C. Material contracts.

Acquisition of Metal Management, Inc.

On March 14, 2008, MMI Acquisition Corporation, a wholly-owned subsidiary of Sims, merged with and into Metal Management. We issued 53,473,817 Sims ADSs to the former shareholders of Metal Management. The merger agreement is included as Exhibit 4.1 of this annual report.

Operating Agreement with SA Recycling joint venture

In September 2007, we merged our Southern California scrap metal recycling assets with those of Adams Steel LLC. The joint venture company, SA Recycling LLC, operates within a territory encompassing Southern California, Arizona, Southern Nevada and Northern Mexico. The operating agreement governing the joint venture is included as Exhibit 4.13 of this annual report.

Top-Up Deed with Mitsui Raw Materials Development Pty Limited, or Mitsui (formerly known as Votraint No. 1652 Pty Limited)

On April 2, 2007, we entered into a top-up deed with Mitsui in order to provide certain rights to Mitsui in connection with shares acquired by Mitsui in Sims. The agreement is included as Exhibit 2.2 of this annual report.

D. Exchange controls

The Australian Banking (Foreign Exchange) Regulations and other Australian legislation and regulations control and regulate, or permit the control and regulation of, a broad range of payments and transactions involving non-residents of Australia. We are not restricted from transferring funds from Australia or placing funds to the credit of non-residents of Australia subject to:

- withholding for Australian tax due in respect of dividends (to the extent they are unfranked) and interest and royalties paid to non-residents of Australia; and
- a requirement for approval from the Reserve Bank of Australia or in some cases the Minister for Foreign Affairs for certain payments or dealings in or out of Australia to or on behalf of:
  - members of the previous government of Iraq, its senior officials and their immediate families;
  - certain supporters of the former government of the Federal Republic of Yugoslavia;
  - the Taliban or any undertaking owned or controlled directly or indirectly by the Taliban and certain other named terrorist organizations and individuals; or
  - certain ministers and senior officials of the Government of Zimbabwe.

This list is subject to change from time to time.

Accordingly, at the present time, remittance of dividends on our ordinary shares to the depositary is not subject to exchange controls.

Other than under the Corporations Act, the Australian Foreign Acquisitions and Takeovers Act (insofar as such laws apply) or as contained in associated Australian government policy (and except as otherwise described above), there are no limitations, either under Australian law or under our constitution on the right to hold or vote Sims ordinary shares.

E. Taxation

Australian taxation

The following discussion is a summary of certain Australian taxation implications of the ownership of ordinary shares (including American Depository Shares). The statements concerning

Australian taxation set out below are based on the laws in force at the date of this annual report and the Convention between the Government of Australia and the Government of the United States of America for the Avoidance of Double Taxation and The Prevention of Fiscal Evasion with respect to Taxes on Income (the Tax Treaty), and are subject to any changes in Australian law and any change in the Tax Treaty occurring after that date.

The discussion is intended only as a descriptive summary and does not purport to be a complete analysis of all the potential Australian tax implications of owning and disposing of ordinary shares. The specific tax position of each investor will determine the applicable Australian income tax implications for that investor and we recommend each investor consult their own tax adviser concerning the implications of receiving dividends and owning and disposing of ordinary shares.

Taxation of dividends

Under the Australian dividend imputation system, Australian tax paid at the company level is imputed (or allocated) to shareholders by means of imputation credits which attach to dividends paid by the company to the shareholder. Such dividends are termed “franked dividends.”

While a company may only declare a dividend out of profits, the extent to which a dividend is franked depends in broad terms upon a company’s available franking credits and its benchmark franking percentage at the time of payment of the dividend and the nature of that dividend. Accordingly, a dividend paid to a shareholder may be wholly or partly franked or wholly unfranked.

Fully franked dividends paid to non-resident shareholders are exempt from Australian dividend withholding tax. Dividends that are not fully franked dividends are subject to withholding tax on the unfranked portion except to the extent that the dividend is declared to be “conduit foreign income” (in essence income and gains that have a foreign source from an Australian perspective which would include dividends received from non-Australian subsidiaries).

Dividends paid to a non-resident shareholder which are not fully franked are subject to dividend withholding tax at the rate of 30% (unless reduced by a double tax treaty) to the extent they are unfranked and not paid out of conduit foreign income. In the case of residents of the United States, the rate is reduced to 15% under the Tax Treaty, provided the shares are not effectively connected with a permanent establishment or a fixed base of a non-resident in Australia through which the non-resident carries on business in Australia or provides independent personal services. Where a United States company holds directly at least 10% of the voting interest in the company paying the dividend, the withholding tax rate is reduced to 5%. In the case of residents of the United States that have a permanent establishment or fixed base in Australia and the shares in respect of which the dividends are paid are attributable to a permanent establishment or fixed base, the dividends will not be subject to dividend withholding tax; rather, such dividends will be taxed on a net assessment basis in Australia and, where the dividends are franked, entitlement to a tax offset may arise to the extent of the franking credits which can be offset against Australian income tax payable by the shareholder.

The company will send shareholders statements that indicate the extent to which dividends are franked or paid out of conduit foreign income, and the amount of tax (if any) withheld.

