

onesteel

**Dividend
Reinvestment
Plan**

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Letter to Shareholders

16 October 2003

Dear Shareholder

Rules of the OneSteel Dividend Reinvestment Plan

I am pleased to enclose a revised version of the Rules of the OneSteel Dividend Reinvestment Plan (DRP). These Rules incorporate amendments your Board of Directors has recently approved that introduce current practices to the DRP.

The revised Rules of the DRP give OneSteel the discretion to either issue new shares or to procure the purchase of existing shares for shareholders who participate in the DRP. Further, the revised Rules give OneSteel the flexibility to choose the option (ie issue new shares or procure the purchase of shares or a combination of both) that best suits OneSteel at each dividend payment date. OneSteel is now able to eliminate the dilution impact of the DRP, where the Board considers it appropriate, while continuing to satisfy shareholder reinvestment requirements.

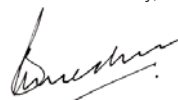
Under the revised Rules, the pricing period for DRP shares is ten trading days commencing one day after the relevant record date (rather than the record date and the four days immediately preceding the record date, as it was previously). Also, under the revised Rules, the price calculation is based on the arithmetic average of the daily volume weighted average market prices over the ten days (rather than the weighted average market price over the five days, as it was previously).

The DRP shares are currently priced at a nil discount.

Participation in the DRP is optional. If you are eligible to participate in the DRP and would like to use dividend entitlements to acquire OneSteel shares, you may do so by notifying the share registry in writing. You should provide your full name and address and quote your Holder Identification Number (HIN) or Security Registration Number (SRN). Forms are available from the share registry to enable you to elect to participate in the DRP or vary your current election. The OneSteel Share Registry is c/- Computershare Investor Services, Level 3, 60 Carrington Street, Sydney NSW 2000, telephone (02) 1300 364 787 or (03) 9615 5918 and facsimile (02) 8234 5050.

Please note that the amendments, generally outlined above and detailed in the attached DRP Rules booklet, will take effect one month after the date of this notice.

Yours sincerely,



Peter Smedley,
Chairman

Rules of the OneSteel Dividend Reinvestment Plan

1. Commencement of the Dividend Reinvestment Plan

The OneSteel Dividend Reinvestment Plan ("the **DRP**") will commence on a date to be determined by the Board.

2. The Rules of the **DRP**

The following regulations shall constitute the terms and conditions of participation in the **DRP** and shall be known as the Rules of the **DRP** ("the **Rules**").

2.1 Amendment of the Rules

Subject to the Constitution of the Company, the Board may from time to time amend the Rules by modifying, substituting or supplementing all or any of the Rules as the Board considers necessary or convenient. An amendment of the Rules shall be notified to shareholders in accordance with Rule 7, and shall take effect from such date as the Board may specify in that notice (notwithstanding that the specified date may be earlier than the date on which the notice is deemed by Rule 7 to be served on shareholders).

2.2 Rules Binding

The Rules and any amendment to the Rules shall be binding upon each person who is or becomes a shareholder of the Company.

2.3 Settlement of Disputes

Subject to the Constitution of the Company, the Board may implement the **DRP** in such manner as it thinks fit, and may settle any difficulty which may arise either generally or in a particular case in regard to the **DRP** as it thinks expedient. Without prejudice to the general powers of the Board under the Constitution and this Rule, the Board may settle in such manner as it thinks expedient any difficulties, anomalies or disputes which may arise in connection with, or by reason of, the operation of the **DRP**, whether generally or in relation to any shareholder or any shareholding account or any share or shares, and the determination of the Board shall be conclusive and binding on all shareholders and other persons to whom the determination relates.

2.4 Definitions

Words which are given a special meaning in the Constitution of the Company shall have the same meaning where used in the Rules.

3. Participation in the **DRP**

3.1 Shares Eligible to Participate

Some or all of the ordinary shares held from time to time by a shareholder may participate in the **DRP** in accordance with the Rules and the Constitution of the Company.

3.2 **DRP** Shares

Shares of a shareholder which are participating in the **DRP** at any time shall be called "**DRP shares**" for the purposes of the Rules, provided that those shares are taken to be "**DRP shares**" at that time in accordance with Rule 5.

