# FORM 51-102F3

# MATERIAL CHANGE REPORT

## 1. Name and Address of Company

Stelco Inc.
368 Wilcox Street
Hamilton, ON  L8L 8K5

## 2. Date of Material Change

April 5, 2007

## 3. News Release

The attached news release was disseminated through the newswire services of CNW Group on April 5, 2007.

## 4. Summary of Material Change

Stelco Inc. ("Stelco") announced the transfer of all hot strip processing to its Lake Erie mill following that mill's successful capacity expansion completed during the fourth quarter of 2006.

## 5. Full Description of Material Change

See the attached news release on schedule "A".

## 6. Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable

## 7. Omitted Information

Not applicable

## 8. Executive Officer

For further information, please contact Rodney B. Mott, President and Chief Executive Officer, at 905-528-2511, extension 2020.

## 9. Date of Report

April 18, 2007

**SCHEDULE "A"**

**MEDIA RELEASE**

## Stelco Announces Transfer of Hot Strip Processing to Lake Erie Mill

## Mill Achieves Record Production Following Successful Expansion

**HAMILTON, April 5, 2007 –** Stelco Inc. (TSX:STE) announced today the transfer of all hot strip processing to its Lake Erie mill following that mill's successful capacity expansion completed during the fourth quarter of 2006. The performance of the mill, which has been undergoing an extensive $270 million modernization project, has continued to improve, with record production of over 280,000 tons being achieved for March 2007. The substantial completion of the modernization program has increased the annual capacity of the Lake Erie hot strip mill to 3.7 million tons from 3.0 million tons. Rodney Mott, Stelco's President and Chief Executive Officer, remarked "The employees at Lake Erie Steel are commended for their success in both completing this extensive project and ramping up production at an accelerated rate".

The expanded Lake Erie Steel capacity will allow Stelco to take the next step in its strategy to become a low cost producer by shutting down the 56" hot strip mill at its Hamilton Steel operations. The Hamilton hot strip mill, which has operated since the 1940's, has served the market well through the years but has become a high cost operation with limited support from the marketplace. The shifting of orders to the modernized Lake Erie hot strip mill is expected to improve Stelco's overall efficiency, improve product quality and lower operating costs.

The implementation of this initiative will reduce the work force at Hamilton Steel by more than 300 positions. This will occur through the reduction and displacement of employees working directly at the Hamilton hot strip mill, as well as the elimination of certain support services in maintenance, shops, and coil processing. The company is planning to achieve this reduction through a combination of retirements, layoffs and severance. Mr. Mott stated "The Hamilton employees continue to work hard to improve productivity and reduce costs, but it is impossible to be competitive with obsolete equipment. The decision to reduce rolling operations at Hamilton and to optimize Lake Erie is our best choice for ensuring Stelco's long term success".

**About Stelco**

Stelco is one of Canada's largest steel companies. It is focused on its two Ontario-based integrated steel businesses located in Hamilton and in Nanticoke. These operations produce high quality value-added hot rolled, cold rolled, coated sheet and bar products. To learn more about Stelco and its businesses, please refer to our Web site at www.stelco.com.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This press release contains “forward-looking information” that is based on Stelco’s expectations, estimates and projections as of the date of this press release or as of the date which such information is identified to be given. This forward-looking information includes, among other things, factors relating to the business, financial position, operations and prospects of Stelco, including Stelco’s strategies and plans to improve efficiencies and product quality and lower operating costs and anticipated productivity levels and profitability. Often, but not always, forward-looking information can be identified by the use of words and phrases such as ‘‘plans’’, ‘‘expects’’ or ‘‘does not expect’’, ‘‘is expected’’, ‘‘budget’’, ‘‘scheduled’’, ‘‘estimates’’, ‘‘forecasts’’, ‘‘intends’’, ‘‘anticipates’’ or ‘‘does not anticipate’’, or ‘‘believes’’, or variations of such words and phrases or states that certain actions, events or results ‘‘may’’, ‘‘could’’, ‘‘would’’, ‘‘might’’ or ‘‘will’’ be taken, occur or be achieved. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Stelco to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Actual results, performance and achievements are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained herein. Such forward-looking information is based on a number of assumptions which may prove to be incorrect, including, but not limited to, anticipated benefits and costs relating to the transfer of hot strip processing operations to Stelco’s Lake Erie facilities. While Stelco anticipates that subsequent events and developments may cause Stelco’s views to change, Stelco specifically disclaims any obligation to update this forward-looking information. This forward-looking information should not be relied upon as representing Stelco’s views as of any date subsequent to the date of this press release.

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For additional information, please contact:

Rodney B. Mott
President and Chief Executive Office
(905) 528-2511, Extension 2020