



Notice of Annual General Meeting & Explanatory Statement

China Steel Australia Limited ACN 128 988 732

This Notice of Annual General Meeting and Explanatory Statement should be read in their entirety.
If shareholders are in doubt as to how they should vote, they should seek advice from their
accountant, solicitor or other professional adviser prior to voting.

Annual General Meeting of China Steel Australia Limited ACN 128 988 732

To be held at: The Williams Room, 2nd floor, Tattersalls Club, 215 Queen St, Brisbane, Australia

To be held on: 7 March 2012

Commencing : Promptly following the conclusion or adjournment of the Special Meeting.

Table of Contents

Letter from the Directors	3
Section A – Glossary	4
Section B – Notice of Annual General Meeting	5
Time and place.....	5
Defined terms	5
ORDINARY BUSINESS.....	5
1. Agenda Item 1 - Financial statements and reports	5
2. Agenda Item 2 - Resolutions.....	5
2.1 Resolution 1 : Adoption of Remuneration Report.....	5
2.2 Resolution 2 : Election of Mr Brian Ho	5
2.3 Resolution 3 : Election of Mr Chung Leung Cheung	5
2.4 Resolution 4 : Election of Mr Wong Wing Wang	6
2.5 Resolution 5 : Re-election of Mr Xue Yongwen	6
OTHER BUSINESS	6
VOTING & PROXIES.....	6
Section C – Explanatory Statement.....	8
1. Agenda Item 1 – Financial statements and reports	8
2. Agenda Item 2 – Resolutions.....	8
2.1 Resolution 1 : Adoption of Remuneration Report.....	8
2.2 Resolution 2 : Election of Mr Brian Ho	9
2.3 Resolution 3 : Election of Mr Chung Leung Cheung	10
2.4 Resolution 4 : Election of Mr Wong Wing Wang	10
2.5 Resolution 5 : Re-election of Mr Xue Yongwen	11
3. Further information	11
APPENDIX A –PROXY FORM.....	12

Letter from the Directors

Dear Shareholders

We are pleased to invite you to the Annual General Meeting of the Company. The Directors consider that the transactions presented for Shareholder approval are in the best interests of Shareholders. Accordingly, all of the Directors entitled to make a recommendation in respect of a particular resolution recommend that you vote in favour of adopting that resolution.

With respect to the Annual General Meeting, this booklet contains the following:

- (a) The notice of meeting for the Annual General Meeting which contains information about the business to be conducted at the General Meeting, including the Resolutions to be put to the General Meeting (see Section B);
- (b) Information explaining the business to be conducted at the Annual General Meeting (see the Explanatory Statement at Section C); and
- (c) How to vote, or appoint a proxy to vote on the Resolutions to be passed at each of the Annual General Meeting (see Section B).

Please read the whole of the notice of this booklet carefully as it provides important information on the Annual General Meeting, items of business and the Resolutions that you, as a Shareholder, are being asked to vote on.

Should you wish to discuss the matters in this Notice of Annual General Meeting please do not hesitate to contact Mr Chen Lidong on +65 6266 5967.

By order of the Board

Dated: 3 February 2012

Mr Chen Lidong
Director
China Steel Australia Limited

Section A – Glossary

ASIC	means the Australian Securities & Investments Commission.
ASX	means the Australian Securities Exchange operation by ASX Limited.
Company	means China Steel Australia Limited ACN 128 988 732.
Corporations Act	means the <i>Corporations Act 2001</i> (Commonwealth) for the time being in force together with the regulations of the Corporations Act.
Directors	means the directors of the Company.
EST	Means Australian Eastern Standard Time in Brisbane.
Explanatory Statement	means the explanatory statement accompanying the Notice of General Meeting and contained in Section C.
Glossary	means the glossary contained in Section A to this booklet.
Annual General Meeting	means the annual general meeting of Shareholders.
Listing Rules	means the Listing Rules of the ASX.
Notice of Annual General Meeting	means the notice of the Annual General Meeting accompanying the Explanatory Statement for the General Meeting and contained in Section B.
Proxy Form	means the proxy form appended as Appendix A to this booklet.
Resolution(s)	means a resolution contained in the Notice of Annual General Meeting.
Section	means a section of this booklet.
Shareholders	means the holders of all shares issued in the Company.
Shares	means all of the shares on issue in the share capital of the company and Share means any one of them.
Special Meeting	Means the special meeting of “exiting shareholders” to be convened in accordance with the notice of meetings and explanatory statement which accompanied this Notice of Annual General Meeting.

