IN ITS PROPOSAL, APPEAL OF SHARE RIGHTS TO THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

It is proposed that Paul O’Malley, the Managing Director and Chief Executive Officer (the ‘Manager’) of the Company, be awarded 231,053 Share Rights (the ‘Share Rights’) under the Company’s Long Term Incentive Plan. Under ASX Listing Rule 15.13a, shareholder approval is required before Mr O’Malley can acquire shares in the Company under the Long Term Incentive Plan. The Share Rights are proposed to be granted in whole in cash, no part of a long term incentive arrangement and to ensure that Mr O’Malley’s interests are aligned with those of shareholders, with the effect that awards will be provided to Mr O’Malley in line with the Company’s long term performance.

The key terms and conditions of Mr O’Malley’s employment were disclosed in ASX filings on 4 August 2007, disclosing short term and long term incentive arrangements.

Proposed Grant of Share Rights

It is proposed that Mr O’Malley be granted an award of Share Rights shortly after the date of the 2007 Annual General Meeting.

The number of Share Rights granted will be 231,053. This number was determined by dividing $2,500,000 by the average price of the Company’s shares traded on ASX in its 3 months prior to the start date as required by the rules of the Long Term Incentive Plan.

Upon exercise, shares would be acquired for Mr O’Malley by the trustee of the Long Term Incentive Plan trust on behalf of Mr O’Malley in accordance with the rules of the Long Term Incentive Plan. The Share Rights are proposed to be granted to Mr O’Malley under the Company’s Long Term Incentive Plan. Under ASX Listing Rule 15.13a, shareholder approval is required before Mr O’Malley can acquire shares in the Company under the Long Term Incentive Plan.

Exercise and Lapse of Share Rights

For Share Rights awards, Mr O’Malley can exercise the Share Rights and be paid with a fully paid in ordinary share capital of the Company. Share Rights vest once exercise is completed. Upon exercise, shares would be acquired for Mr O’Malley by the trustee of the Long Term Incentive Plan trust on behalf of Mr O’Malley in accordance with the rules of the Long Term Incentive Plan. The Share Rights are proposed to be granted to Mr O’Malley under the Company’s Long Term Incentive Plan. Under ASX Listing Rule 15.13a, shareholder approval is required before Mr O’Malley can acquire shares in the Company under the Long Term Incentive Plan.

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The ordinary business to be conducted at the 2007 Annual General Meeting will involve considering the 2007 Annual Report, Financial Statements and the reports of the Directors and the auditor for the year ended 30 June 2007. All persons entitled to vote at the meeting are entitled to vote on all resolutions. The Board has conducted a formal assessment of the independence, for the purposes of the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations, of the persons nominated to the Board as directors. The Board has also conducted a formal assessment of the independence of the persons nominated to the Board as directors and the Company has concluded that the persons nominated to the Board as directors are independent of the Company.

EXECUTIVE NOTES

ITEM 1: ANNUAL REPORT

The Annual Report, Financial Statements and the reports of the Directors and the auditor for the year ended 30 June 2007 will be presented for consideration. These documents are available on the Company’s website at www.annualreport.bluescopesteel.com.

ITEM 2: REMUNERATION REPORT

The Remuneration Report forms part of the Director Report, and is included in the Company’s Annual Report for the year ended 30 June 2007. The Remuneration Report is also available on the Company’s website at www.annualreport.bluescopesteel.com.

ITEM 3: DIRECTORS’ REPORT

The Remuneration Report explains the company’s remuneration policy and its relationship with the Company’s performance; contains the remuneration details of the Directors and the specified executives of the Company; and explains the incentive arrangements in place in the Company’s employees. The Board unanimously recommends that you vote in favour of this resolution of the meeting.

ITEMS 4: CONSIDERATION FOR ELECTION AS DIRECTORS

Ms Grady is a member of the Audit and Risk Committee, Remuneration and Organisation Committee. As an experienced Director who brings valuable strategic and business expertise to the Board and is keen to re-serve as Chair of the Remuneration and Organization Committee.

Mr McNeilly is an experienced Director who brings valuable strategic and business expertise to the Board and is keen to be re-elected as Chair of the Remuneration and Organization Committee.

The Board has determined that for the purposes of the meeting, Mr Chau is chairman of the meeting to preside over the meeting, and that the Chairman is authorised to fix the date on which the next meeting will be held.

The following addresses and facsimile numbers are specified for the purpose of receipt of proxy appointments:

ORDINARY BUSINESS

1. Annual Report

To receive and consider the Annual Report, Financial Statements and the reports of the Directors and the auditor for the year ended 30 June 2007.

2. Review of 2007 Performance

To ensure that the Board has an opportunity to review the Company’s performance during the year ended 30 June 2007.

3. Election of Directors

To consider and, if thought fit, to pass the following resolutions:

(a) Ms Diane Grady
(b) Mr Ron McNeilly

OTHER BUSINESS

1. Approval of grant of share rights to the Managing Director and Chief Executive Officer

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

‘The granting of share rights to the Managing Director and Chief Executive Officer, Mr Paul O’Malley, under the Long Term Incentive Plan (LTIP) is approved by the Board, subject to the conditions set out in the LTIP.’

2. Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:


3. Voting Exclusion Statement

To consider the Voting Exclusion Statement and to make a determination as to whether that statement is made under section 1252 of the Corporations Act 2001.

4. Approval of Grant of Share Rights to the Managing Director and Chief Executive Officer

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

‘The grant of share rights to the Managing Director and Chief Executive Officer, Mr Paul O’Malley, under the Long Term Incentive Plan (LTIP) is approved by the Board, subject to the conditions set out in the LTIP.’

5. Adoption of Directors’ Report

To adopt the Directors’ Report (which is contained in the Corporate Governance Statement, which forms part of the Annual Report. The Board has conducted a formal assessment of the independence, for the purposes of the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations, of the persons nominated to the Board as directors. The Board has also conducted a formal assessment of the independence of the persons nominated to the Board as directors and the Company has concluded that the persons nominated to the Board as directors are independent of the Company.

6. Approval of Remuneration Report

To adopt the Remuneration Report (which is contained in the Director Report). The Remuneration Report forms part of the Director Report, and is included in the Company’s Annual Report for the year ended 30 June 2007. The Remuneration Report is also available on the Company’s website at www.annualreport.bluescopesteel.com.

7. Other Business

To consider and, if thought fit, to pass the following resolutions:

(a) Ms Diane Grady
(b) Mr Ron McNeilly

Any member of the Board who is entitled to attend and cast a vote at the Annual General Meeting shall have the right to vote on behalf of the member to whom he or she is appointed as a proxy.

PROXY INFORMATION

A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to vote at the meeting.

1. Proxy Appointment

Any member entitled to cast one vote may appoint two proxies and any member entitled to cast two votes may appoint three proxies.

2. Authority under which the instrument is signed

The authority under which the instrument is signed or a certified copy of the authority, must be received by the Company at least 48 hours before the meeting.

3. Form of the instrument

The form of a proxy need not be a member.

A member who is entitled to attend and cast a vote at the Annual General Meeting by electronic means (email); and

Yours sincerely,

The Board has determined that for the purposes of the meeting, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Company will disregard any votes cast on resolution 4 by any member who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

A member who is entitled to attend and vote at the Annual General Meeting will be considered to have appointed a proxy to vote at the meeting.

The Company’s share register as at 7.00 p.m. (local time) on Monday 19 November 2007 at 2.00 p.m. (local time).