies despite any other clause of this Deed and survives termination of this Deed.

7. Warranties and Indemnities

7.1 BlueScope's warranties

BlueScope represents and warrants:

- (a) that it has full power and authority to enter into and perform its obligations under this Deed;
- (b) that the entry into and the performance by it of this Deed does not and will not violate, breach or result in a contravention of any law, regulation or authorisation or of its memorandum and articles of association or other constituent documents;
- (c) and undertakes that it will not at any time before Completion:
 - (i) deal with, sell or otherwise part with possession of any (or dispose of any right (including voting) or interest in) SSX Share other than in accordance with this Deed; or
 - (ii) create, permit, suffer to exist, or agree to, any interest or Encumbrance, other than an Encumbrance in favour of OneSteel (or its nominee) in respect of any SSX Share,

without the prior written consent of OneSteel;
- (d) that it is entitled to sell and transfer full legal and beneficial ownership in the SSX Shares free of any Encumbrance or adverse interest; and
- (e) that this Deed constitutes its legal valid and binding obligations and subject to any necessary stamping is enforceable in accordance with its terms.

7.2 OneSteel's warranties

OneSteel represents and warrants:

- (a) that it has full power and authority to enter into and perform its obligations under this Deed;

- (b) that the entry into and the performance by it of this Deed do not and will not violate, breach or result in a contravention of any law, regulation or authorisation or its memorandum and articles of association or other constituent documents; and
- (c) that this Deed constitutes its legal valid and binding obligations and subject to any necessary stamping is enforceable in accordance with its terms.

7.3 Smorgon Steel's warranties

Smorgon Steel represents and warrants:

- (a) that it has full power and authority to enter into and perform its obligations under this Deed;
- (b) that the entry into and the performance by it of this Deed do not and will not violate, breach or result in a contravention of any law, regulation or authorisation or its memorandum and articles of association or other constituent documents; and
- (c) that this Deed constitutes its legal valid and binding obligations and subject to any necessary stamping is enforceable in accordance with its terms.

7.4 Survival of representations and warranties

The representations and warranties given in this clause 7:

- (a) do not merge on the Implementation Date; and
- (b) are regarded as repeated at the Implementation Date with regard to the facts and circumstances then subsisting.

7.5 BlueScope indemnity

BlueScope indemnifies and holds OneSteel and Smorgon Steel harmless from and against all liabilities, losses, damages, costs or expenses directly or indirectly incurred or suffered by OneSteel or Smorgon Steel (as the case may be) as a result of the breach of clause 6 and of the representations or warranties in clause 7.1 and from and against all actions, proceedings, claims or demands made against OneSteel and Smorgon Steel as a result of any such breach.

7.6 OneSteel indemnity

OneSteel indemnifies and holds BlueScope and Smorgon Steel harmless from and against all liabilities, losses, damages, costs or expenses directly or indirectly incurred or suffered by BlueScope or Smorgon Steel (as the case may be) as a result of the breach of any of the representations or warranties in clause 7.2 and from and against all actions, proceedings, claims or demands made against BlueScope and Smorgon Steel as a result of any such breach.

7.7 Smorgon Steel indemnity

Smorgon Steel indemnifies and holds BlueScope and OneSteel harmless from and against all liabilities, losses, damages, costs or expenses directly or indirectly incurred or suffered by BlueScope or OneSteel (as the case may be) as a result of the breach of any of the representations or warranties in clause 7.3 and from and against all actions, proceedings, claims or demands made against BlueScope and OneSteel as a result of any such breach.

8. Damages not an adequate remedy

Each party acknowledges that a breach of this Deed cannot be adequately compensated in damages and agrees that in the event of any actual or threatened breach, each party shall be entitled to obtain equitable relief (including an injunction or order for specific performance).

