Form 603

Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme: Sims Group Limited

ACN/ARSN: 114 838 630

1. Details of substantial holder (1)

Name: Sims Group Limited and the entities listed in Annexure A

ACN (if applicable): 114 838 630

The holder became a substantial holder on 31/10/2005

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities(4)	Number of securities	Persons' votes(5)	Voting power (6)
Ordinary	32,137,071	32,137,071	26.0%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Sims Group Limited and the entities listed in Annexure A	Standstill and Lock-Up Deed (attached as Annexure B) Each of the entities listed in Annexure A is controlled by Sims Group Limited	32,137,071 ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Sims Group Limited and the entities listed in Annexure A	Hugo Neu Corporation	Hugo Neu Corporation	32,137,071 ordinary shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the 4 months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Sims Group Limited and the entities listed in Annexure A	31/10/2005	n/a	Under the Merger described in the explanatory booklet issued by the company formerly known as Sims Group Limited (ACN 008 634 526) ("**Explanatory Booklet**") Hugo Neu Corporation, Hugo Neu Steel Products Inc. and Flynn-Learner (the "**HNC Parties**") contributed substantially all of their recycling operations to Sims Group Limited in return for Sims Group Limited issuing to Hugo Neu Corporation the number of shares equal to 26% of the total share capital of Sims Group Limited. Under the Merger, Sims Group Limited and the HNC Parties entered into the Standstill and Lock-Up Deed (attached as Annexure B)	32,137,071 ordinary shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
The entities listed in Annexure A	Each company is a subsidiary of, and is controlled by, Sims Group Limited.

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Sims Group Limited and the entities listed in Annexure A	Level 6, 41 McLaren Street, North Sydney, NSW 2010

Signature

print name FRANK MORATTI capacity SECRETARY

sign here F. Moratti date 2/11/ 05

Directions

1. If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.

2. See the definition of "associate" in section 9 of the Corporations Act 2001.

3. See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.

4. The voting shares of a company constitute one class unless divided into separate classes.

5. The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.

6. The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.

7. Include details of:

   (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and

   (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

   See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.

8. If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".

9. Details of the consideration must include any and all benefit, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Attached is Annexure "A" of 1 page referred to in

the Form 603 Notice of initial substantial holder.

Signed by V. Moratti

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2 November 2005

Annexure A

- Sims Group Australia Holdings Limited
- Sims Manufacturing Pty Limited
- Sims Aluminium Pty Limited
- Sims Superannuation Management Pty Limited
- Simsmetal Executive Staff Superannuation Pty Limited
- Simsmetal Finance Limited
- Simsmetal Holdings Pty Limited
- Simsmetal Services Pty Limited
- Sims Industrial Pty Limited
- Sims Energy Pty Limited
- Simsmetal Staff Equity Pty Limited
- Universal Inspection and Testing Company Pty Limited
- Sims Tyrecycle Pty Ltd
- Sims Tyrecycle Properties Pty Ltd
- Sims E-Recycling Pty Limited
- Simsmetal Industries Limited
- Sims Asia Holdings Limited
- PNG Recycling Limited
- Sims Group UK Holdings Limited
- Simsmetal UK (Midwest) Limited
- Sims Group UK Intermediate Holdings Limited
- Simsmetal UK (Southern) Limited
- Sims Group UK Pension Trustees Limited
- Simsmetal UK Recycling Limited
- HNW Recycling LLC
- Hugo Neu Schnitzer East
- Schiabo Larovo Company, L.L.C.
- Schiabo Larovo-AR, L.L.C.
- Etiwanda Development, LLC (CA)
- North Carolina Recycling, LLC
- Alameda Street Metal Corp.
- Pacific Industrial Metals Co.
- HNE Recycling LLC
- Hugo Neu Co., LLC
- Simsmetal UK (Northern) Limited
  United Castings Limited
- Sims Group UK Limited
- Simsmetal UK (SouthEast) Limited
- Simsmetal UK (SouthWest) Limited
- Simsmetal UK (Glos.) Limited
- Simsmetal UK (Elliot) Limited
- Simsmetal UK (Reclamation) Limited
- Simsmetal UK (Wessex) Limited
- Simsmetal UK (Fraser) Limited
- Blackbushe Metals (Western) Limited
- End of Life Vehicle Information Systems Limited
- SK Stainless Limited
- Mirec Limited
- Mirec Asset Management Group Limited
- Mirec Asset Management Limited
- Lot 1 Co. Limited
- Frazier Europe Limited
- Mirec BV
- De Valk Glas BV
- Limburgglas BV
- ICR Business BV
- Mirec AB
- Mirec NV
- Sims Group USA Corporation
- Mirec Asset Management USA LLC
- Sims Group Canada Limited
- Dover Barge Company
- Hugo Neu-Proler Company
- North Carolina Resource Conservation, LLC
- Pacific Bulk Loading, Inc
- Hugo Neu Schnitzer Global Trade LLC
- HNS Scrap Corporation

Attached is Annexure "B" of 19 pages referred to in

the Form 603 Notice of initial substantial holder.