4. Dividend Share Entitlements of **DRP** participants

4.1 Entitlement to Dividend Shares instead of Cash Dividends

4.1.1 **DRP** Shares

The payment of dividends to shareholders who hold **DRP** shares at the date and time, as determined by the Board, at which the Register is closed for the purposes of determining dividend entitlements ("**Record Date**") for the purposes of a dividend which the Board has determined is payable under Article 15.1 in respect of those shares (such shareholders being called "**DRP participants**" for the purposes of this Rule 4 and Rule 5) shall be satisfied, in respect of their **DRP** shares, by either or both of the following, in the absolute discretion of the Board:

- (a) the allotment by the Company to **DRP** participants of new paid-up ordinary shares; and/or
- (b) the Company procuring the transfer to **DRP** participants of existing paid-up ordinary shares in accordance with these Rules.

In both cases, all such shares shall be called "**Dividend Shares**" for the purposes of this Rule 4 and Rule 5.

The amount of the dividend to be satisfied by the allotment of Dividend Shares will be credited to the Company's Share Capital Account.

The number of Dividend Shares to be allotted, and/or of which transfer will be procured, to **DRP** participants shall be calculated in accordance with Rule 4.2.

4.1.2 **DRP** Plan Account

For the purpose of calculating from time to time the number of Dividend Shares to which a **DRP** participant is entitled, the Company shall keep a separate memorandum of account (in this Rule 4 called "**a DRP Plan Account**") in respect of each separate shareholding account of the **DRP** participant in which **DRP** shares are held.

4.2 Calculation of Number of Dividend Shares to be allotted or transferred

4.2.1 Number of DRP Shares

In relation to each separate shareholding account in which a DRP participant holds DRP shares at the Record Date for the purposes of a dividend which is payable on those DRP shares (in this Rule 4 called “**a participating shareholding account**”), the DRP participant shall be allotted, and/or the Company shall procure the transfer to the DRP Participant of, in respect of those DRP shares, the number of Dividend Shares which is equal to, or, in the case of non-equality to a whole number, next below Q where:

$$Q = \frac{(N \times D) + R}{P}$$

and where:

“N” is the number of DRP shares held by the shareholder in the participating shareholding account at the Record Date for the purpose of the relevant dividend;

“D” is the amount in cents per fully-paid ordinary share of the relevant dividend payable on the DRP shares held by the shareholder in the participating shareholding account less Australian withholding tax (if any) payable in respect of the relevant dividend;

“R” is the residual positive balance expressed in cents (if any) carried forward in respect of the participating shareholding account from a previous allotment and/or transfer of Dividend Shares, as determined in accordance with Rule 4.2.2; and

“P” is the arithmetic average of the daily volume weighted average market price (rounded to the nearest cent) of all fully-paid ordinary shares in the Company sold on the Australian Stock Exchange Limited during the 10 consecutive trading days commencing on the date which is the second trading day after the Record Date for the relevant dividend, less such discount, if any, not exceeding 5 per cent, as determined by the Board from time to time.

4.2.2 Residual positive balances

If the number of Dividend Shares to be allotted, and/or of which the Company shall procure the transfer, in respect of a participating shareholding account is in any case the whole number next below Q, then an amount in cents calculated in accordance with the following formula:

$$R = (Q - W) \times P$$

where:

“R” is the amount in cents;

“Q” is the quotient as determined pursuant to Rule 4.2.1;

“W” is the whole number; and

“P” is the amounts in cents as determined pursuant to Rule 4.2.1,

shall be recorded as a residual positive balance in the DRP Plan Account kept by the Company in respect of that participating shareholding account, and that residual positive balance shall be carried forward to the determination of the Dividend Share entitlement (if any) next arising in respect of that participating shareholding account. No interest will accrue in respect of residual positive balances.

Upon the termination of the participation of a shareholding account in the DRP, any residual positive balance remaining in respect of that shareholding account as at the time of termination is transferred to the DRP Charity Account kept by the Company to be dealt with as provided in Rule 4.2.3.

4.2.3 DRP Charity Account

The Company must keep a separate memorandum of account (in these Rules called a “**DRP Charity Account**”) into which will be recorded transfers of residual positive balances as and when required by operation of these Rules.