9. Notices

Any notice or other communication including but not limited to any request, demand, consent or approval, to or by a party:

- (a) must be in legible writing and in English addressed as shown below:

OneSteel Limited
Level 40, 259 George Street
Sydney, New South Wales 2000
Attention: General Counsel
Fax: (02) 9239 6608

Smorgon Steel Group Limited
Ground Floor, 650 Lorimer Street
Port Melbourne, Victoria 3207
Attention: General Counsel
Fax: (03) 9673 0453

BlueScope Steel Limited
Level 11, 120 Collins Street,
Melbourne, Victoria 3000
Attention: General Counsel
Fax: (03) 9666 4118

or the address last notified by the intended recipient to the sender;

- (b) must be signed by a person duly authorised by the sender,
- (c) will be taken to have been given when delivered, received or left at the above address. If delivery or receipt occurs on a day when business is not generally carried on in the place to which the notice is sent, or is later than 4.00 pm (local time), it will be taken to have been duly given at the commencement of business on the next day when business is generally carried on in that place.

or as specified to the sender by any party by notice;

- (i) must be signed by an authorised person or under the common seal of the sender;
- (ii) is to be regarded as having been given by the sender and received by the addressee:
- (A) if by delivery in person, when delivered to the addressee;
- (B) if by post, 3 Business Days from and including the date of postage to the addressee; or
- (C) if by facsimile transmission, when received in its entirety in legible form by the addressee,

but if the delivery or receipt is on a day which is not a Business Day or is after 4.00 pm (addressee's time) it is regarded as having been received at 9.00 am on the following Business Day;

- (iii) can be relied upon by the addressee and the addressee is not liable to any other person for any consequences of that reliance if the addressee believes it to be genuine, correct and authorised by the sender.

10. Governing law

This Deed is governed by the laws of Victoria. The parties irrevocably submit to the non-exclusive jurisdiction of the courts exercising jurisdiction there.

11. Waiver

- (a) This Deed will not be abrogated, prejudicially or detrimentally affected by the granting of time or by a waiver or by the receivership or insolvency or liquidation of BlueScope.
- (b) A right arising out of this Deed or any part of this Deed is only waived by notice in writing signed by the party waiving the right.
- (c) A party does not waive a right arising out of this Deed by a failure to, or delay in exercise of the right, nor by only exercising part of the right.
- (d) A party may not rely on the other party's failure, late exercise or partial exercise of a right, as constituting a waiver of the right.
- (e) A party may not rely on the other party's conduct as a defence to that other party's exercise of any right.

12. Variation

A variation of any term of this Deed must be in writing and signed by the parties.

13. Payments

13.1 Direction

Any reference in this Deed to a payment to any party includes payment to another person at the direction of that party.

13.2 Method of payment

Payment of any amount due under this Deed by any party must be made by the paying party to the recipient party by:

- (a) electronic funds transfer to an account specified by the recipient party to the paying party (such specification to be given at least 2 Business Days before the due date for payment and confirmed by the paying party to the recipient party by means of a notice given in compliance with clause 12); or

- (b) otherwise, unendorsed bank cheque drawn on an Australian bank or other immediately available funds.

13.3 No deduction

Any payment to be made under this Deed must be made free and clear of any deduction or withholding, except where that deduction or withholding is required or compelled by law or required under the terms of this Deed.

13.4 Gross-up

Any person who is required or compelled by law to make any deduction or withholding from any amount payable under this Deed must, to the extent permitted by law, pay to the payee an additional amount sufficient to ensure that the amount received by the payee equals the full amount that would have been received by the payee, if that deduction or withholding had not been required or compelled.

13.5 Default interest

Any party who fails to make a payment to any other party (the "payee") as required under this Deed on or before the due date for payment must, without limiting any other remedy of the payee, pay to the payee upon demand interest on the due amount calculated at the rate equal to the Specified Rate, with interest to accrue from the due date to the actual date of payment, each date inclusive, calculated daily on the basis of a 365-day year and capitalised monthly.