Section B – Notice of Annual General Meeting

Time and place

Notice is hereby given that the Annual General Meeting of China Steel Australia Limited ACN 128 988 732 (**Company**) will be held as follows:

- (a) Held at: The Williams Room, 2nd floor, Tattersalls Club, 215 Queen St, Brisbane, Australia.
- (b) Commencing at: 7 March 2012 promptly following the conclusion or adjournment of the Special Meeting.

Explanatory Statement

The Explanatory Statement which accompanies and forms part of this Notice of Annual General Meeting describes the matters to be considered at the Annual General Meeting.

Defined terms

Defined terms used in this Notice of Annual General Meeting have the meanings given to them in the Glossary accompanying this Notice of Annual General Meeting at Section A.

ORDINARY BUSINESS

1. Agenda Item 1 - Financial statements and reports

To receive and consider the Annual Report, which includes the Directors' Report the Auditor's Reports and the Financial Report for the year ending 30 June 2011.

2. Agenda Item 2 - Resolutions

2.1 Resolution 1 : Adoption of Remuneration Report

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

"That, for all purposes, Shareholders adopt the Remuneration Report for the financial year ended 30 June 2011 as disclosed in the Directors' Report for the financial year ending 30 June 2011."

Please note that the vote on this resolution is advisory only, and does not bind the Directors or the Company.

2.2 Resolution 2 : Election of Mr Brian Ho

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

"That Mr Brian Chee Fai Ho having been appointed as a Director of China Steel Australia Limited under the Company's Constitution by resolution of the Board of Directors, being eligible, offers himself for election, be elected as a Director of the Company."

2.3 Resolution 3 : Election of Mr Chung Leung Cheung

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

"That Mr Chung Leung Cheung having been appointed as a Director of China Steel Australia Limited under the Company's Constitution by resolution of the Board of Directors, being eligible, offers himself for election, be elected as a Director of the Company."

2.4 Resolution 4 : Election of Mr Wong Wing Wang

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

"That Mr Wong Wing Wang having been appointed as a Director of China Steel Australia Limited under the Company's Constitution by resolution of the Board of Directors, being eligible, offers himself for election, be elected as a Director of the Company."

2.5 Resolution 5 : Re-election of Mr Xue Yongwen

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

"That Mr Xue Yongwen who retires as a Director of China Steel Australia Limited by rotation, pursuant to the Constitution and being eligible, offers himself for re-election, is re-elected as a Director of the Company."

OTHER BUSINESS

To transact any other business which may be brought forward in accordance with the Company's Constitution.

VOTING & PROXIES

If you are entitled to vote at the Annual General Meeting, you may vote by attending the meeting in person or by attorney, proxy or, in the case of corporate shareholders, corporate representative.

Voting in person or by attorney

Shareholders or their attorneys wishing to vote in person should attend the Annual General Meeting.

Persons are asked to arrive at 9:50am on 7 March 2012

Attorneys should bring with them the original copy or a certified copy of the power of attorney under which they have been authorised to attend and vote at the Annual General Meeting, unless it has already been provided to the Company.