Signed by V. Moratti

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2 November 2005

BAKER & MCKENZIE

Standstill and Lock-Up Deed

Sims Co Limited

Hugo Neu Corporation

Hugo Neu Steel Products, Inc.

Flynn-Learner

BAKER & MCKENZIE
Solicitors
Level 27, AMP Centre
50 Bridge Street
SYDNEY NSW 2000
Tel: (02) 9225-0200
Fax: (02) 9225-1595
Email: lyndon.masters@bakernet.com

Ref: 269589-v4\LM9

Contents

Date 24 June 2005

Parties **Sims Co Limited** (ACN 114 838 630) (***Sims Newco***)

Hugo Neu Corporation (***HNC***)

Hugo Neu Steel Products, Inc. (***HNSP***)

Flynn-Learner (***FL***)

Recitals

A The parties have agreed to place restrictions on the acquisition and disposition of Sims Newco shares by the HNC Parties on the terms set out in this Deed.

Operative provisions

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1 Definitions and Interpretation

Definitions

1.1 In this Deed, unless the context otherwise requires:

Act means the *Corporations Act* 2001.

Acceptance Period Commencement Date means:

(a) if there is no Dispute in relation to a Diluting Event, the date on which the Offer Notice is received by HNC; or

(b) if there is a Dispute in relation to a Diluting Event, the date on which the Dispute is determined.

Acquisition means the purchase by Sims Newco of an asset, business or security where the purchase price of that asset, business or security is paid, whether in whole or in part, by Sims Newco through the allotment of Shares to the vendor of that asset, business or security.

Affiliate means with respect to any Person, any other Person directly or indirectly Controlling, Controlled by or under common Control with, such Person.

Aggregate HNC Group Shareholding means the aggregate number of Shares beneficially owned by members of the HNC Group plus, in accordance with clause 3.1(a)(ii), any Notional Top-Up Shares.

ASX means Australian Stock Exchange Limited.

Best Efforts means the efforts that a prudent Person desirous of achieving an objective would use in similar circumstances to achieve that objective as expeditiously as possible. The fact that the objective is not actually accomplished is not determinative of the fact that the obligated Person did not utilise such efforts in attempting to accomplish the objective.

Business Day means a day on which banks are open for business in Sydney, New South Wales, Australia, excluding a Saturday or a Sunday or a public holiday.

Cash Issue means an issue of Shares in consideration for a cash amount and which is not:

(a) a Strategic Placement;

(b) an Acquisition;

(c) a Pro – Rata Issue;

(d) an issue under a share purchase plan under exception 15 of ASX Listing rule 7.2;

(e) an issue of Employee Shares;

(f) a Convertible Security converting into or otherwise becoming Shares, whether pursuant to the terms of, or the exercise of any rights attaching to, that Convertible Security or otherwise; or

(g) the reclassification of any issued security so that the security becomes Shares.

Control means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any Person, whether through the ownership of voting securities or otherwise.

Convertible Security means any security which is convertible into, exercisable or exchangeable for or which enables the holder to acquire Shares not previously on issue including:

(a) stock;

(b) convertible or exchangeable preference shares;

(c) convertible or exchangeable notes;

(d) options, warrants or rights to subscribe for Shares; and

(e) options, warrants or rights to subscribe for securities which are convertible into or exercisable or exchangeable for Shares.

Court means the Supreme Court of New South Wales.

Diluting Event means:

(a) an issue of Shares other than:

  (i) a Pro-Rata Issue;

  (ii) an issue under a share purchase plan under exception 15 of ASX Listing rule 7.2;

  (iii) an issue of Employee Shares; or

  (iv) an Acquisition;

(b) a Convertible Security converting into or otherwise becoming Shares, whether pursuant to the terms of, or the exercise of any rights attaching to, that Convertible Security or otherwise; or

(c) the reclassification of any issued security so that the security becomes Shares,

but, for the avoidance of doubt includes any issue of Shares to fund any cash component of an Acquisition.

Dispute has the meaning set out in clause 3.2(d)(i).