The Company must, over time, donate an amount of money that is equal to the sum of all residual positive balances transferred into the DRP Charity Account to a charity or charities. Such charity or charities must at the time of the donation be endorsed by the Commissioner of Taxation as a Deductible Gift Recipient (or future equivalent endorsement). The Board shall have an absolute discretion as to when and as to which charity or charities it will make the donation or donations to, and as to the size of such donation or donations.

4.3 Allotment or transfer of Dividend Shares

An allotment or transfer of Dividend Shares to which DRP participants become entitled pursuant to the Rules shall be effected as follows:

- (a) the Board in its absolute discretion will determine with respect to the operation of the DRP for any dividend whether to allot new ordinary shares or to procure the transfer of existing ordinary shares to a DRP participant, or to apply a combination of both those options, to satisfy the obligations of the Company under the DRP;
- (b) if the Board determines to procure the transfer of ordinary shares to DRP participants, the shares will be acquired on-market by a broker or other market participant as agent of the DRP participant and otherwise in such manner as the Board considers appropriate;
- (c) in relation to each participating shareholding account of each DRP participant, there shall be recorded in the DRP Plan Account which is kept in respect of that participating shareholding account:

- (i) the number of Dividend Shares (as calculated in accordance with Rule 4.2.1) required to be allotted and/or transferred in respect of the DRP shares held in that participating shareholding account; and
 - (ii) the residual positive balance (if any) consequently arising in respect of that participating shareholding account (as calculated in accordance with Rule 4.2.2);
- (d) the number of Dividend Shares to which each DRP participant is accordingly entitled shall be allotted and/or transferred to the DRP participant in accordance with these Rules;
 - (e) the residual positive balance (if any) arising in respect of each participating shareholding account shall be retained in the relevant DRP Plan Account; and
 - (f) the Dividend Shares shall be allotted and/or transferred at or about the same time as the relevant dividend is paid in respect of shares eligible to receive a cash dividend.

4.4 Miscellaneous

4.4.1 Dividend Reinvestment Plan statements

Following the allotment and/or transfer of DRP shares, a statement will be sent in respect of each participating shareholding account to each DRP participant detailing:

- (a) the dividend rate in cents per share;
- (b) the number of DRP shares prior to the payment of the dividend;
- (c) the amount of the residual positive balance prior to payment of the dividend;
- (d) the number of Dividend Shares allotted and/or transferred to the participating shareholder;
- (e) the amount of withholding tax (if any) applicable to the dividend;
- (f) the extent to which the dividend is franked;
- (g) the amount of the residual positive balance following the dividend; and
- (h) such other information as the Board may determine.

4.4.2 Costs of allotment and/or transfer

No brokerage, commission, or other transaction costs will be charged on Dividend Shares allotted or transferred under the DRP.

4.4.3 Ranking of dividend shares

Any Dividend Shares allotted under the DRP shall rank equally in all respects with all other fully-paid ordinary shares from the date of issue, save and except that such shares shall be deemed to be DRP shares from the date of issue.

4.4.4 ASX listing

Promptly after allotment, application will be made by the Company for any Dividend Shares issued under the DRP to be listed for quotation on the official list of the Australian Stock Exchange Limited.

4.4.5 Shares over which the Company has a charge, etc.

Notwithstanding the foregoing, no Dividend Shares will be allotted or transferred to a shareholder in respect of a participating shareholding account where, in accordance with the Constitution of the Company or otherwise by law, the Board is, or would be, entitled to retain all or part of any dividend which is, or would be, payable in respect of any shares held in the participating shareholding account, or the Company is, or would be, entitled to a charge over any shares held in the participating shareholding account, or over any dividend payable in respect of any such shares.

5. Nomination of Shares for Participation in the DRP

The nomination of shares for participation in the DRP shall be regulated in accordance with the Constitution of the Company and the provisions of this Rule 5.

