OneSteel Limited

2004 Annual General Meeting

15th November 2004

Mr Peter Smedley
AGM Address

Mr Peter Smedley
Chairman

OneSteel Limited AGM Address
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Introduction

Good afternoon Ladies and Gentlemen, and welcome to OneSteel's fourth Annual General Meeting.

I would like to outline the main highlights of the 2004 financial year and to follow with some commentary on what lies ahead.

The Managing Director, Bob Every will provide some further detail on what the company achieved in the last year. He will also talk about some of the projects that will help to ensure a sustainable future for OneSteel.

OneSteel achieved a pleasing result in the 2004 financial year. Despite extreme volatility in the foreign exchange and international steel markets, the company posted a **record profit** due to buoyant market conditions and good operating outcomes.

Safety as you know is very important to OneSteel. Performance in this area was mixed. The Medical Treatment Injury Frequency Rate improved by 10 percent to 14.2 injuries per million hours worked, a record low for the company. However the Lost Time Injury Frequency Rate increased from 1.7 to 2.6. Although 2.6 is considered to be low, OneSteel's stretch safety target is to improve safety performance by 30 percent per annum. OneSteel includes safety outcomes for both contractors and employees when measuring its safety performance.

At this meeting last year, I foreshadowed that the company would offer a **Share Facility**. This Facility enabled certain small shareholders to sell or top up their shareholdings without incurring brokerage or handling costs. There was a very pleasing response to the Facility, with 28.4 percent of eligible shareholders participating, the majority of which elected to top up their shareholding. As a result over 12,900 shareholders took up an additional $11.8 million of shares. The response is indicative of solid interest from small shareholders in OneSteel.

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The Year in Review

I would now like to turn to a review of the last financial year. The year was marked by the most turbulent activity in international steel markets in many years. Prices for semi-finished and finished steel products reached unprecedented levels.

The driving force behind this activity is the growth in the Chinese economy that is fuelling demand for steel. China now accounts for almost a third of international steel demand. As a result of the rapid price increases, some of OneSteel's input costs such as scrap steel and hot rolled coil increased significantly, requiring the company to raise its finished product prices during the six months to June 2004.

The high cost for some inputs contributed to a $71 million increase in OneSteel's cost base. Management offset this through cost reductions of $50 million and revenue enhancements of $28 million.

Sales revenue for the 12 months to June 2004 grew 6.8% from $3.06 billion to $3.269 billion. This increase reflects continued robust underlying market conditions, particularly in the construction sector that drives 62% of OneSteel's revenues.

Operating net profit after tax and minorities was $108.1 million, 15% up from the previous year's result of $94.0 million. Tax expensed totalled $53.4 million. The operating net profit equates to earnings of 19.5 cents per share based on the number of shares at year end. That is 13.4% higher than the previous outcome of 17.2 cents per share.

On entry to **tax consolidation**, OneSteel has been able to gain an increase in depreciable plant and equipment of $66 million. That resulted in a one-off tax benefit of $19.8 million being booked against tax expense. Total profit attributable to members after this adjustment was $127.9 million.

Staffing levels rose by 3.1% over the 12 months from 7,054 as at the end of June 2003, to 7,272. The increase was a result of small "bolt-on" acquisitions, notably the acquisition of Midalia Steel, a distribution business in Western Australia that provides OneSteel with a channel into the retail markets. Underlying staff numbers rose 1.7% to 7,171 employees.

Operating cash flow for the period was $84.9 million. This was lower than last year mainly as a consequence of funding the blast furnace reline which required $76.1 million in inventory (as at year-end) and capital expenditure. Another major impact on cash flow was the funding of the price increases

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undertaken towards the end of the financial year. The estimated impact of these increases was a $30 million increase in inventory.

As a consequence of the blast furnace reline project and the acquisition of Midalia Steel, **capital and investment expenditure** increased by 15.7% to $151.4 million. Stay-in-business capital expenditure remained lower than depreciation at $80.4 million.

OneSteel's **financial gearing** on a net debt, to net debt plus equity basis, continued to improve, falling from 26.8% to 25.5%. Net debt fell from $470.2 million to $469.0 million. OneSteel's gearing ratio including $200 million of securitisation fell from 34.3% to 32.8%. Interest cover has improved to 5.1 times from 4.5 times.

Funds employed rose 5.0% or $87.2 million to $1,842.4 million. The EBITA return on funds employed has increased from 12.5% to 13.2%.

Inventories increased by 19.2% to $704.6 million when compared with the previous corresponding period. As I mentioned earlier, this reflects $59.3 million of inventory related to the furnace reline and an increase in the value of inventory associated with price increases. However, underlying inventory stock weeks continue to run under 10.

