



facsimile

To: ASX Company Announcements Platform **Fax:** 1300 135 638
&
Mr Matthew Leslie Fitzgerald and **Fax:** (08) 6430 3849
Mr Robert Klug
SANDFIRE RESOURCES NL [SFR]

From: James Walker **Fax:** (02) 8225 5114
Citigroup Global Markets Australia Pty Limited

Date: 15 May 2015 **Pages:** 20 (including cover sheet)

Subject: Submission of Form 603 re: SANDFIRE RESOURCES NL [SFR]

If you do not receive all pages, please telephone on 61 2 8225 4903

This fax is confidential and may be privileged. If you are not the intended recipient, please notify the sender immediately by telephone.

Notice of initial substantial shareholder – Sandfire Resources NL (SFR)

Citigroup Global Markets Australia Pty Limited (“Citi”) acted as sole bookrunner and sole underwriter on a sale of 23,756,338 ordinary fully paid securities in SFR (the “Sale Securities”) by POSCO Australia (the “Seller”). In connection with the sale, Citi entered into a block trade agreement with the Seller on 13 May 2015 (the “Agreement”).

Pursuant to the operation of section 608(1), 608(8) and 606 of the Corporations Act and clauses 1.6 and 1.8 of the Agreement, Citi increased its relevant interest from an existing 0.16% to a regulatory maximum limit of 14.99% of SFR’s ordinary fully paid securities upon execution of the Agreement. Please find enclosed Citi’s notice of initial substantial shareholder including details of its relevant interest, including a copy of the Agreement.

Citi will file a ceasing to be substantial shareholder notice following settlement of the Sale Securities.

Yours sincerely,

James Walker
Head of Compliance, Institutional Clients Group

CITIGROUP GLOBAL MARKETS AUSTRALIA PTY LIMITED

ABN 64 003 114 832 AFSL 240992

A Participant of the ASX Group and Chi-X Australia

Level 22, Citigroup Centre, 2 Park Street, Sydney NSW 2000

TELEPHONE: 61 2 8225 4903

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Notice of initial substantial shareholder

Form 603
Corporations Act
Section 671B

To: SANDFIRE RESOURCES NL ("SFR", Ordinary Fully Paid)

1. Details of substantial shareholder

Citigroup Global Markets Australia Pty Limited (ACN 003 114 832) and each of the related bodies corporate in the Citigroup group of companies worldwide (for more details please visit www.citigroup.com).

The holder became a substantial holder on 13 May 2015.

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 had a relevant interest in on the date the substantial holder became a substantial holder are as follows:

Class of securities	Number of securities	Person's vote	Voting Power
SFR, Ordinary Fully Paid	23,458,802	23,458,802	14.99%

3. Details of relevant interests

Holder of relevant interest	Nature of relevant interest	Class and number of securities
Citigroup Global Markets Limited	Citigroup Global Markets Limited holds a relevant interest in these shares pursuant to an obligation to return under a securities lending agreement.	38,004 SFR, Ordinary Fully Paid
Citigroup Global Markets Australia Pty Limited	Citigroup Global Markets Australia Pty Limited holds a relevant interest in these shares pursuant to contracts entered into in the ordinary course of business on a stock market of a stock exchange, containing no terms and conditions other than standard terms and conditions.	208,542 SFR, Ordinary Fully Paid
Citigroup Global Markets Australia Pty Limited	Citigroup Global Markets Australia Pty Limited entered into a block trade agreement on 13 May 2015 ("Agreement", please see attached). Pursuant to sections 608(1), 608(8) and 606 of the Corporations Act and clause 1.9 of the Agreement, Citigroup Global Markets Australia Pty Limited obtained a relevant interest in a maximum of 14.99% of SFR upon execution of the Agreement.	23,212,256 SFR, Ordinary Fully Paid

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	Class and number of securities
Citigroup Global Markets Limited	Citicorp Nominees Pty Ltd	38,004 SFR, Ordinary Fully Paid
Citigroup Global Markets Australia Pty Limited	Citicorp Nominees Pty Ltd	208,542 SFR, Ordinary Fully Paid
Citigroup Global Markets Australia Pty Limited	N/A – block trade agreement does not result in any securities registered under Citi's name	23,212,256 SFR, Ordinary Fully Paid