5.1 Each Shareholding Account Treated Separately

Each shareholding account which a shareholder has with the Company from time to time shall be regarded as a separate shareholding account for the purposes of the DRP and this Rule 5. Some or all of the shares held in a shareholding account of a shareholder may be nominated by the shareholder for participation in the DRP in accordance with the following Rules. If a shareholder has more than one shareholding account, the shareholder may, if desired, nominate some or all of the shares in any of those accounts for participation in the DRP, but to be effective for the purposes of the Rules separate nominations must be made for each separate shareholding account concerned.

5.2 The Appropriate Entry

Whenever some or all of the shares in a shareholding account are participating in the DRP those shares shall be taken to be "DRP shares" for the purposes of the Rules. During the period of operation of the DRP, an entry shall be made in the Register in respect of each participating shareholding account which is sufficient to identify at any time the number of shares held in the shareholding account which are participating in the DRP and are accordingly taken to be DRP shares at that time (in this Rule 5 called "**the appropriate entry**"). For these purposes, the letters "DRP" shall be used to identify the DRP shares of a DRP participant.

5.3 Nomination of Shareholding Accounts

Subject to Rule 5.7, in relation to each shareholding account which a shareholder has from time to time, the shareholder

may elect, if the shareholder so desires, by delivery of the prescribed notice of election to the Company in accordance with the Rules, to either:

- (a) nominate the shareholding account for full DRP participation (in this Rule called “**full participation**”); or
- (b) nominate the shareholding account for partial DRP participation (in this Rule called “**partial participation**”).

The form of the prescribed notice of election will be determined by the Board prior to the commencement of the operation of the DRP and will be sent to all shareholders.

A separate notice of election must be delivered in relation to each shareholding account which a shareholder wishes to nominate for full or partial participation.

5.4 Full DRP Participation

Subject to Rule 5.9, where a shareholding account has been nominated for full participation and the nomination has taken effect for the purposes of the Rules in accordance with Rule 5.7, the shares in that shareholding account which shall be taken to be DRP shares for the purposes of the Rules shall be:

- (a) all the shares held in that shareholding account at the time when the nomination takes effect; and
- (b) any other shares which may be added to or placed in that shareholding account from time to time, whether in consequence of an allotment, or in consequence of a withdrawal of shares from another shareholding account, or by reason of a transfer or transmission of shares being registered in accordance with the relevant provision of the Constitution.

5.4.1 How to nominate

To nominate a shareholding account for full DRP participation (as defined in this Rule 5.4) a shareholder must indicate clearly in the prescribed notice of election that the shareholder has elected to have full DRP participation in relation to that shareholding account.

5.4.2 Invalid notice of election

Any notice of election which purports to nominate a shareholding account for both full DRP participation and partial DRP participation at the same time shall be invalid and of no effect whatsoever.

5.5 Partial DRP Participation

Subject to Rule 5.9, where a shareholding account has been nominated for partial participation and the nomination has taken effect for the purposes of the Rules in accordance with Rule 5.7, the shares in that shareholding account which shall be taken to be DRP shares for the purposes of the Rules shall be:

- (a) the number of shares in that shareholding account which are nominated for participation in the DRP when the nomination takes effect;
- (b) any other shares in that shareholding account which are subsequently nominated for participation in the DRP pursuant to the provisions of Rule 5.6 (provided such nomination has taken effect in accordance with the Rules of the DRP); and
- (c) any Dividend Shares added to or placed in that shareholding account pursuant to the operation of the DRP.

5.5.1 How to nominate

To nominate a shareholding account for partial DRP participation (as defined in this Rule 5.5), a shareholder must indicate clearly in the prescribed notice of election the specific number of shares in that shareholding account which are nominated for participation in the DRP. Where the notice of election specifies a number of shares for partial DRP participation which is greater than the total number of shares held in that shareholding account when the notice takes effect, the notice shall be invalid and of no effect whatsoever. Where the notice of election specifies a number of shares for partial DRP participation which is equal to or less than the total number of shares held in that shareholding account when the notice takes effect, the shareholder shall be deemed to have elected, subject to this Rule 5.5, to receive a cash dividend in respect of the balance (if any) of the shares held from time to time in that shareholding account.