Dividend Plan means a dividend reinvestment plan, a bonus share plan, a dividend selection plan or any other plan which gives holders of Shares the opportunity to accept securities in place of dividend, distribution or interest payments or apply any dividend, distribution or interest payments for the subscription of securities.

Effective means, when used in relation to the Scheme, the coming into effect, under section 411(10) of the Act, of the Court order made under section 411(4)(b) of the Act in relation to the Scheme, as the context requires.

Effective Date means the date on which the Scheme becomes Effective.

Employee Shares means Shares issued pursuant to:

(a) an employee incentive plan or remuneration arrangements for employees and/or officers of Sims Newco and/or its Subsidiaries; or

(b) the exercise of options which are issued under an employee incentive plan or remuneration arrangements for employees and/or officers of Sims Newco and/or its Subsidiaries.

Governmental Body means any:

(a) nation, region, state, county, city, town, village, district or other jurisdiction;

(b) federal, state, local, municipal, foreign or other government;

(c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department or other entity and any court or other tribunal);

(d) multinational organization;

(e) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature; or

(f) official of any of the foregoing.

HNC Group means HNC and its Affiliates.

HNC Party means any of HNC, HNSP and FL.

Implementation Date means the third Business Day following the Scheme Record Date.

Neu Shares means the Sims Newco shares issued to the HNC Parties on the Implementation Date.

Notional Issued Capital means the total number of Shares on issue immediately following a Diluting Event, determined as if the Top-Up Shares and any Notional Top-Up Shares in respect of that Diluting Event were issued simultaneously with the Shares issued under that Diluting Event.

Notional Top-Up Shares has the meaning described in clause 3.1(a)(ii).

Offer Notice means a notice addressed to HNC and delivered in accordance with clause 3.2.

Person refers to an individual or an entity, including a corporation, share company, limited liability company, partnership, trust, association, Governmental Body or any other body with legal personality separate from its equityholders or members.

Pro-Rata Issue means an issue of Shares made pursuant to an offer to all holders of fully paid Shares on a pro rata basis in respect of all of the Shares that they hold and, for the avoidance of doubt, includes an issue of Shares under a Dividend Plan.

Related Body Corporate has the meaning given to that term in the Act.

Scheme means the scheme of arrangement under Part 5.1 of the Act between Sims and Scheme Shareholders.

Scheme Record Date means 5.00 pm on the fifth Business Day after the Effective Date.

Securities Act means the United States Securities Act of 1933.

Shares means voting shares (as that term is defined in the Act) in the capital of Sims Newco, regardless of how those shares are classified.

Sims means Sims Group Limited (ACN 008 634 526).

Sims Group means Sims and each of its Subsidiaries.

Strategic Placement means a placement of Shares where the Person to whom the Shares are placed and its Related Bodies Corporate are not primarily financial institutions or investors and the directors of Sims Newco, in their reasonable judgement, consider that the placement provides a strategic advantage to Sims Newco.

Subscription Notice means a notice delivered in accordance with clause 3.3(a).

Subscription Price means the subscription price per Share payable for Top-Up Shares as determined in accordance with clause 3.1(c).

Subsidiaries has the meaning given to that term in section 46 of the Act.

Top-Up Rights means the rights conferred by clause 3.

Top-Up Shares means, in relation to a Diluting Event, those Shares which members of the HNC Group are offered the right to subscribe in respect of that Diluting Event, the number of such Shares being determined in accordance with clause 3.1(b).

Trading Day means a day which is a Trading Day as defined in the ASTC Settlement Rules for Sims Newco's Shares.

Interpretation

1.2 In this Deed:

(a) unless the context otherwise requires, a reference:

(i) to the singular includes the plural and vice versa;

(ii) to a gender includes all genders;

(iii) to a document (including this Deed) is a reference to that document (including any Schedules and Annexures) as amended, consolidated, supplemented, novated or replaced;

(iv) to an agreement includes any deed, agreement or legally enforceable arrangement or understanding in writing;

(v) to parties means the parties to this Deed and to a party means a party to this Deed;

(vi) to a Person (including a party) includes the Person's successors, permitted assigns, substitutes, executors and administrators;

(vii) to a law:

(A) includes a reference to any constitutional provision, subordinate legislation, treaty, decree, convention, statute, regulation, rule, ordinance, proclamation, by-law, judgment, rule of common law or equity or rule of any applicable stock exchange;

(B) is a reference to that law as amended, consolidated, supplemented or replaced or modified by a Governmental Body; and

