

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

BISALLOY STEEL GROUP LIMITED

ABN

22 098 674 545

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 29,162,488 (issue of Shortfall Shares to Anchorage (BSG) Pty Ltd as sub-underwriter under the rights issue Prospectus dated 2 December 2008) |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares |

+ See chapter 19 for defined terms.

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| <p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>Yes</p> | | | | |
|--|---|--------|--------|-------------|-----------------|
| <p>5 Issue price or consideration</p> | <p>\$0.25 per share</p> | | | | |
| <p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>Pro-rata renounceable rights issue on a 4 for 5 basis (Offer). Funds raised will provide funding for working capital requirements and strengthen the entity's balance sheet.</p> | | | | |
| <p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p> | <p>21 January 2009</p> | | | | |
| <p>8 Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 2 if applicable)</p> | <table border="1"> <thead> <tr> <th data-bbox="686 1422 989 1456">Number</th> <th data-bbox="989 1422 1281 1456">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1456 989 1637">188,222,645</td> <td data-bbox="989 1456 1281 1637">Ordinary shares</td> </tr> </tbody> </table> | Number | +Class | 188,222,645 | Ordinary shares |
| Number | +Class | | | | |
| 188,222,645 | Ordinary shares | | | | |

+ See chapter 19 for defined terms.

| | Number | +Class |
|---|--------|--------|
| 9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable) | N/A | N/A |

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| 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | <p>Same as existing ordinary shares.</p> <p>No interim dividend will be paid for the half year ending 31 December 2008. The future dividend policy of the entity will be decided once the demerger of Atlas Distribution and the restructure of the entity is finalised.</p> |
|---|--|

Part 2 - Bonus issue or pro rata issue

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| 11 Is security holder approval required? | No |
| 12 Is the issue renounceable or non-renounceable? | Renounceable |
| 13 Ratio in which the +securities will be offered | 4 ordinary shares for every 5 ordinary shares held |
| 14 +Class of +securities to which the offer relates | Ordinary shares |
| 15 +Record date to determine entitlements | 10 December 2008 |
| 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | No |
| 17 Policy for deciding entitlements in relation to fractions | Rounded up to nearest whole number |
| 18 Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7. | The Prospectus was not distributed in, and no offer of shares was made in, countries other than Australia and New Zealand. |

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| | | |
|----|---|--|
| 19 | Closing date for receipt of acceptances or renunciations | 30 December 2008 |
| 20 | Names of any underwriters | ABN AMRO Morgans Corporate Limited |
| 21 | Amount of any underwriting fee or commission | 2.25% of the gross proceeds of the Offer, plus a management fee of \$120,000 and certain out of pocket expenses incurred in connection with the Offer |
| 22 | Names of any brokers to the issue | N/A |
| 23 | Fee or commission payable to the broker to the issue | N/A |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | N/A |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | N/A |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | 12 December 2008 |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | N/A |
| 28 | Date rights trading will begin (if applicable) | 4 December 2008 |
| 29 | Date rights trading will end (if applicable) | 19 December 2008 |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker? | The rights issue has now closed. Shareholders who took up their entitlement, can provide instructions to their stockbroker regarding the number of rights they wish to sell. |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | The rights issue has now closed. Shareholders who took up their entitlement, can provide instructions to their stockbroker regarding the number of rights they wish to sell. |

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| | | |
|----|---|---|
| 32 | How do ⁺ security holders dispose of their entitlements (except by sale through a broker)? | The rights issue has now closed and this option is no longer available. |
| 33 | ⁺ Despatch date | Shortfall shares - 21 January 2008 |

⁺ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

+ See chapter 19 for defined terms.

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|---|--|
| <p>40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | |
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| <p>41 Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p> | |
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| 42 | Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38) | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> </thead> <tbody> <tr> <td style="height: 50px;"></td> <td></td> </tr> </tbody> </table> | Number | +Class | | |
|--------|--|---|--------|--------|--|--|
| Number | +Class | | | | | |
| | | | | | | |

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Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

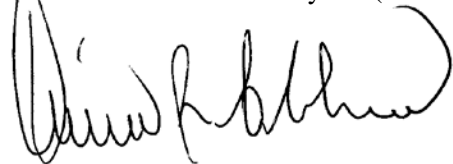
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:  Date: 21 January 2009
David Cleland
(Company Secretary)

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