5.6 Variation of Participation

Subject to Rule 5.9 where a nomination of a shareholding account of a shareholder for either full participation or partial participation in the DRP has taken effect for the purposes of the Rules in accordance with Rule 5.7, the shareholder may request by delivery of the prescribed notice of variation to the Company in accordance with the Rules, that the participation of that shareholding account in the DRP be varied (as the case requires) by:

- (a) a full participation being converted into a partial participation;
- (b) a partial participation being converted into a full participation;
- (c) the number of shares in that shareholding account which are participating in the DRP, and accordingly taken to be DRP shares for the purposes of the Rules, being increased or reduced; or
- (d) the participation of the shareholding account in the DRP being terminated.

The form of the prescribed notice of variation will be determined by the Board prior to the commencement of the operation of the DRP and will be sent to all shareholders.

A separate notice of variation must be delivered in relation to each participating shareholding account in respect of which a variation is desired. Variations shall be effected as set out in Rules 5.6.1 to 5.6.4.

5.6.1 Full DRP participation to partial DRP participation

To convert a full DRP participation into a partial DRP participation, a shareholder must deliver a notice of variation which nominates the shareholding account for partial DRP participation in the same manner as would be required under Rule 5.5, Rule 5.5.3, in relation to a notice of election.

5.6.2 Partial DRP participation to full DRP participation

To convert a partial DRP participation into a full DRP participation, a shareholder must deliver a notice of variation which nominates the shareholding account for full DRP participation in the same manner as would be required under Rule 5.4 in relation to a notice of election.

5.6.3 Change in number of DRP shares

To increase or reduce the number of DRP shares in a shareholding account which has a partial DRP participation, a shareholder must deliver a notice of variation which nominates the shareholding account for partial DRP participation in the same manner as would be required under Rule 5.5, in relation to a notice of election, and indicate clearly in that notice the increased or reduced number of shares (as the case may be) which the shareholder nominates for participation in the DRP.

5.6.4 Termination of participation

To terminate the participation of a shareholding account in the DRP, a shareholder must deliver a notice of variation which indicates clearly that the shareholder has elected to withdraw all shares from participation in the DRP, and receive a cash dividend in respect of some or all of those shares.

5.7 Notices of Election/Variation – Lodgement Deadline

A shareholder may deliver a notice of election or notice of variation pursuant to Rule 5.3 or Rule 5.6 (as applicable) in respect of any shareholding account of the shareholder at any time and as many times as the shareholder wishes, but such a notice shall be of no effect for the purposes of the Rules unless and until:

- (a) the notice has been validly completed and delivered in accordance with Rule 5.7.1; and
- (b) the notice has otherwise taken effect in accordance with Rule 5.7.2 and Rule 5.7.3.

5.7.1 Requirements for a valid notice

A notice delivered by a shareholder in respect of a shareholding account shall not be accepted by the Company as a notice validly completed and delivered for the purposes of the Rules, unless the notice:

- (a) is given on the prescribed form;
- (b) contains sufficient details to enable the shareholding account to which it relates to be correctly identified;
- (c) complies with, and contains all the particulars required by, the prescribed form and this Rule 5;
- (d) is signed by or on behalf of the shareholder who delivered the notice in such manner as the Company or the notice may require or prescribe from time to time; and
- (e) is received at the Share Registry of the Company.

Notices which are not completed and delivered in accordance with the requirements of this Rule 5.7.1 will be invalid and of no effect whatsoever. The Company will be under no obligation to correct invalid notices on behalf of shareholders.

5.7.2 Requirements for notice to take effect

Notwithstanding that a notice is completed and delivered in accordance with Rule 5.7.1 and subject to Rule 5.7.3 and Rule 5.7.4, the notice shall be of no effect unless or until the following has taken place:

- (a) the notice has been certified as approved by the Company. Approval of a notice may be withheld in any case at the absolute discretion of the Board, including, but without limiting the generality of the foregoing, if the Board has determined that approval of that notice may prejudice the effective operation of the DRP or otherwise be contrary to law or equity. If the Board withholds approval of a notice which is otherwise validly completed and delivered in accordance with the Rules, it shall inform the member who delivered the notice that approval has been withheld; and
- (b) the appropriate entry (as defined in Rule 5.2) has been made in the Register in respect of the shareholding account to which the notice of election or notice of variation relates, to record (as the case may require) the DRP participation, or variation of DRP participation, specified by the notice.