(C) is a reference to any regulation, rule, ordinance, proclamation, by-law or judgment made under that law;

(viii) to proceedings includes litigation and arbitration;

(ix) to a judgment includes an order, injunction, decree, determination or award of any court or tribunal;

(x) to time is a reference to Sydney time; and

(xi) to "$" or "dollar" is to Australian currency;

(b) headings are for convenience only and are ignored in interpreting this Deed;

(c) if a period of time is specified and dates from, after or before, a given day or the day of an act or event, it is to be calculated exclusive of that day;

(d) if a payment or other act must (but for this clause) be made or done on a day which is not a Business Day, then it must be made or done on the next Business Day;

(e) the word "including" or "includes" means "including but not limited to" or "including without limitation"; and

(f) where a word or phrase is defined, its other grammatical forms have a corresponding meaning.

2 Standstill and lock-up

Standstill

2.1 For the period from the Implementation Date until eighteen (18) months after the Implementation Date, each HNC Party shall not, and shall cause its Affiliates not to, acquire, directly or indirectly, any beneficial ownership in, or options to acquire, any securities of Sims Newco (other than the Neu Shares) (it being understood that nothing herein shall be deemed to prohibit the indirect ownership of securities of Sims Newco by any such Person through any mutual fund, any limited partnership (provided such Person is not a general partner thereof) formed to hold passive investments in equity securities, or in any other securities investment vehicle).

2.2 The standstill prohibition in clause 2.1 shall:

(a) not apply to purchases by any HNC Party pursuant to its Top Up Rights;

(b) not apply to purchases by any HNC Party pursuant to any rights offering of Sims Newco pursuant to which such HNC Party has the right to acquire additional securities of Sims Newco; and

(c) automatically terminate if any third Person commences a takeover bid for Sims Newco, otherwise seeks to acquire, merge or amalgamate with Sims Newco (including by reverse takeover bid or dual listed company structure) or seeks to acquire control of Sims Newco within the meaning section 50AA of the Act.

Lock-up

2.3 The HNC Parties agree with Sims Newco that, for the period from the Implementation Date until eighteen (18) months after the Implementation Date each HNC Party shall not sell, transfer, convey or assign any of its Neu Shares or any security convertible into or exercisable or exchangeable for such Neu Shares; provided that the foregoing shall not apply to any sale, transfer, conveyance or assignment to an Affiliate of such HNC Party; it being understood that this clause 2.3 shall only be for the benefit of Sims Newco (and no other member of the Sims Group).

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3 Top-Up

3.1 Top-Up Rights

(a) Top Up Rights

(i) In relation to each Diluting Event, Sims Newco must offer HNC the right for HNC (or any other member of the HNC Group nominated in writing by HNC) to subscribe for Top-Up Shares in accordance with this clause 3 provided that the Aggregate HNC Group Shareholding at the time immediately prior to that Diluting Event (**"Relevant Time"**) is not less than 5% of the number of Shares on issue at the Relevant Time.

(ii) If the period for HNC to deliver a Subscription Notice under clause 3.3(a) in respect of an earlier Diluting Event has not expired and HNC has not delivered a Subscription Notice in respect of that Diluting Event, or HNC has delivered a Subscription Notice in respect of that Diluting Event and Top-Up Shares have not been issued (other than where the resulting agreement to subscribe for the Top-Up Shares has not been terminated in accordance with clause 3.3(h)) then, for the purpose of this clause 3, the percentage of the number of issued Shares represented by the Aggregate HNC Group Shareholding must be determined as if Sims Newco had issued to the members of the HNC Group the number of Top-Up Shares the subject of that Diluting Event (**"Notional Top-Up Shares"**).

(b) Number of Top-Up Shares

Where Sims Newco is required under clause 3.1(a) to offer HNC (or its nominee) the right to subscribe for Top-Up Shares, the number of Top-Up Shares to be offered in aggregate to the members of the HNC Group in respect of a Diluting Event is:

(i) the number of Shares which would need to be issued to members of the HNC Group simultaneously with the Diluting Event such that the Aggregate HNC Group Shareholding after the issue of those Shares bears the same proportion to the Notional Issued Capital as the Aggregate HNC Group Shareholding at the Relevant Time bore to the aggregate of the issued Shares at the Relevant Time and any Shares to be (or, in the case of a Convertible Security, Shares that may be) issued under the earlier Diluting Event referred to in clause 3.1(a)(ii) (to the extent not already issued),

LESS

(ii) any Notional Top-Up Shares.