5. Consideration

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

Holder of relevant interest	Date of acquisition	Consideration	Class and number of securities
Citigroup Global Markets Limited	Various	Various	38,004 SFR, Ordinary Fully Paid
Citigroup Global Markets Australia Pty Limited	Various	Various	208,542 SFR, Ordinary Fully Paid
Citigroup Global Markets Australia Pty Limited	13 May 2015	N/A	23,212,256 SFR, Ordinary Fully Paid

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
Citigroup Global Markets Limited	Each of the related bodies corporate in the Citigroup group of companies worldwide (for more details please visit www.citigroup.com).
Citigroup Global Markets Australia Pty Limited, ACN 003 114 832	Each of the related bodies corporate in the Citigroup group of companies worldwide (for more details please visit www.citigroup.com).

7. Addresses

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

Name	Address
Citigroup Global Markets Limited	Citigroup Centre 33 Canada Square London, E14 5LB
Citigroup Global Markets Australia Pty Limited	Level 22, Citigroup Centre 2 Park St Sydney NSW 2000

Dated this day, 15 May 2015.



James Walker
Head of Compliance, Institutional Clients Group
Citigroup Global Markets Australia Pty Limited

Appendix: Prescribed Information

Schedule	
Type of Agreement	AMSLA
Parties to Agreement	Various
Transfer date	Various
Holder of voting rights	Borrower under separate securities lending transaction
Are there any restrictions on voting rights?	No
Scheduled return date	Unknown
Does the borrower have the right to return early?	Yes
If yes, details	Standard AMSLA terms
Does the lender have the right to recall early?	Yes
If yes, details	Standard AMSLA terms
Will the securities be returned on settlement?	n/a
Statement	If requested by Sandfire Resources whom the prescribed form must be given, or if requested by ASIC, Citigroup Global Markets Australia Pty Limited will give a copy of the AMSLA to Sandfire or ASIC.



Citigroup Global Markets Australia Pty Limited
ABN 64 003 114 832
AFS Licence No. 240992

2 Park Street
SYDNEY NSW 2000
GPO Box 557
SYDNEY NSW 2001
AUSTRALIA

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Fax +61 2 8225 5466
Internet www.citi.com.au

Strictly Private and Confidential

13 May 2015

Posco Australia Pty Limited
Level 49, Governor Philip Tower,
1 Farrer Place, Suite C,
Sydney, New South Wales, Australia, 2000.

SALE OF SECURITIES IN SANDFIRE RESOURCES NL

1. Sale of securities

- 1.1 Posco Australia Pty Limited (the “**Seller**”) is a holder of securities (“**Securities**”) in Sandfire Resources NL (the “**Company**”). Schedule 1 of this agreement sets out the number of Securities to be sold by the Seller in the Company (the “**Sale Securities**”).
- 1.2 This agreement sets out the terms and conditions whereby the Seller agrees to sell the Sale Securities and appoints Citigroup Global Markets Australia Pty Limited (the “**Underwriter**”) and the Underwriter accepts the appointment and agrees to:
 - (a) act as its broker and agent to offer for sale the Sale Securities on 14 May 2015, which shall be the T date, T date being the date on which the trade is executed (“**Trade Date**”);
 - (b) manage the sale of the Sale Securities by procuring potential investors at the final per Security price for the Sale Securities (“**Sale Price**”) determined under clause 1(d) below;