5.7.3 When notice takes effect

Where a notice of election or a notice of variation has been certified as approved, and the appropriate entry has been made in the Register, the notice shall take effect as from the time at which the entry was made. Provided that where a notice has been received at the Company's Share Registry after the declaration of any dividend by reason of which a Dividend Share entitlement arises and prior to the Record Date for the purposes of that dividend, the notice shall not take effect until after the Record Date for the purposes of that dividend.

5.7.4 No variation of notice

A notice of election or a notice of variation which is received at the Company's Share Registry in respect of a shareholding account of a shareholder shall not be varied, modified or revoked by the shareholder, save and except by the shareholder subsequently completing and delivering to the Company's Share Registry in respect of that shareholding account a notice of variation which has been completed in accordance with this Rule 5. In particular and without prejudice to the foregoing, a notice which has been received at the Company's Share Registry prior to the date on which a dividend is declared may not be varied, modified or revoked by means of any notice in writing, any telegraphic or telephonic instruction, or any other form of communication with the Company, in the period between that date and the Record Date for the purposes of the dividend.

5.7.5 Notice of transferee or transmittee

A notice given by a transferee or transmittee of shares may be treated by the Company as an effective notice for the purposes of the DRP notwithstanding that the shares were not registered in the name of the transferee or transmittee at the time the notice was given.

5.8 Transfer, etc. of Shares held in Participating Shareholding Accounts**5.8.1 Effect of transfer or transmission**

Subject to Rules 5.4 and 5.5, where the nomination of a shareholding account of a member for either full or partial participation in the DRP has taken effect for the purposes of the Rules in accordance with Rule 5.7, and some or all of the shares held in that shareholding account which are taken to be DRP shares for the purposes of the Rules are either:

- (a) transferred or transmitted to another person pursuant to a transfer or transmission which is registered in accordance with the relevant provisions of the Constitution: or
- (b) withdrawn from that shareholding account for the purpose of being held in another shareholding account of the shareholder,

the shares which are transferred, transmitted or withdrawn shall cease to be taken to be DRP shares for the purposes of the Rules and shall cease to participate in the DRP.

5.8.2 Determination of shares transferred, transmitted or withdrawn

Subject to Rule 5.8.3 where shares are transferred, transmitted or withdrawn from a participating shareholding account in which DRP shares are held, the parcel of shares concerned shall be taken to include or comprise:

- (a) first, the shares (if any) held in that shareholding account which are not participating in the DRP; and

- (b) secondly, (and only to the extent that the number of shares mentioned in (a) is insufficient to make up the full parcel) the shares which are participating in the DRP.

5.8.3 Election that Rule 5.8.2 not apply

Where it is desired that shares held in a participating shareholding account be transferred, transmitted or withdrawn otherwise than in accordance with the order prescribed by Rule 5.8.2, the prescribed order may be varied by delivery of notice in writing to the Company which specifies that particular shares held in that shareholding account shall be the subject of a particular transfer, transmission or withdrawal.

However, such a notice shall be of no effect unless:

- (a) it is received by the Company's Share Registry prior to the registration of the transfer or transmission, or the noting in the Register of the withdrawal of shares, to which the notice relates;
- (b) it provides details sufficient to identify the transfer, transmission or withdrawal to which the notice relates (including, but not limited to, the date on which any relevant instrument of transfer was executed, the number of shares concerned and the shareholding account in which the shares concerned are held);
- (c) it identifies the number of shares (if any) participating in the DRP which are to be the subject of the transfer, transmission or withdrawal; and
- (d) is signed by or on behalf of the shareholder in such manner as the Company may require.

5.8.4 When shares cease to be DRP shares

Notwithstanding Rules 5.8.1, 5.8.2 and 5.8.3, no DRP share shall cease to be a DRP share pursuant to a transfer, transmission or withdrawal, unless and until the transfer or transmission has been registered, or the withdrawal has been noted in the Register, in accordance with the Constitution of the Company and any other relevant legal requirements.