Voting by proxy

Shareholders wishing to vote by proxy must complete, sign, and deliver the appropriate personalised proxy form or forms in accordance with the instructions on the forms prior to 10:00am (Brisbane time) 5 March 2012 by:

- (a) post in the reply paid envelope provided to: Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001
- (b) fax to: 1800 783 447 (within Australia) or + 61 3 9473 2555 (outside Australia)

A proxy form for each of the Annual General Meeting is enclosed with this Notice of Annual General Meeting. Each Shareholder may appoint a proxy to attend and vote on their behalf. If a Shareholder is entitled to cast 2 or more votes, they may appoint 1 or 2 proxies. If more than 1 proxy is appointed:

- (a) the appointor may specify the proportion or number of votes each proxy is appointed to exercise but if the appointor does not do so, each proxy may exercise half the votes; and
- (b) neither proxy will have the right to vote on a show of hands (but each may vote on a poll).

A proxy need not be a member of the Company. A proxy may be an individual or a body corporate. In the case of joint holders of Shares all holders should sign the proxy form. In the case of corporations, proxies must be executed in accordance with section 127 of the Corporations Act or signed by an authorised officer or attorney.

To be valid, a proxy form signed under a power of attorney must be accompanied by the signed original power of attorney, or a certified copy of the power of attorney.

If the abstention box on the proxy form for any item of business is marked, the proxy will be directed not to vote on a show of hands or on a poll and the relevant Shares will not be counted in calculating the required majority on a poll. If no box is marked, the proxy will not be directed as to how to vote and may vote as he or she sees fit.

If the proxy form is signed by the Shareholder but does not name the proxy or proxies in whose favour it is given, or the proxy does not, or the proxies do not attend, the relevant Meeting, the chairman of the relevant Meeting may act as proxy.

The chairman of the relevant Meeting intends to vote all undirected proxies from Shareholders (who are eligible to vote in favour of a Resolution) in favour of that Resolution.

The chairman of the relevant Meeting will not vote any undirected proxies from Shareholders ineligible to vote in favour of the Resolutions.

Resolution 1 (Adoption of Remuneration Report)

Subject to the information set out below relating to “Resolution 1 (Adoption of Remuneration Report)”, proxy appointments in favour of a member of the Company’s key management personnel whose remuneration is included in the Remuneration Report, which **do not contain a direction** will be used to support each of the resolutions proposed to be passed at the Annual General Meeting **except** Resolution 1 (Remuneration Report).

Voting by corporate representative

Corporate shareholders or corporate proxies voting by corporate representative should:

- (a) obtain an appointment of corporate representative form from the Company;
- (b) complete and sign the form in accordance with the instructions on; and
- (c) bring the completed and signed form with them to the relevant Meeting.

Attendance and Voting restrictions at the Annual General Meeting

All Shareholders may attend the Annual General Meeting.

Resolution 1 (Remuneration Report)

If the Chairman of the meeting is appointed or taken to be appointed as a proxy, the shareholder can direct the Chairman of the meeting to vote FOR, AGAINST or ABSTAIN from voting on Resolution 1 (Adoption of Remuneration Report) by marking the appropriate box opposite Resolution 1 at STEP 2 on the proxy form. However, if the Chairman of the meeting is a proxy and the relevant shareholder does not mark either FOR, AGAINST or ABSTAIN opposite Resolution 1 at STEP 2 on the proxy form, the relevant shareholder will be directing the Chairman to vote FOR Resolution 1.

Please note that in respect of Resolution 1 (Adoption of Remuneration Report), if you appoint a key management person of the Company (other than the Chairman) and **do not direct your proxy** (i.e you do not tick or cross whether you wish to vote FOR, AGAINST or ABSTAIN at STEP 2 of the proxy form for Resolution 1), then your vote will not be counted by the Company on the resolution for the Adoption of Remuneration Report.

Section C – Explanatory Statement

The Explanatory Statement forms part of the Notice of Annual General Meeting of China Steel Australia Limited (**Company**) to be held at the Williams Room, 2nd floor, Tattersalls Club, 215 Queen St, Brisbane, Australia, commencing on 7 March 2012 directly after the conclusion of the Special Meeting.

The Explanatory Statement is to be read in conjunction with the Notice of Annual General Meeting.

