

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of financial condition and results of operations ("MD&A") should be read in conjunction with the unaudited statement of financial position of Stelco Holdings Inc. ("Stelco Holdings" or the "Company"). This MD&A is dated as of November 13, 2017. This MD&A contains certain forward-looking information that involves risks and uncertainties, including but not limited to, those described in the "Risk Factors" in the long-form supplemented PREP prospectus (the "Prospectus") of the Company, filed on November 3, 2017 at www.sedar.com in respect of our initial public offering that closed on November 10, 2017.

See "Forward-Looking Information" and "Risk Factors" for a discussion of the uncertainties, risks and assumptions associated with these statements. Actual results may differ materially from those indicated or implied by such forward-looking information as a result of various factors, including those described in "Risk Factors" and elsewhere in the Prospectus.

Basis of Presentation

Our unaudited interim condensed financial statements for the five days ended September 30, 2017 have been prepared in accordance with IAS 34, *Interim Financial Reporting*, and are presented in Canadian dollars unless otherwise indicated. These interim condensed financial statements were authorized for issue in accordance with a resolution of the directors on November 13, 2017.

Forward-Looking Information

Certain statements contained in this MD&A contain "forward-looking information" ("forward-looking statements") within the meaning of Canadian securities laws. These forward-looking statements represent the Company's expectations or beliefs concerning future events, and it is possible that the results described in this MD&A will not be achieved. These forward-looking statements are subject to risks, uncertainties and other factors, including changes in general economic and/or market conditions, material changes in the business or affairs of the Company, many of which are outside of the Company's control, which could cause actual results to differ materially from the results discussed in the forward-looking statements.

Any forward-looking statement speaks only as of the date on which it is made, and, except as required by law, the Company does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. When considering these forward-looking statements, you should refer to the risk factors and other cautionary statements in Company's Prospectus. The risk factors and other factors noted in Company's Prospectus could cause actual events or the Company's actual results to differ materially from those contained in any forward-looking statement.

Overview

The Company was incorporated on September 25, 2017 under the Canada Business Corporations Act as Stelco Holdings Inc. and issued 10 shares to Bedrock Industries B.V. ("Bedrock Industries") on that date. Bedrock Industries is the direct parent of Stelco Inc. ("Stelco"). The Company was formed for the purposes of completing a public offering of its common shares.

Stelco Holdings Inc. completed a public offering on November 10, 2017, and as a result reduced the ownership interest of Bedrock Industries from 100% to 84.8% of the issued and outstanding common shares. Upon closing of the offering on November 10, 2017, Stelco Holdings Inc. acquired all of the issued and outstanding shares of Stelco Inc. from Bedrock Industries resulting in Stelco becoming a wholly owned subsidiary of the Company. The acquisition by the Company of Stelco from Bedrock Industries will be a transaction amongst entities under common control. The Company will account for this transaction using book value accounting, based on the book values that would be recognized in the consolidated financial statements of Bedrock Industries upon its acquisition of Stelco on June 30, 2017. The acquisition of Stelco on June 30, 2017 was accounted for by Bedrock Industries as a business combination at fair value in accordance with IFRS 3 *Business Combinations*.

Results of Operations

As described above, the Company has been formed for the purposes of completing a public offering. On the closing of the offering on November 10, 2017, the Company acquired all of the issued and outstanding shares of Stelco, and Stelco

became a wholly owned subsidiary of the Company. For the five days ended September 30, 2017, the Company had incurred \$3,785,625 of legal and consulting fees as a result of the initial public offering, of which \$3,577,399 has been recorded as an expense in the period as it is not directly attributable to the share offering.

Financial Condition

The Company was formed with nominal capital. Accordingly, the statement of financial position of Stelco Holdings reflected cash of \$10 and corresponding share capital of \$10 as at September 25, 2017, the date of formation of the Company. As at September 30, 2017, the Company had payables of \$3,785,625 with respect to costs incurred as a result of the initial public offering. A portion of these costs, totaling \$208,226, have been recorded in the statement of financial position as prepaid transaction costs, which relate to third party costs incurred that are directly attributable to the share offering. Upon completion of the offering, these costs will be transferred to equity.

Related Party Transactions

The Company and Stelco are related parties because they are members of the same group (both controlled by Bedrock Industries). As at September 30, 2017, the Company had payables of \$3,785,625 to Stelco with respect to costs incurred as a result of the initial public offering discussed above.

The Company's key management personnel are comprised of the Board and certain members of the executive team of the Company. During the period ended September 30, 2017, the Company recorded \$nil as an expense related to key management personnel.

Outstanding Share Capital

The Company is authorized to issue (i) an unlimited number of common shares and (ii) an unlimited number of preferred shares, issuable in series. There are currently 10 common shares and no preferred shares issued and outstanding. The total number of common shares outstanding as at the close of the offering on November 10, 2017 was 88,813,637.

Liquidity and Capital Resources

The liquidity and capital resources of the Company are limited to the consideration transferred on formation of the Company, which was for a nominal amount. The Company had cash of \$10 and corresponding equity of \$10 as at September 30, 2017. The Company intends to settle its payable of \$3,785,625 to Stelco Inc. through proceeds generated from the initial public offering.