(c) Subscription Price

The Subscription Price per Share for Top-Up Shares is:

(i) if the Diluting Event is a Cash Issue, the weighted average price at which Shares are issued as part of the Diluting Event; and

(ii) in all other circumstances, the weighted average price at which Shares are traded in the ordinary course of trading on the stock market conducted by the ASX for the five Trading Days immediately prior to the announcement by Sims Newco of that Diluting Event and the five Trading Days immediately after announcement by Sims Newco of that Diluting Event (including the day of announcement of that Diluting Event if it is a Trading Day) except that if, during that period, Shares are trading on a cum-entitlement or cum-dividend basis in respect of an entitlement or a dividend which has been announced to the ASX, the price at which the Shares are traded will be reduced by an amount equal to the value of the entitlement or dividend as the case may be to the extent that the Top-Up Shares will not have the right to participate in that entitlement or dividend.

(d) Ranking of Top-Up Shares

Top-Up Shares, when issued, will rank equally in all respects with all other Shares issued under the Diluting Event.

3.2 Diluting Events

(a) Notice of Diluting Events

(i) If a Diluting Event gives rise to Top-Up Rights under clause 3.1(a), Sims Newco must deliver an Offer Notice in respect of the Diluting Event to HNC (which shall be received by HNC for and on behalf of the members of the HNC Group who are shareholders of Sims Newco) within 3 Business Days after the Relevant Time if it is a Cash Issue, or in all other circumstances 3 Business Days after the last Trading Day used to calculate the Subscription Price in clause 3.1(c)(ii).

(ii) The members of the HNC Group who are shareholders of Sims Newco irrevocably direct Sims Newco to comply with this clause 3.2(a) by delivering a single Offer Notice to HNC on their behalf in accordance with this clause 3.2.

(b) Contents of Offer Notice

An Offer Notice must be in writing and state in relation to the Diluting Event:

(i) the date on which the Diluting Event occurred;

(ii) the number of Shares on issue at the Relevant Time for the Diluting Event;

(iii) the number of Shares which will be on issue immediately following the Diluting Event;

(iv) the number of Top-Up Shares Sims Newco considers that it is required to offer HNC under this clause 3 and the information on which Sims Newco has based that determination;

(v) whether Sims Newco considers that the Diluting Event is a Cash Issue or not and the information on which Sims Newco has based that determination;

(vi) the price Sims Newco considers to be the Subscription Price for the Top-Up Shares in relation to each such Diluting Event and the information on which Sims Newco has based that determination;

(vii) an offer (irrevocable until the expiration of the period referred to in clause 3.3(a)) is made to HNC for HNC or any member of the HNC Group to subscribe on the terms and conditions set out in this clause 3 for the number of Top-Up Shares determined in accordance with this clause 3.

(c) Notice of Number of Top-Up Shares

Within 3 Business Days after HNC receives an Offer Notice, HNC may deliver to Sims Newco a notice which states:

(i) the Aggregate HNC Group Shareholding as at the date of the Offer Notice and the information on which HNC has based that determination;

(ii) whether HNC agrees with Sims Newco's assessment of the number of Top-Up Shares Sims Newco considers that it is required to offer HNC under this clause 3and, if not, the basis on which HNC disputes Sims Newco's assessment;

(iii) whether HNC agrees with Sims Newco's assessment that a Diluting Event is a Cash Issue and, if not, the basis on which HNC disputes Sims Newco's assessment;

(iv) whether HNC agrees with the Subscription Price as set out in the Offer Notice and, if not, the basis on which HNC disputes the Subscription Price.

If HNC does not, within 3 Business Days after receiving an Offer Notice, deliver a notice under this clause 3.2(c), HNC is deemed to have accepted:

(A) the assessment in the Offer Notice as to whether the Diluting Event is a Cash Issue; and

(B) the Subscription Price as set out in the Offer Notice.

(d) Dispute Resolution

(i) A dispute (**"Dispute"**) arises if in relation to:

(A) the Subscription Price if HNC, acting in good faith, disputes the Subscription Price in a notice under clause 3.2(c);

(B) whether a Diluting Event is a Cash Issue if HNC, acting in good faith, disputes whether the Diluting Event is a Cash Issue in a notice under clause 3.2(c); and

(C) whether the number of Top-Up Shares that are to be issued in relation to a Diluting Event if HNC, acting in good faith, disputes the Number of Top-Up Shares in a notice under clause 3.2(c).