The purpose of the Explanatory Statement is to provide information which the Directors believe is material to Shareholders in deciding whether or not to pass the Resolutions to be put forward in the Annual General Meeting.

Read the booklet

The Directors recommend Shareholders read the Notice of Annual General Meeting and this Explanatory Statement in full before making any decisions relating to the Resolutions contained in the Notice of Annual General Meeting.

Defined terms

Terms used in this Explanatory Statement have the meaning given to them in the Glossary in Section A of this booklet in which this Explanatory Statement is contained.

1. Agenda Item 1 – Financial statements and reports

The Annual Report for the year ending 30 June 2011 which includes the Directors' Reports, the Auditor's Report and the Financial Report (which includes the financial statements and directors' declaration) is tabled for the information of Shareholders but does not require any formal resolution.

2. Agenda Item 2 – Resolutions

2.1 Resolution 1 : Adoption of Remuneration Report

The Remuneration Report of the Company for the financial year ending 30 June 2011 is set out in the Directors' Report on pages 3 – 5 (inclusive) of the Company's Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the executive and non-executive Directors and executive employees of the Company.

The Corporations Act requires that a resolution that the Remuneration Report of the Company be adopted must be put to the vote (**Remuneration Report Resolution**). The vote on the Remuneration Report Resolution is advisory only and does not bind the Company.

However, as a consequence of recent changes to the Corporations Act, if at least 25% of the votes cast on the resolution are voted against the adoption of the Remuneration Report at the meeting, then:

- (a) if comments are made on the Remuneration Report at the AGM, the Company's Remuneration Report for the next financial year will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reason for this; and
- (b) if at the next AGM, at least 25% of the votes cast on the resolution for adoption of the Remuneration Report are against such adoption, the Company will be required to put to shareholders a resolution proposing that a general meeting be called to

consider the election of directors of the Company (**Spill Resolution**). If a Spill Resolution is passed, all of the directors, other than the managing director, will cease to hold office at the subsequent general meeting, unless re-elected at that meeting.

- (c) In accordance with the Corporations Act, the Company's key management personnel (being directors and executives identified in the 2011 Annual Report) and their closely related parties will not vote their shares on the Remuneration Report Resolution.

A "closely related party" of a member of the key management personnel of the Company means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company; or
- (e) a company the member control.

The Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote in accordance with directions on the proxy form.

A reasonable opportunity will be given for the discussion of the Remuneration Report at the meeting.

2.2 Resolution 2 : Election of Mr Brian Ho

The Constitution and the Corporations Act require that any Director appointed by the Directors holds office only until the next Annual General Meeting and is then eligible for re-election.

Mr Brian Chee Fai Ho was appointed as a Director of the Company on 29 November 2011 by resolution of the Board of Directors and being eligible, has offered himself for re-election as a Director.

The resume of Mr Brian Ho is as follows:

Brian Ho has a Bachelor of Mathematics and Finance from the University of Technology, Sydney, New South Wales.

For the past 16 years, Brian Ho has been involved with numerous commercial and property development finance transactions and has structured appropriate funding packages for local and offshore clients.

Brian Ho currently runs his own business as a specialist Commercial Finance Broker assisting corporate clients in loan structuring and procurement of funding. He also currently consults to other broking firms in the finance industry.

From 2005 until 2008, Brian Ho was a Senior Investment Manager at MFS Limited.

From 2002 to 2005, Brian Ho held a Senior Credit Management role with Australian Finance Solutions, a specialist construction finance broking firm.

From 1995 to 2002 Brian Ho worked in various credit roles with the Oversea-Chinese Banking Corporation Limited.

Brian Ho is an Accredited Member of the Finance Brokers Association of Australia, has an Australian Securities and Investments Commission Credit Representative Number and is a Credit Representative of Outsource Financial Pty Ltd. Brian Ho is a member of the Credit Ombudsman Service Limited.

The remaining Directors recommend to Shareholders that Mr Brian Ho be re-elected and vote in favour of Resolution 2.