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- (c) underwrite and guarantee the sale of the Sale Securities at a minimum price of A\$5.43 per Sale Security (“**Underwritten Price**”);
 - (d) The Underwriter will determine the Sale Price for the Sale Securities via a bookbuild process (“**Bookbuild**”). The Sale Price cannot be less than the Underwritten Price;
 - (e) if by 9.00am on the Trade Date, the Underwriter has not received binding bids for all of the Sale Securities for a price at or above the Underwritten Price subject to clause 1.8, the Underwriter will immediately either itself purchase or procure other investors to purchase at the Underwritten Price those Sale Securities in respect of which the Underwriter has not received binding bids from third party purchasers (the “**Residual Securities**”); and
 - (f) pay, or procure the payment of, the Underwritten Price per Sale Security to the Seller and transfer, or procure the transfer of, the Sale Securities to the purchasers of those securities, in accordance with this agreement or take delivery of any Residual Securities.
- 1.3 The Seller undertakes to provide the Underwriter with a current copy of the relevant issuer sponsored holding statement as soon as practicable.
- 1.4 the Underwriter will determine the final allocation of Sale Securities to purchasers. Without prejudice to the generality of the foregoing, under no circumstances will the Underwriter allocate any Sale Securities to any single eligible institutional investor representing 5% or more of the existing issued Securities without the prior written consent of the Seller having been obtained.
- 1.5 On or before the day of execution of this agreement, the Seller will open an account with the Underwriter in accordance with the Underwriter’s usual practice and standard terms of business.
- 1.6 The Underwriter must purchase or procure the purchase of the Sale Securities (excluding any Relevant Securities which the Underwriter will purchase or procure the purchase of in accordance with clause 1.10) on the Trade Date by way of one or more special crossings in accordance with the ASX Settlement Operating Rules and ASX Operating Rules. Settlement of the Sale Securities (excluding any Relevant Securities which will be settled in accordance with clause 1.11) will be on a T+3 basis (“**Settlement Date**”) in accordance with the ASX Settlement Operating Rules and ASX Operating Rules.
- 1.7 By 5:00pm (Sydney time) on the Settlement Date, the Underwriter must pay or procure the payment to the Seller an amount equal to the number of Sale Securities multiplied by the greater of the Underwritten Price and the Sale Price, less any fees payable to the Underwriter pursuant to clause 2, by transfer to the Seller’ nominated account for value

(in cleared funds) against delivery of the Sale Securities (excluding any Relevant Securities as defined in clause 1.8). For the avoidance of doubt, payment for any Relevant Securities to the Seller shall also be made notwithstanding that no delivery has been made due to a Regulatory Event.

1.8 Notwithstanding anything else in this agreement, the Underwriter will not purchase Sale Securities ("**Relevant Securities**") which are not purchased by third parties purchasers that would result in either:

- (a) the Underwriter or any of its Affiliates being obliged to notify the Treasurer of Australia under section 26 of the *Foreign Acquisitions and Takeovers Act 1975 (Cth)* ("**FATA**"); or
- (b) breach by the Underwriter or any of its Affiliates (including associates) of section 606 of the *Corporations Act 2001 (Cth)* ("**Corporations Act**")

(each of (a) and (b) being a "**Regulatory Event**"), taking into account the number of Securities then held by the Underwriter and/or its Affiliates in the Company.

1.9 The Underwriter warrants that the information it provides to the Seller to enable the Underwriter to calculate the number of Securities held by it and its Affiliates in accordance with clause 1.8 will, at the time it is given, be accurate.

1.10 (a) To the extent that a Regulatory Event arises then:

- (i) the Underwriter must still comply with its obligations to pay or procure payment to the Seller pursuant to clause 1.7 provided that the portion of those payments that is equal to the number of any Relevant Securities multiplied by the greater of the Underwritten Price and the Sale Price is provided to the Seller as an interest free loan ("**Advance Amount**");
- (ii) the Seller is not required to repay the Advance Amount other than from, and to the extent the Seller receives monies directly for the sale of the Relevant Securities, provided always that the Seller shall not be responsible for any shortfall in repayment from the proceeds of the sale of Relevant Securities and the Underwriter shall bear the loss arising from the shortfall in the sale proceeds of the Relevant Securities, if any;
- (iii) the Underwriter must continue its efforts to procure subscribers for such Relevant Securities as agent for the Seller in the ordinary course of its business; and
- (iv) the Seller acknowledges that the Underwriter does not acquire any interest or relevant interest in, or rights in respect of, any Relevant Securities except to act as agent for the Seller in procuring sales for the Relevant Securities.