5.8.5 Payment of residual positive balances

Where a transfer of shares results in the termination of the participation of the shareholding account in the DRP, any amount which remains as a residual positive balance is transferred to the DRP Charity Account pursuant to Rule 4.2.2.

5.9 Shares which may not Participate in the DRPs**5.9.1 Non-eligible shares**

Ordinary shares which are not fully paid or are not otherwise eligible to receive a full dividend, shall not participate in the DRP, and shall be regarded as "non-eligible shares" for the purposes of Rule 5.

Where a shareholding account has been nominated for either full DRP participation or partial DRP participation, and non-eligible shares are either:

- (a) held in that shareholding account at the time when the nomination takes effect in accordance with this Rule 5; or
- (b) subsequently added to or placed in that shareholding account in consequence of an allotment, or in consequence of a withdrawal of shares from another shareholding account, or by reason of a transfer or transmission of shares,

then the non-eligible shares shall not be taken to be DRP shares unless and until:

- (c) in the case of a shareholding account nominated for full DRP participation – the shares cease to be non-eligible shares; and
- (d) in the case of a shareholding account nominated for partial participation – the shares cease to be non-eligible shares and on or after that time those shares are nominated, or deemed to be nominated, for participation in the DRP pursuant to a notice of election or a notice of variation which takes effect, or has taken effect, pursuant to Rule 5.5.3 or Rule 5.6.

5.10 Failure to Identify Shareholding accounts

Notwithstanding the foregoing Rules, where a shareholder who holds DRP shares in one or more participating shareholding accounts becomes the registered holder of additional shares:

- (a) by reason of a transfer of shares from another person; or
- (b) in consequence of an allotment of shares pursuant to an acceptance of renounceable rights or an exercise of options, being rights or options which are transferred to the shareholders from another person;

and the instrument of transfer (in this Rule called "**the relevant transfer instrument**") relating to the transferred shares or transferred rights or options (as the case may be) which is lodged for registration with the Company fails to identify, or to correctly identify, an existing shareholding account of the shareholder to which the transferred shares or allotted shares (as the case may be) are to be added, the shares concerned will be allocated to a new shareholding account created in the Register in respect of the transfer or allotment, and the shares concerned shall not be taken to be DRP shares for the purposes of the DRP.

To correctly identify a shareholding account, the name, address, account number (if any) and account designation (if any) specified by the transferee in the relevant transfer instrument must be identical to the name, address, account number and account designation specified in relation to that shareholding account in the Register.

5.11 Register Entries Conclusive

Subject to Rule 6, whenever applicable by reason of the suspension of the DRP pursuant to that Rule, the entries which have been made in the Register in respect of a shareholding account at any time pursuant to the Rules shall be conclusive in determining whether or not a share is participating in the DRP and accordingly taken to be a DRP share at that time for the purposes of the Rules, and whether the holder of the share at that time has the corresponding rights which attach under the Rules to a DRP share. Neither the Company, nor any of its officers and employees, shall be liable in any way whatsoever to shareholders for errors or omissions in the making of entries in the Register pursuant to the Rules.

5.12 Death of Participants

Without prejudice to the foregoing, for the avoidance of doubt it is declared that receipt by the Company of notice of the death of a member shall not result in any alteration to any participating shareholding account of that shareholder for the purposes of the DRP. Subject to Articles 5.1 to 5.3 inclusive, appropriate notices may be delivered for the purposes of the DRP in respect of any such shareholding account by the personal representative of the deceased estate, or, in the case of joint shareholders, by any surviving joint holder.

5.13 Agreement by DRP participants

By applying to participate in the DRP, each DRP participant:

- (a) authorises the Company (and its officers and agents) to correct any error in, or omission from, the form of the DRP participant's prescribed notice of election;
- (b) acknowledges that the Company may at any time irrevocably determine that the DRP participant's prescribed notice of election is valid, in accordance with these Rules, even if the election form is incomplete, contains errors or is otherwise defective;
- (c) acknowledges that the Company may refuse any DRP participant's prescribed notice of election;
- (d) consents to the application of the DRP participant's entitlement to dividends in accordance with these Rules;
- (e) agrees to the appointment of a trustee, broker or other person nominated by the Company as the DRP participant's agent to acquire the Company's ordinary shares on market, where the Company decides to allocate Dividend Shares to DRP participants by transferring existing ordinary shares in accordance with Rule 4.3;
- (f) acknowledges that the Company may arrange for the DRP to be fully or partially underwritten;
- (g) acknowledges that the Company has not provided the DRP participant with investment advice or financial

product advice and that the Company has no obligation to provide such advice, concerning the DRP participant's decision to apply to participate in the DRP; and

- (h) unconditionally agrees to the Rules and agrees not to do any act or thing which would be contrary to the spirit, intention or purpose of the DRP,

in each case, at all times until termination of the DRP or of the DRP participant's participation in the DRP.