(ii) If Sims Newco and HNC do not resolve the Dispute within 7 Business Days after the Dispute first occurs, then Sims Newco and HNC shall use all reasonable endeavours to agree on an independent person (**"Expert"**) to determine the Dispute. If they do not agree on an Expert, within 10 Business Days after the Dispute first occurs the Expert will be nominated by the President of the Australian Institute of Chartered Accountants.

(iii) The Expert shall thereafter determine the Dispute as quickly as possible, but in any event no later than 10 Business Days after the Expert's appointment.

(iv) Sims Newco and HNC must provide the Expert with all information which the Expert reasonably requires to enable him to determine the Dispute and must provide the other party to the Dispute with a copy of all information provided to the Expert.

(v) The Expert's determination as to the number of Top-Up Shares or the Subscription Price or whether the Diluting Event is a Cash Issue is final and binding in the absence of manifest error or proof that information relevant to the determination of the dispute was not provided to the Expert. In making that determination the Expert acts as an expert and not as an arbitrator.

(vi) Sims Newco and HNC must each pay half of the Expert's costs of determining the Dispute.

3.3 Issue of Top-Up Shares

(a) Subscription Notice

Within 5 Business Days after the Acceptance Period Commencement Date, HNC may deliver to Sims Newco a notice which, if delivered, must state:

(i) the names of the members of the HNC Group that will subscribe for Top-Up Shares;

(ii) the number of Top-Up Shares to be subscribed for by each of those members of the HNC Group, which may be some or all of the Top-Up Shares but which in aggregate must be not more than the total number of Top-Up Shares offered under the Offer Notice;

(iii) the class of Shares to be issued as Top-Up Shares (which must be ordinary Shares);

(iv) the Subscription Price;

(v) if any consents, rulings or approvals are required to be obtained or any notices are required to be lodged in relation to the application for, or issue of, the Top-Up Shares under any law, regulation, judicial decree, order or judgment applicable to the HNC Group, that the offer in the Offer Notice is accepted subject to receipt of those consents, rulings, approvals or lodgement of those notices (which shall be specified in the notice);

(vi) that the members of the HNC Group subscribing for Top-Up Shares is acquiring those Shares for its own account and not with a view to distribution within the meaning of Section 2(11) of the Securities Act and that Sims Newco has made available to such member of the HNC Group the opportunity to ask questions of the officers and management employees of Sims Newco, and to acquire such additional information about the business and financial condition of Sims Newco as such Person has requested, and all such information has been received; and

(vii) that in connection with the acquisition of the Top-Up Shares the member of the HNC Group subscribing for the Top-Up Shares represents to following to Sims Newco:

(A) such Person is aware of Sims Newco's business affairs and financial condition and has acquired sufficient information about Sims Newco to reach an informed and knowledgeable decision to acquire the Top-Up Shares;

(B) such Person understands that the Top-Up Shares have not been registered under the Securities Act by reason of a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of such HNC Group member's investment intent as expressed herein;

(C) such Person further acknowledges and understands that, for U.S. securities law purposes, the Top-Up Shares cannot be sold in the United States unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Such person further acknowledges and understands that Sims Newco is under no obligation to register the Top-Up Shares except as otherwise agreed between the parties;

(D) such Person has either:

1) a pre existing business relationship with Sims Newco or any its respective officers, directors or controlling Persons; or

2) the capacity to protect its own interests in connection with the acquisition of the Top-Up Shares by virtue of its or its professional advisors' (who are unaffiliated with and who are not directly or indirectly compensated by Sims Newco or any of its Affiliates) financial expertise;

(E) such Person is an "<u>accredited investor</u>" as that term is defined in Rule 501 of Regulation D of the Securities Act; and

(F) such Person is either a "sophisticated investor" or a "professional investor" as those terms are defined in section 708 of the Act.

(b) Affiliates

Where the Subscription Notice names an Affiliate of HNC, that notice is given by HNC as agent for that Affiliate.

(c) Offer to Lapse if Subscription Notice not delivered

The offer contained in an Offer Notice lapses in respect of any Top-Up Shares for which it is not accepted by delivering a Subscription Notice within the time set out in clause 3.3(a).

(d) Regulatory Approvals

If HNC delivers a Subscription Notice which is expressed to be subject to receipt of any applicable consents, rulings or approvals or the lodgement of any notices required under any law, regulation, judicial decree, order or judgment applicable to the HNC Group (**"conditions"**), HNC must use its Best Efforts to enable those conditions to be satisfied as soon as reasonably practicable after it delivers the Subscription Notice (including providing any reasonable assistance requested by Sims Newco to allow it to satisfy its obligations under clause 3.3(e)).