- (b) Subject to clause 1.4, the Seller must, as soon as practicable, acting reasonably, transfer the Relevant Securities upon notification from the Underwriter that it has procured acquirers for such Relevant Securities, or is itself able to acquire for such Relevant Securities without resulting in a Regulatory Event, at any time the Underwriter reasonably requests, except that no acquisitions may be made by any person to the extent identified by the Seller if the Seller reasonably believes that such transfer may lead to a breach of FATA or other applicable law.
- (c) the Underwriter is entitled to apply, by way of set off, the proceeds for the purchase of any Relevant Securities against the Advance Amount, immediately upon the Underwriter's receipt of those proceeds. For the avoidance of doubt the Underwriter shall not have recourse to the Seller for any shortfall in repayment from the sale proceeds of the Relevant Securities.

1.11 Settlement of the Relevant Securities will be on a T+3 basis in accordance with the ASX Settlement Operating Rules and ASX Operating Rules where T means the trade date on which the Relevant Security is sold and not the Trade Date.

2. Fees and expenses

2.1 The Seller will pay to the Underwriter a fee as agreed separately between the parties in consideration of the services that the Underwriter has agreed to provide in accordance with this agreement.

3. U.S securities laws matters

3.1 The Sale Securities shall only be offered and sold to persons that are not U.S. Persons and are not in the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act of 1933 (the "U.S. Securities Act") in reliance on Regulation S under the U.S. Securities Act ("Regulation S").

4. Representations and warranties

4.1 The Seller represents, warrants and undertakes to the Underwriter at all times up to and including the Settlement Date (or where clause 1.8 applies in respect of the Underwriter and subject to clause 4.1A, at all times up to the earlier of the completion of the sale of the Sale Securities and six months (the "**Representation End Date**")) that:

- (a) **(body corporate)** it is a body corporate validly existing and duly established under the laws of its place of incorporation;
- (b) **(capacity)** it has the power to enter into and comply with all the terms and conditions of this agreement;

- (c) **(agreement effective)** this agreement constitutes the Seller's legal, valid and binding obligations, enforceable against it in accordance with its terms;
- (d) **(ownership, encumbrance)** it is the registered holder and sole legal beneficial owner of the Sale Securities, owns the Sale Securities free and clear of any liens, charges, security interests, claims, equities and pre-emptive rights and has been the registered holder of the Sale Securities for a period in excess of 12 months;
- (e) **(Sale Securities)** the sale of the Sale Securities will not be in breach or violation of, or constitute a default by it, its directors, officers or related bodies corporate of the Corporations Act, the ASX Listing Rules, regulations, its constitution, any other applicable statute, law, rule or regulation in any respect and does not otherwise require disclosure under the provisions of the Corporations Act;
- (f) **(Non-public information)** as at the date of this agreement, neither the Seller nor or any of its directors, officers, employees or related bodies corporate has any non-public information, or information that is not generally available, that can reasonably be expected to have a material impact on the price of the Securities;
- (g) **(due diligence call)** to the Seller's belief, all information provided to the Underwriter on the due diligence call conducted between representatives of the Underwriter and the Seller shortly prior to execution of this agreement on the date of this agreement is true and correct, and not misleading, in any material particular;
- (h) **(authority)** it has the complete and unrestricted corporate authority, power and right to sell the Sale Securities under this agreement and no person has a conflicting right, whether contingent or otherwise, to purchase or to be offered for purchase the Sale Securities, or any of them;
- (i) **(authorisations and consents)** it and its directors, officers, employees and related bodies corporate and the directors, officers or employees of its related bodies corporate have all necessary authorisations or consents required under the Corporations Act in order to perform their obligations under this agreement;
- (j) **(compliance with laws, rules and regulations)** in relation to the sale of the Sale Securities and the performance of its obligations under this agreement, the Seller has complied with all applicable obligations under the Corporations Act, FATA and all other applicable laws, rules and regulations;
- (k) **(Sale Securities rank equally)** following sale by the Seller, the Sale Securities will rank equally in all respects with all other Securities and may be offered for sale on the financial market operated by ASX without disclosure to investors under Part 6D.2 of the Corporations Act;