6. Suspension and Termination of the DRP

The operation of a DRP may be suspended or terminated in accordance with this Rule by resolution of the Board at any time in its absolute discretion, including, but without limiting the generality of the foregoing at any time when the Board considers that the continued operation of the DRP for the time being may be prejudicial to the Company, or inequitable between shareholders (whether in relation to the payment of dividends or otherwise), or otherwise impractical:

- (a) a suspension of the DRP shall take effect from such date as the Board may determine, and shall continue until such time as the Board resolves either to recommence or to terminate the operation of the DRP. The date of any suspension and the date of any commencement of the operation of the DRP shall be notified to shareholders in accordance with Rule 7;
- (b) as of the date upon which a suspension takes effect, any shares which may have been taken to be DRP shares for the purposes of the Rules immediately prior to that date shall cease to be taken to be DRP shares for the purposes of the Rules, notwithstanding the entries which may appear in the Register on that date. During the period of the suspension of the DRP, no shares shall participate in the DRP notwithstanding the entries which may appear in the Register from time to time. The Board may resolve to recommence the DRP at any time on such conditions as it thinks fit. If the operation of the DRP recommences on a subsequent date, the Board may direct that the previous participation of DRP shall again take effect for the purposes of the Rules;
- (c) a termination of the DRP shall take effect from such date as the Board may determine. The date of termination shall be notified to shareholders in accordance with Rule 7; and
- (d) upon either of:
- (i) a termination of the DRP in accordance with this Rule; or
 - (ii) a suspension of the DRP in accordance with this Rule for a period of not less than 2 years;

the amounts recorded as residual positive balances in the DRP Plan Accounts of each participating shareholder account will be transferred to the DRP Charity Account to be dealt with as provided in Rule 4.2.3.

7. Notice

Whenever the provisions of the Rules require that notice of any matter be given to shareholders, such notice may be served on shareholders at such time as the Board thinks fit by:

- (a) despatch of the notice in writing to each shareholder in accordance with Article 17.2 of the Company's Constitution (in which case the date on which the notice is deemed to be served on members shall be determined in accordance with Articles 17.3 or 17.4); or
- (b) public announcement of the notice at the Australian Stock Exchange Limited and public advertisement of the notice in daily newspapers published in each Australian state or territory (in which case the date on which the notice is deemed to be served on shareholders shall be the date on which the notice is first announced at the Australian Stock Exchange Limited); or
- (c) both the methods specified in paragraphs (a) and (b) (in which case the date on which the notice is deemed to be served on shareholders shall be the date on which the notice is first announced at the Australian Stock Exchange Limited).

8. Shareholders in Countries Other Than Australia

A shareholder who is subject to the laws of a country or place other than Australia may not be eligible to receive Dividend Shares under the DRP because of legal requirements that apply in that country or place. Nothing in the Rules requires the Board to take any action when the laws of a country to which a shareholder is subject may affect the eligibility of that shareholder to receive shares under the DRP. However, the Board, may on any occasion determine that the right to participate in the DRP shall not be available to shareholders whose registered addresses are in a country or place where, in the absence of a registration statement or other formality, the offer of a right of election would or might be unlawful.

9. Taxation

Neither OneSteel nor its Board, officers, employees, representatives or agents accept any responsibility or assume any liability for any taxation liabilities incurred or imposed upon any shareholders as a consequence of participating in the DRP. As individual circumstances and laws vary considerably, specific taxation advice from professional advisers should be obtained by shareholders prior to participating in the DRP.

OneSteel Limited
ABN 63 004 410 833

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