(e) Shareholder and ASX approvals

(i) Subject to clauses 3.3(j) and 3.3(e)(ii), Sims Newco must:

(A) use its Best Efforts to procure that any approvals from shareholders of Sims Newco in their capacity as shareholders or ASX which may be required in connection with the issue of the Top-Up Shares are obtained;

(B) notify HNC in writing when all approvals referred to in clause 3.3(e)(i) are obtained or if any such approval is refused; and

(C) use its Best Efforts to provide all reasonable assistance to the members of the HNC Group in connection with the HNC Group obtaining any regulatory approvals which may be required in connection with the issue of the Top-Up Shares in addition to the approvals referred to in clause 3.3(e)(i).

(ii) If Sims Newco is required under the Act, or considers it prudent to obtain an independent expert's report in order to obtain any approval from shareholders of Sims Newco in their capacity as shareholders under clause 3.3(e)(i), the cost of that independent expert's report must be paid for by HNC if the report is required by the Act and paid for by Sims Newco if it is not required by the Act.

(f) Obligations of HNC Group

If HNC has delivered a Subscription Notice in respect of a Diluting Event, then within 3 Business Days after the date on which all conditions for the issue of the Top-Up Shares by Sims Newco are satisfied, it must deliver to Sims Newco applications for the issue of the Top-Up Shares signed by the members of the HNC Group named in the Subscription Notice and pay by bank cheque or telegraphic transfer to an account nominated by Sims Newco, an amount equal to the total Subscription Price for the number of Top-Up Shares subscribed for.

(g) Issue of Top-Up Shares

If HNC has delivered a Subscription Notice in respect of a Diluting Event, Sims Newco must allot and issue the Top-Up Shares and record the issue of those shares on Sims Newco's share register to HNC (or its Affiliates named in the Subscription Notice) on the day HNC complies with clause 3.3(f).

(h) Approvals not obtained

If:

(i) an issue of Top-Up Shares cannot occur due to the failure to obtain any shareholder approval referred to in clause 3.3(e)(i);

or

(ii) a Subscription Notice is expressed to be subject to a condition referred to in clause 3.3(d) and all such conditions have not been satisfied on or before the date which is 30 Business Days after delivery of the Subscription Notice or if there is a Dispute, the date on which the Dispute is determined;

then:

(A) the agreement to subscribe for the Top-Up Shares terminates;

(B) the members of the HNC Group are not required to deliver applications or pay the Subscription Price in accordance with clause 3.3(f); and

(C) Sims Newco is not required to issue the Top-Up Shares in accordance with clause 3.3(g).

(i) Listing

Sims Newco must use its Best Efforts to procure official quotation of any Top-Up Shares which are issued.

(j) Acknowledgment

The members of the HNC Group who are shareholders of Sims Newco expressly acknowledge that a requirement for Sims Newco to use Best Efforts to procure a matter under this Article shall not require Sims Newco to:

(i) issue a prospectus or other disclosure document under Chapter 6D of the Act, or any similar requirements under the Securities Act or any applicable United States legislation, in respect of the proposed issue of Top-Up Shares; and

(ii) provide any representations, warranties or other covenants in relation to or in respect of any Shares issued or to be issued as part of a Top-Up Issue.

3.4 Termination of Top-Up Rights

(a) Top-Up Rights terminate if Aggregate HNC Group Shareholding below 5%

The Top-Up Rights terminate if the Aggregate HNC Group Shareholding is less than 5% of the Shares on issue.

(b) Exemptions from clause 3.4(a)

For the purpose of clause 3.4(a), if there has been a Diluting Event and:

(i) Sims Newco has not complied with this clause 3 in respect of that Diluting Event; or

(ii) the period for HNC to deliver a Subscription Notice under clause 3.3(a) in respect of that Diluting Event has not expired and HNC has not delivered a Subscription Notice in respect of that Diluting Event,

Sims Newco will be deemed to have issued to the HNC Group (and members of the HNC Group will be deemed to have a beneficial interest in) the total number of Top-Up Shares for which the HNC Group is offered the right to subscribe in respect of that Diluting Event.

(c) Termination

This clause 3 ceases to apply from the termination of the Top-Up Rights in accordance with clause 3.4(a).

3.5 General

(a) Prohibition on enforceability

(i) Any provision of, or the application of any provision of, this clause 3 which is prohibited in any jurisdiction is, in that jurisdiction, ineffective only to the extent of that prohibition.

(ii) Any provision of, or the application of any provision of this clause 3, which is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions of this clause 3 in that or any other jurisdiction.