- (l) **(no general solicitation)** none of it, any of its Affiliates or any person acting on behalf of any of them (other than the Underwriter or its Affiliates or any person acting on behalf of any of them, as to whom it makes no representation) has offered or sold, or will offer or sell, any of the Sale Securities in the United States, using any form of "general solicitation" or "general advertising" within the meaning of Rule 502(c) under the U.S. Securities Act or in any manner involving a public offer in the United States within the meaning of Section 4(a)(2) of the U.S Securities Act;
 - (l) **(Sale Securities sold in reliance on Regulation S)** with respect to those Sale Securities sold in reliance on Regulation S, none of it, any of its Affiliates, or any person acting on behalf of any of them (other than the Underwriter or its Affiliates or any person acting on behalf of any of them, as to whom it makes no representation) has engaged or will engage in any "directed selling efforts" (as that term is defined in Rule 902(c) under the U.S. Securities Act);
 - (m) **(foreign private issuer)** the Company is a 'foreign private issuer' as defined in Rule 405 under the U.S. Securities Act and the Seller reasonably believes that there is no "substantial U.S. market interest" (as defined in Rule 902(j) under the U.S. Securities Act) in the Sale Securities or any security of the same class or series as the Sale Securities;
 - (n) **(no stabilisation or market manipulation)** to its knowledge, neither it nor any of its Affiliates has taken or will take, directly or indirectly, any action designed to, or that might reasonably be expected to, cause or result in the stabilisation or manipulation of the price of the Sale Securities in violation of any applicable law;
 - (o) **(no integrated offers)** none of it, any of its Affiliates or any person acting on behalf of any of them (other than the Underwriter or its Affiliates or any person acting on behalf of any of them, as to whom it makes no representation or warranty), has solicited any offer to buy, offered to sell or sold, and none of them will solicit any offer to buy, offer to sell or sell in the United States any security which could be integrated with the sale of the Sale Securities in a manner that would require the offer and sale of the Sale Securities to be registered under the U.S. Securities Act;
- 4.1A The Seller agrees that if the Underwriter has failed to procure purchasers for any Relevant Security at the Representation End Date, it will use reasonable endeavours to provide the Underwriter with the representations and warranties in clause 4.1 at any time after the Representation End Date, as reasonably requested by the Underwriter, to enable the Underwriter to procure purchasers for such Relevant Securities.
- 4.2 The Seller acknowledges that the Underwriter will rely on each of the warranties given by the Seller in this agreement in offering to sell the Sale Securities.
- 4.3 The Underwriter represents, warrants and undertakes to the Seller at all times up to and including the Settlement Date, the Representation End Date and any other later date

than the Settlement Date on which any Relevant Security is sold and settled by way of one or more special crossings in accordance with the ASX Settlement Operating Rules and ASX Operating Rules, that:

- (a) it is a body corporate validly existing and duly established under the laws of its place of incorporation;
- (b) it has full legal capacity and power to enter into this agreement and carry out the transactions under this agreement that this agreement contemplates;
- (c) this agreement constitutes a legal, valid and binding obligation, enforceable against it in accordance with its terms;
- (d) it is a Qualified Institutional Buyer (as defined in Rule 144A under the U.S. Securities Act 1933) or is not a U.S. Person;
- (e) it acknowledges that the Sale Securities have not been and will not be registered under the U.S. Securities Act and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;
- (f) it, its Affiliates and any person acting on behalf of any of them has offered and sold the Sale Securities, and will offer and sell the Sale Securities only to persons that are not in the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S,
- (g) with respect to those Sale Securities sold in reliance on Regulation S, none of it, its Affiliates nor any person acting on behalf of any of them has engaged or will engage in any "directed selling efforts" (as that term is defined in Rule 902(c) under the U.S. Securities Act);
- (h) none of it, any of its Affiliates, or any person acting on behalf of any of them has offered or sold or will offer or sell, the Sale Securities in the United States using any form of "general solicitation" or "general advertising" (within the meaning of Rule 502(c) under the U.S. Securities Act) or in any manner involving a public offering in the United States within the meaning of Section 4(a)(2) of the U.S. Securities Act;
- (i) neither it, nor any of its Affiliates, nor any person acting on behalf of any of them, has taken or will take, directly or indirectly, any action designed to, or that would be expected to, cause or result in the stabilisation or manipulation of the price of the Sale Securities in violation of any applicable law.

4.4 The Underwriter acknowledges that the Seller will rely on each of the warranties given by the Underwriter in this agreement in offering to sell the Sale Securities, including any Relevant Securities and Residual Securities.