A U.S. holder of ordinary shares (who is not also a tax resident of Australia and who does not hold ordinary shares as a business asset through a permanent establishment in Australia) with no other Australian source income is not required to file an Australian tax return.

Fully franked dividends paid to non-residents shareholders and dividends that have been paid out of conduit foreign income or subject to dividend withholding tax are not subject to any further Australian income tax.

There are rules in certain circumstances where a shareholder may not be entitled to the benefit of franking credits. The application of these rules depend upon the shareholder’s own circumstances, if a resident, including the period which the shares are held and the extent to which the shareholder is ‘at risk’ in relation to their shareholding. Shareholders will need to obtain their own advice in relation to these rules.

Gain or loss on disposition of shares

The Australian income tax treatment in respect of the disposition of shares will depend on whether the investor holds the shares on capital or revenue account. This will be a question of fact and each investor will need to consider its own circumstances.

Capital Account

Under the existing law, subject to two exceptions, a resident of the United States disposing of shares in Australian companies will be free from capital gains tax in Australia. The relevant exceptions are as follows:

(a) shares held as part of a trade or business conducted through a permanent establishment in Australia; or
(b) shares held in companies where the shareholder and its associates holds (or has held for a 12 month period during the last 24 months) an interest of 10% or more in the issued capital of the company and more than 50% of the company's assets relate to Australian real property.

If the above applies, capital gains tax in Australia is payable as follows:

Individual Investor

Capital gains tax is payable on 50% of any capital gains (without adjustment for inflation indexation) on the disposal of shares acquired on or after 11:45 a.m. on September 21, 1999 and held for at least 12 months. For shares considered to be acquired for Australian tax purposes prior to 11:45 a.m. on September 21, 1999, individuals will be able to choose between the following alternatives:

- taxed on any capital gain after allowing for indexation up to September 30, 1999 (essentially when indexation ceased) of the cost base where the shares have been held for more than 12 months (i.e. the difference between the disposal price and the original cost indexed for inflation over the period to September 30, 1999); and
- taxed on 50% of the actual capital gain (without adjustment for inflation indexation) where the shares have been held for at least 12 months.

Normal rates of income tax would apply to capital gains so calculated. Capital losses are not subject to indexation; they are available as deductions, but only in the form of offset against other capital gains. Depending upon which of the above alternatives are chosen, capital losses are to be offset against capital gains indexed to September 30, 1999 or the full nominal capital gain before the 50% reduction. Excess capital losses can be carried forward indefinitely for offset against future capital gains.

Corporate Investor

Capital gains tax is payable on any capital gains made (without adjustment for inflation indexation) on the disposal of shares considered to be acquired for Australian tax purposes on or after 11:45am on September 21, 1999. For shares acquired prior to 11:45am on September 21, 1999, a corporate investor will be taxed on any capital gain after allowing for indexation of the cost base where the shares have been held for more than 12 months (i.e. the difference between the disposal price and the original cost indexed for inflation over the period). The 50% discount is not applicable for corporate investors.

There may be other special rules which apply to the taxation of capital gains for other types of entities.

Revenue Account

Under Australia's domestic income tax provisions, a non-resident of Australia is taxed on profits arising on the sale of shares where that profit has an Australian source. The source of profit is a question of fact and will need to be assessed by the investor. Where the gain is taxable, the Tax Treaty may apply as follows:

(a) If the United States investor holds the shares as part of a trade or business conducted through a permanent establishment in Australia, any profit on disposal would be assessable and subject to ordinary income tax. Losses may constitute an allowable deduction.
(b) If the United States investor does not hold the shares as part of a trade or business conducted through a permanent establishment in Australia, then the Tax Treaty should operate to ensure that the taxing of any profits arising on the sale of shares should only occur in the United States even if the source of that profit is Australia unless the profit is in respect of the disposal of shares which consist wholly or principally of real property situated in Australia (in which case Australia will have taxing rights under the Tax Treaty).

Any taxable gain would be fully taxable, that is, there is no concession to reduce the gain for inflation or apply a discount to reduce the gain.

There should be no Australian stamp duty or transfer taxes on the sale, disposal or exchange of ordinary shares by a U.S. shareholder.

Australia does not impose any gift, estate, death, or other duty in respect of the gift, devise or bequest of ordinary shares by a U.S. shareholder.

United States taxation

This section is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, its legislative history, existing and proposed regulations and published rulings and court decisions, all as currently in effect, as well as the Tax Treaty. These laws are subject to change, possibly on a retroactive basis.

For purposes of this discussion you are a U.S. holder if you are a beneficial owner of shares and you are:

- a citizen or resident of the United States;
- a domestic corporation;
- an estate whose income is subject to United States federal income tax regardless of its source; or
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decision of the trust.

Taxation of dividends

Under the United States federal income tax laws, if you are a U.S. holder, you must include in your gross income the gross amount of any dividend paid by us out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes). If you are a non-corporate U.S. holder, dividends paid to you in taxable years beginning before January 1, 2011 that constitute qualified dividend income will be taxable to you at a maximum tax rate of 15% provided that you hold the shares for more than 60 days during the 121 day period beginning 60 days before the ex-dividend date and meet other holding period requirements. Dividends we pay with respect to the shares generally will be qualified dividend income.