2.3 Resolution 3 : Election of Mr Chung Leung Cheung

The Constitution and the Corporations Act require that any Director appointed by the Directors holds office only until the next Annual General Meeting and is then eligible for re-election.

Mr Chung Leung Cheung was appointed as a Director of the Company on 29 November 2011 by resolution of the Board of Directors and being eligible, has offered himself for re-election as a Director.

The resume of Mr Chung Leung Cheung is as follows:

Chung Leung Cheung has a Diploma in Medical Laboratory Science from the Hong Kong Polytechnic University and a National Diploma in Science from the British Business and Technology Education Council.

Chung Leung Cheung is currently a Senior Coding Officer at Douglas Hanly Moir Pathology, part of the Sonic Healthcare group of companies. He has worked for the firm since 2001.

From 1993 to 2001, Chung Leung Cheung was an Assistant Staff Officer at the Independent Commission Against Corruption (ICAC) in Hong Kong, the agency set up to tackle corruption in the Hong Kong government.

From 1989 to 1993, Chung Leung Cheung was a Diagnostic Specialist at Bayer Diagnostics (HK) Ltd.

The remaining Directors recommend to Shareholders that Mr Chung Leung Cheung be re-elected and vote in favour of Resolution 3.

2.4 Resolution 4 : Election of Mr Wong Wing Wang

The Constitution and the Corporations Act require that any Director appointed by the Directors holds office only until the next Annual General Meeting and is then eligible for re-election.

Mr Wong Wing Wang (Paul Wong) was appointed as a Director of the Company on 10 January 2012 by resolution of the Board of Directors and being eligible, has offered himself for re-election as a Director.

The resume of Paul Wong is as follows:

Paul Wong has a Bachelor of Commerce from Newcastle University, New South Wales, Australia.

Paul Wong is a member of CPA Australia and Chartered Financial Analyst (CFA).

Paul Wong is currently an Executive Director and CEO in Partners Capital (Singapore) Pte Ltd, a company providing corporate finance services and licenced by Monetary Authority of Singapore. He has worked in that role from 2007 until the present.

From 2006 to 2007, Paul Wong was a Partner with SAC Capital Pte Ltd, a corporate finance company. In this role, Paul actively managed risk for firm's projects, originated and executed corporate finance transactions.

From 2004 to 2006, Paul Wong was a Team Head with HL Bank in Singapore. In this role, Paul led a team of 3 managers to originate and execute corporate finance transactions.

From 2001 to 2004, Paul Wong was working as Assistant Vice President at OCBC Bank in Singapore. In this role, Paul executed corporate finance transactions.

The remaining Directors recommend to Shareholders that Paul Wong be re-elected and vote in favour of Resolution 4.

2.5 Resolution 5 : Re-election of Mr Xue Yongwen

Pursuant to both the Listing Rules and the Constitution, Directors must retire by rotation at least once every three years. Mr Xue Yongwen retires as a director of the Company and offers himself for re-election.

The resume of Mr Xue Yongwen is as follows:

Mr Xue is the Executive Chairman and Managing Director of China Powerplus Ltd ("China Powerplus"), a company which is listed on the Singapore Stock Exchange. He oversees the overall management and operations of the China Powerplus and is also responsible for formulating business strategies and policies of the China Powerplus. With over 27 years of experience, Mr. Xue possesses valuable expertise and knowledge of the agriculture power tools industry in PRC. He obtained a Bachelor degree in Economics Management from Shandong Nu Zi Xue Yuan (山东女子学院) and subsequently graduated from the Industrial and Commercial Management School – Graduate School of the People's University of China with a Master's degree in Business Administration (MBA). Currently, he is also a National People's Congress delegate for Shandong Province, People Republic of China (PRC).

The remaining Directors recommend to Shareholders that Mr Xue Yongwen be re-elected and vote in favour of Resolution 5.

3. Further information

If you have any queries in respect to any of the matters set out in this booklet, please contact the Director, Mr Chen Lidong on +65 6266 5967.

APPENDIX A –PROXY FORM