5. Undertakings

5.1 **Restricted Activities.** The Seller undertakes to:

- (a) not, prior to settlement on the Settlement Date commit, be involved in or acquiesce in any activity which breaches:
 - (i) the Corporations Act and any other applicable laws;
 - (ii) its constitution;
 - (iii) the ASX Listing Rules and ASX Market Rules;
 - (iv) any legally binding requirement of ASIC or the ASX; and
- (b) immediately notify the Underwriter of any breach of any warranty or undertaking given by it under this agreement,

each of these undertakings being material terms of this agreement provided that involuntary or inadvertent minor infractions will be excluded from the scope of this undertaking.

5.2 **Announcements.** The Seller and the Underwriter agree to consult each other in respect of any written public releases by any of them concerning the transaction contemplated by this agreement. The prior written consent of the Seller must be obtained prior to the Underwriter making any release or announcement or engaging in publicity in relation to the transaction herein (which for the avoidance of doubt shall not include any equity research report published by the Underwriter or its Affiliates) and any such release, announcement or engagement must be in compliance with all applicable laws, including the securities laws of Australia, and any other jurisdiction.

6. Indemnity

6.1 The Seller agrees to indemnify the Underwriter, its related bodies corporate, directors, officers and employees (each an "**Indemnified Party**" and collectively the "**Indemnified Parties**") from and against all losses, liabilities, damages, costs, charges, expenses (including legal expenses), taxes, claims, actions, demands or judgment (a "**Loss**") and pay the Indemnified Party an amount to the Loss in respect of:

- (a) (**breach**) any breach the Seller or any of their respective agents or employees of any of their obligations under this agreement or any other obligations to the Indemnified Parties binding on it;
- (b) (**misrepresentation**) any breach of any representation or warranty made or given by the Seller under clause 3 ("Representations and Warranties") in this agreement; and
- (c) (**law**) any failure, or alleged failure, by it or its agents, employees or professional advisers (except the Underwriter) to comply with any law,

regulation, order, judgment or agreement in any jurisdiction in relation to the sale of Sale Securities other than as a consequence of a breach by the Underwriter or its Affiliates of clause 4.3,

except insofar as such Loss is finally judicially determined to have resulted primarily from the Indemnified Party's fraud, gross negligence or wilful misconduct.

Each of the paragraphs of this clause 6.1 ("Indemnity") will be construed independently and no paragraph will be limited by implications arising from any other paragraph.

- 6.2 Each Indemnified Party, whether or not a party to this agreement, will be entitled to the benefit of this clause 6 ("Indemnity") and this clause 6 ("Indemnity") is entered into and may be enforced on that Indemnified Party's behalf by the Underwriter.
- 6.3 Each of the indemnities in clause 6.1 ("Indemnity") is a continuing obligation, separate and independent from the other obligations of the parties under this agreement and survives termination or completion of this agreement.
- 6.4 If any action shall be brought or asserted against a Indemnified Party in respect of which payment under this paragraph 6 may be sought from the Seller, such Indemnified Party shall notify the Seller promptly after becoming aware thereof. Such Indemnified Party shall keep the Seller informed of the progress of such suit, action, proceeding claim or demand. The Indemnified Party shall also employ such legal advisers as may be agreed between the Indemnified Party and the Seller. The Seller shall not be liable for any settlement of any such proceeding effected without its written consent (provided that such consent shall not be unreasonably withheld or delayed), but if settled with such consent (or without such consent in circumstances where such consent shall have been unreasonably withheld or delayed as aforesaid) or if, failing any settlement, there be a final judgment for the plaintiff, the Seller agrees to pay the Indemnified Party an amount equal to the Loss by reason of such settlement or judgment. The Seller will not settle any proceeding without the written consent of the Indemnified Party provided that such consent shall not be unreasonably withheld or delayed.

