

Buying and selling securities in OneSteel Limited

1. Introduction

This guidance note sets out the Company's policy on the sale and purchase of securities in OneSteel Limited by its directors and employees.

Directors and employees are encouraged to be long-term holders of the Company's shares. However, it is important that care is taken in the timing of any acquisition or sale of such shares.

The purpose of this note is to assist directors and employees to avoid conduct known as 'insider trading'. In some respects, the Company's policy extends beyond the strict requirements of the Corporations Law.

2. What is insider trading?

2.1 Prohibition

Insider trading is a criminal offence. It may also result in civil liability. In broad terms, a person will be guilty of insider trading if:

- (a) that person possesses information which is not generally available to the market and, if it were generally available to the market, would be likely to have a material effect on the price or value of a company's securities (ie, information that is 'price sensitive'); and
- (b) that person:
 - (i) buys or sells securities in the company;
 - (ii) procures someone else to buy or sell securities in the company; or
 - (iii) passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to buy or sell the securities or procure someone else to buy or sell the securities of the company.

2.2 Examples

To illustrate the prohibition described above, the following are possible examples of price sensitive information which, if made available to the market, may be likely to affect materially the price of the Company's securities:

- the Company considering a major acquisition or disposal of assets;
- the threat of major litigation against the Company;

Buying and selling securities in OneSteel Limited

- the Company's sales and profit results materially exceeding (or falling short of) the market's expectations;
- a material change in debt, liquidity or cash flow
- a significant new development proposal ie. new product or technology;
- the granting (or loss) of a major contract;
- management or business restructuring proposal
- a share issue proposal.

2.3 Dealing through third parties

A person does not need to be a director or employee of the Company to be guilty of insider trading in relation to securities in the Company. The prohibition extends to dealings by directors and employees through nominees, agents or other associates, such as family members, family trusts and family companies.

2.4 Information however obtained

It does not matter how or where the person obtains the information - it does not have to be obtained from the Company to constitute inside information.

2.5 Employee share schemes

The prohibition does not apply to acquisitions of shares or options by employees made under employee share or option schemes, nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme. However, the prohibition does apply to the sale of shares acquired under an employee share scheme and also to the sale of shares acquired following the exercise of an option granted under an employee option scheme.

3. Guidelines for trading in the Company's securities

3.1 General rule

The time for any Director or employee to buy or sell Company securities is limited to the four (4) week period from the:

- (a) date of the Company's Annual General Meeting
- (b) release of the half yearly announcement to ASX
- (c) release of the yearly announcement to ASX; or
- (d) release of a disclosure document offering equity securities in the Company,

Buying and selling securities in OneSteel Limited

BUT a director or employee of the Company should not buy or sell securities in the Company when he or she is in possession of price sensitive information which is not generally available to the market. The Company may at its discretion vary this rule in relation to a particular period by general announcement to all employees either before or during that period.

3.2 No short-term trading in the Company's securities

Directors and employees should never engage in short-term trading of the Company's shares except for the exercise of options where the shares will be sold shortly thereafter.

3.3 Restrictions on Hedging Arrangements for Company Securities

Directors and employees must not engage in hedging arrangements (such as collar transactions involving put and call options) over unvested shares or options in a Company Share or Option Plan. In addition, this Policy and the Corporations Act 2001 restricts hedging arrangements over vested shares or options in Company Plans and shares withdrawn from those Plans.

3.4 Exceptions

Directors and all employees may at any time:

- (a) acquire ordinary shares in the Company by conversion of securities giving a right of conversion to ordinary shares;
- (b) acquire Company securities under a bonus issue made to all holders of securities of the same class;
- (c) acquire Company securities under a dividend reinvestment, or top-up plan that is available to all holders of securities of the same class;
- (d) acquire, or agree to acquire or exercise options under a Company Share Option Plan;
- (e) withdraw ordinary shares in the Company held on behalf of the employee in an employee share plan where the withdrawal is permitted by the rules of that plan; and
- (f) acquire ordinary shares in the Company as a result of the exercise of options held under an employee option scheme.

However, the following points should be borne in mind:

- (a) it is not permissible to provide the exercise price of options by selling the shares acquired on the exercise of these options unless the sale of those shares occurs during one of the 4 week periods specified in paragraph 3.1; and

Buying and selling securities in OneSteel Limited

- (b) where the exercise price of options is being provided by a margin loan or other form of lending arrangement then there may be a risk that the employee or director may need to sell shares to avoid providing additional capital or security to the lender in the event of a decrease in the value of the shares. Were this to occur at a time when the person possessed inside information then the sale of Company shares would be a breach of insider trading laws, even though the person's decision to sell was not influenced by the inside information that the person possessed and the person may not have made a profit on the sale. Where Company shares are provided to a lender as security by way of mortgage or charge a sale that occurs under that mortgage or charge as a consequence of default would not breach insider trading laws.

4. Disclosure Policy

Any director wishing to buy, sell or exercise rights in relation to Company securities **must** inform the Chairman or the Board of the intention to buy, sell or exercise rights and consult the Chairman or the Board before doing so.

Any executive who buys, sells or exercises rights in relation to Company Securities **must** notify the Company Secretary in writing of the details of the transaction within five (5) business days of the transaction occurring. This notification obligation operates at all times but does not apply to acquisitions of shares or options by employees made under employee share or option schemes, nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme.

5. ASX notification for directors

The Listing Rules require the Company to notify the ASX within 5 business days after any dealing in Company Securities (either personally or through a third party) which results in a change in the relevant interests of the director in Company securities. The Company has made arrangements with each director to ensure that the director promptly discloses to the Company Secretary all the information required by the ASX.

Buying and selling securities in OneSteel Limited

6. Definitions

For the purposes of this Policy:

“Company Securities” includes shares in the Company debentures (including convertible notes) issued by the Company, units of shares in the Company and options to acquire or subscribe for shares in the Company.

“Director” means each non-executive and executive director.

“Executive” includes all employees who participate in the Company’s Long Term Incentive Share and Option Plans.

Reviewed 16 June 2008