14. GST

- (a) In addition to any other consideration, the recipient of a Taxable Supply made under or in connection with this Deed ("Recipient") must pay to the party making the Taxable Supply ("Supplier") the amount of GST in respect of the Taxable Supply. This clause does not apply if the consideration specified for the Taxable Supply is expressly agreed in this Deed to be GST-inclusive.
- (b) If the amount paid by the Recipient to the Supplier in respect of GST (whether because of an Adjustment or otherwise):
 - (i) is more than the GST on the Taxable Supply, then the Supplier shall refund the excess to the Recipient;
 - (ii) is less than the GST on the Taxable Supply, then the Recipient shall pay the deficiency to the Supplier.
- (c) The Recipient is not obliged to pay any amount in respect of GST to the Supplier unless and until the Supplier issues a Tax Invoice to the Recipient in respect of the Taxable Supply. If an Adjustment has occurred, the Supplier must issue an Adjustment Note to the Recipient.
- (d) The amount of a party's entitlement under this Deed to recovery or compensation for any of its costs, expenses or liabilities is reduced by the Input Tax Credits to which that party (or the Representative Member of a GST Group of which the party is a member) is entitled in respect of such costs, expenses or liabilities.

- (e) In this Deed, amounts which are calculated by reference to revenue or profits are calculated on the GST-exclusive component of that revenue or those profits unless expressly provided to the contrary.
- (f) For the purposes of this Clause:
 - (i) "GST Law" has the same meaning as in the A New Tax System (Goods and Services Tax) Act 1999 (Cth);
 - (ii) "Adjustment", "Adjustment Note", "GST", "GST Group", "Input Tax Credits", "Representative Member" and "Tax Invoice" have the meanings given to them in the GST Law; and
 - (iii) "Taxable Supply" has the meaning given to it in the GST Law, excluding section 84-5 of A New Tax System (Goods and Services Tax) Act 1999 (Cth).

15. Assignment and substitution

None of the parties may assign or novate this Deed or any right, benefit or obligation under this Deed or otherwise permit a third party to be substituted for it under this Deed without the prior written consent of each other party (which consent may be withheld in the absolute discretion of those other parties).

16. Further assurances

Each party must do all things necessary to give full effect to this Deed and the transactions contemplated by this Deed.

17. Time is of the essence

If any obligation stipulates a time period, then time is of the essence.

18. Counterparts

- (a) This Deed may be executed in any number of counterparts.
- (b) All counterparts, taken together, constitute one instrument.
- (c) A party may execute this Deed by signing any counterpart.

19. Confidentiality

- (a) The parties must maintain absolute confidentiality in respect of the existence and terms of this Deed.
- (b) No disclosure of the existence or terms of this Deed is permitted without the prior written consent of the other party, unless the disclosure is required by law (such as disclosure in the Smorgon Steel shareholder materials prepared for the Scheme and in any public announcement of the transactions contemplated by this Deed) or is made to the party's own officers, auditors or professional advisers who require knowledge of this Deed in the



performance of their duties and who are also subject to an obligation of confidentiality to the disclosing party.

20. Entire deed

The MIA and the Interdependent Agreements supersede all previous agreements, in respect to the subject matter and embody the entire agreement between the parties.

EXECUTED and delivered as a deed in _____.

Each attorney executing this Deed states that he or she has no notice of revocation or suspension of his or her power of attorney.

Executed as a deed in accordance with s127 of the Corporations Act by OneSteel Limited:

Geoff Plummer

Director Signature

GEOFF PLUMMER

Print Name

Ray Jarman

Director/Secretary Signature

RAY JARMAN

Print Name

Executed as a deed in accordance with s127 of the Corporations Act by Smorgon Steel Group Limited:

Raymond Kenneth Horsburgh

Director Signature

RAYMOND KENNETH HORSBURGH

Print Name

Peter Vernon Liddell

Director/Secretary Signature

PETER VERNON LIDDELL

Print Name

Executed as a deed in accordance with s127 of the Corporations Act by BlueScope Limited:

Kirby C Adams

Director Signature

KIRBY C ADAMS

Print Name

M G Barron

Director/Secretary Signature

M G BARRON

Print Name

Annexure A – Announcement

Annexure B - MIA