7. General

7.1 No fiduciary relationship

The parties agree that it is not the intention of the parties to create a fiduciary relationship between them. Without limiting the foregoing, the Seller acknowledges and agrees that:

- (a) it is contracting with the Underwriter on an arm's-length basis and as an independent contractor and not in any other capacity to provide the services set out in this agreement;

- (b) the Underwriter has not acted, is not acting and will not act in a fiduciary capacity with respect to, the Seller and neither a previous nor existing relationship between the Underwriter and the Seller will be deemed to create a fiduciary relationship;
- (c) the Underwriter has not assumed and is not assuming any duties or obligations other than those expressly set out in this agreement; and
- (d) the Seller understands that the Underwriter and its Affiliates (collectively, the “Group”) are in the ordinary course globally engaged in a wide range of financial services and businesses (including investment management, financing, advisory services, securities trading, corporate Underwriting and research). Members of the Group and businesses within the Group generally act independently of each other, both for their own account and for the account of clients. Accordingly, there may be situations where parts of the Group and/or their clients either now have or may in the future have interests, or take actions, that may conflict with the Seller’s interests. For example, the Group may, in the ordinary course of business, engage in trading in financial products or undertake other investments for their own account or on behalf of other clients, including, but not limited to, trading in or holding long, short or derivative positions in securities, loans or other financial products of the Company or the Seller.

In recognition of the foregoing, the Seller agree that the Group is not required to restrict its activities as a result of this engagement, and that the Group may undertake any business activity without further consultation with or notification to the Seller. Neither this agreement nor the receipt by the Underwriter of confidential information nor any other matter shall give rise to any fiduciary, equitable or contractual duties (including without limitation any duty of trust or confidence) that would prevent or restrict the Group from acting on behalf of other customers or for its own account. Furthermore, the Seller agrees that neither the Group nor any member or business of the Group is under a duty to disclose to the Seller or use on behalf of the Seller any information whatsoever about or derived from those activities or to account for any revenue or profits obtained in connection with such activities.

- 7.2 This agreement is governed by the laws of New South Wales, Australia and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales.
- 7.3 This agreement may be executed in counterparts. All executed counterparts constitute one document.
- 7.4 This is the entire agreement between the parties about the sale of the Sale Securities and, to the extent possible, the parties exclude all terms implied by law.

- 7.5 No party may assign its rights or obligations under this agreement without the prior written consent of the other parties.
- 7.6 Each provision of this agreement is severable. If any provision is or becomes invalid or unenforceable or contravenes any applicable regulations or law, the remaining provisions will not be affected provided that the underlying transactions contemplated by this agreement are not materially affected.
- 7.7 All notices, approvals, consents or other communications given or made in relation to this agreement must be in writing, and if made to the Seller or any of their respective Affiliates is to be addressed as follows:

SELLER

Attention: Mr Sukho Yoon

Address: Level 49, Governor Philip Tower, 1 Farrer Place, Suite C, Sydney, New South Wales, Australia, 2000.

Email address: shyoon@poscoaustralia.com

UNDERWRITER

Attention: Mr John McLean

Address: Level 23, 2 Park Street Sydney NSW 2000

Fax: +61 2 8225 5466

8. Definitions

8.1 In this agreement:

- (i) an "**Affiliate**" or "**affiliate**" of any person means any other person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such person; "control" (including the terms "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management, policies or activities of a person, whether through the ownership of securities, by contract or agency or otherwise and the term "person" is deemed to include a partnership;
- (ii) "**ASX**" means ASX Limited and also, as the context requires, the securities market operated by ASX; and
- (iii) "**Business Day**" means a day on which:
- (A) ASX is open for trading in securities; and

(B) Underwriters are open for general Underwriting business in Sydney, Australia.

EXECUTED as an agreement

Signed for and on behalf of Citigroup
Global Markets Australia Pty Limited
ABN 64 003 114 832 by:

John Mulgan
.....
Managing Director

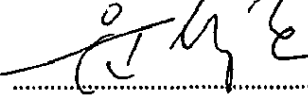
JOHN MULLGAN
.....
Name

Dragi Ruzicki
.....
Director

DRAGI RUSZEWSKI
.....
Name



Signed for and on behalf of Posco)
Australia Pty Limited by)

)

Signature of Director)

SUKHO YOON)

Name)

)
)
)



Signature of Director/Company Secretary)

Jun Yong Hong)

Name)

Schedule 1
Sale Securities

Seller	Number of Securities to be sold
Posco Australia Pty Limited	23,756,338 securities