(iii) Application of this clause 3.5(a) is not limited by any other provision of this clause 3 in relation to severability, prohibition or enforceability.

(b) Waivers

(i) Waiver of any right, power, authority, discretion or remedy arising upon a breach of or default under this clause 3must be in writing and signed by the party granting the waiver. The members of the HNC Group who are shareholders of Sims Newco acknowledge that:

(A) a waiver provided in accordance with this clause is to be provided only by HNC; and

(B) such waiver shall be deemed to be provided for and on behalf of and shall bind each member of the HNC Group that is a shareholder of Sims Newco.

(ii) A failure or delay in exercise, or partial exercise, of a right, power, authority, discretion or remedy arising from a breach of or default under this clause 3, does not result in a waiver of that right, power, authority, discretion or remedy.

(iii) A Person is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of this clause 3 or default under this clause 3 as constituting a waiver of that right, power, authority, discretion or remedy.

(iv) A Person may not rely on any conduct of another Person as a defence to exercise of a right, power, authority, discretion or remedy arising from a breach of or default under this clause 3 by that other Person.

(v) This clause 3.5(b) may not itself be waived except in writing.

(c) **Specific performance**

Sims Newco acknowledges that:

(i) monetary damages alone would not be adequate compensation to the HNC Group for Sims Newco's breach of its obligations under this clause 3 and that accordingly specific performance of those obligations is an appropriate remedy; and

(ii) Sims Newco:

(A) submits to the non-exclusive jurisdiction of the courts of New South Wales to award the remedy of specific performance; and

(B) will not, and waives any right to, resist or otherwise object to that remedy being awarded,

if a court of competent jurisdiction determines that Sims Newco has breached this clause 3.

4 General

Further acts

4.1 Each party will promptly do everything necessary, including executing and delivering all further documents required by law or reasonably requested by the other party, to implement this Deed.

Amendments

4.2 The parties may only vary this Deed by a document signed by or on behalf of each of them.

Assignment

4.3 A party cannot assign, novate or otherwise transfer any of its rights or obligations under this Deed without the other parties' prior written consent.

Invalid or unenforceable provisions

4.4 If a provision of clause 1 or 2 of this Deed is invalid or unenforceable in a jurisdiction:

(a) it is to be read down or severed in that jurisdiction to the extent of the invalidity or unenforceability; and

(b) that fact does not affect the validity or enforceability of that provision in another jurisdiction or the remaining provisions.

Waiver

For the purposes of clauses 1 and 2 of this Deed:

4.5 a waiver by a party of a provision of, or of a right under, this Deed is only binding on the party granting the waiver if the waiver is in writing and is signed by an authorised officer for the waiving party;

4.6 a waiver is effective only in the specific instance and for the specific purpose for which it is given;

4.7 a single or partial exercise of a right by a party does not preclude another exercise of that right or the exercise of another right; and

4.8 the failure to exercise, or the delay in exercising, a right does not operate as a waiver or prevent the party so failing to exercise or delaying in the exercise of its right from later exercising its right.

Counterparts

4.9 The parties may execute this Deed in counterparts and all counterparts taken together constitute one document.

Entire Agreement

4.10 To the extent permitted by law, in relation to the subject matter of this Deed, this Deed:

(a) embodies the entire understanding of the parties and constitutes the entire terms agreed on among the parties; and

(b) supersedes any prior agreement (whether or not in writing) among the parties.

Governing law

4.11 This Deed is governed by the laws of New South Wales. Each party irrevocably and unconditionally:

(a) submits to the non-exclusive jurisdiction of the Court; and

(b) waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

Execution

Executed as a deed

Signed by	)
Hugo Neu Corporation	)
by a director and officer/director:	)

Signature of officer/~~director~~

Signature of director

Donald W. Hamaker

Name of officer/~~direc~~tor (please print)

John L. Neu

Name of director (please print)

Signed by)

Hugo Neu Steel Products, Inc.)

by a director and officer/director:)

Signature of officer/d~~irector~~

Signature of director

Donald W. Hamaker

Name of officer/d~~irector~~ (please print)

John L. Neu

Name of director (please print)

Signed by)

Flynn-Learner)

by a director and officer/director:)

Signature of officer/~~director~~

Signature of director

Donald W. Hamaker

Name of officer/~~director~~ (please print)

John L. Neu

Name of director (please print)

Signed by)

Sims Co Limited)

by a director and secretary/director:)

Signature of secretary/director

Signature of director

JEREMY SUTCLIFFE

Name of secretary/director (please print)

ROSS CUNNINGHAM

Name of director (please print)