The Final Dividend was declared at 7.0 cents per share fully franked, taking the total dividend declared for the year to 12.0 cents. That is up from the 11.0 cent fully franked dividend paid for the 12 months to June 2003. This represents a payout ratio of 61.5% of the year's $108.1 million net operating profit.

Major Projects

I would like to discuss two major projects of OneSteel, the reline of the blast furnace and the commercialisation of its magnetite iron ore deposits.

After being shut down for a reline in early June, the **blast furnace** at the Whyalla Steelworks resumed production in September. Its campaign life of 23 ½ years was one of the longest running in the world. The furnace is used to make around two-third's of the company's steel production therefore the reline was a major project for OneSteel.

The company recently advised the market that the final cost of the project is currently expected to be around $110 million. The increased cost will not be material to OneSteel's profit or cash performance in the 2004/05 financial year.

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More recently we have had operational difficulties with the blast furnace and Bob Every will comment on that in more detail.

The other major project is the decision to develop OneSteel's **magnetite iron ore resource** for a total cost of approximately $250 million.

This follows the completion of the $6 million feasibility study that was commissioned in April 2003. By developing the magnetite iron ore resource that sits below and adjacent to its existing iron ore reserves, OneSteel will extend the life of the Whyalla Steelworks by at least seven years to beyond 2027.

It will also lower the cost of steelmaking at Whyalla and generate revenue in excess of $1 billion over the next 10 years through the sale of the hematite iron ore, pellets and slab steel. Beyond that period, after the hematite reserve is depleted, the continued sale of pellets and slab steel will be a permanent source of additional revenue. There are also significant environmental benefits including expected fugitive dust reduction at the City of Whyalla.

On 17 August 2004, the Board approved the commencement of the project, and committed $30 million for the initiation of detailed design work, securing long lead-time items, further drilling and test work and preparation for initial mine cut back. All elements of the project are due to be operational in the 2006/07 financial year.

Focus for the Next Financial Year

The main focus for the coming year is to continue to deliver improvements across the business and to optimise the opportunities presented to OneSteel through the blast furnace reline and the magnetite project. The conversion of the Whyalla Steelworks to magnetite ore is an exciting project for the company.

Construction of the new **eight-strand ropery facility** in Newcastle is complete and commissioning is underway. This facility will provide OneSteel with six- and eight-strand wire rope capability for the mining and manufacturing sectors. Commissioning has also begun on a new mesh manufacturing facility in Sydney that consolidates OneSteel's **mesh manufacturing capability** to the one site. The facility will provide significant operational efficiencies in this product line. Management is also conducting a **facilities and logistics review** to examine and assess product movement through the whole vertically-integrated business.

OneSteel's sales and distribution, and business support information systems are being streamlined on a **SAP platform**. The rollout to Steel and Tube and

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Piping Systems businesses within Distribution was completed during the last financial year. Work is underway on the Metaland and Sheet, Coil & Aluminium businesses, and the Market Mills' Wire business.

The **iron ore beneficiation plant to access lower-grade hematite ore accumulations** began preliminary commissioning at the end of June and is now running at around half of the full design rate. Initial production has been encouraging with excellent product grade for both lump and fines. As the running rate increases over the commissioning period, yields are expected to improve.

Rejuvenation of the Board

Non-Executive Directors

As discussed at the 2003 AGM all members of this Board came together as an advisory Board in June 2000 prior to our float in October that year and therefore we all have the same tenure.

We have also advised you of revised remuneration and tenure guidelines, the latter of which creates the need for progressive and orderly succession planning.

In September I announced the retirement of David Meiklejohn from the Board of Directors. David, who is up for re-election at this AGM in line with the required process, has expressed his wish to retire at the end of February 2005 following the audit review of our first half results. David has made a substantial contribution to our Board both prior to and since listing.

By agreeing to stand for a short period beyond his current tenure he has enabled an orderly handover to his successor as Chairman of the Audit and Compliance Committee.

On your behalf I would like to publicly thank him for his service.

The Board announced last month that Peter Nankervis has agreed to join the Board from the beginning of December 2004. Peter was formerly the Chief Financial Officer of Cadbury Schweppes Asia Pacific and spent over 10 years as Finance Director of Cadbury Schweppes Australia.

In addition to his executive experience in the Asia Pacific region, Peter also has a breadth and depth of finance skills that will enable him to assume the leadership of the Board's Audit and Compliance deliberations when David retires from the Board.

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In presenting revised remuneration ceilings last year I said that it would give the flexibility to bring new skills onto your Board and aid succession.

In line with that flexibility we announced recently the appointment to the OneSteel Board of Mr Bryan Davis also from the 1st December.

Bryan has over 35 years of senior mining and executive experience with companies such as CRA Group, Australian Consolidated Minerals Group and Pasminco Ltd. He is a Fellow of the Australian Institute of Mining and Metallurgy.

As a senior mining engineer with extensive experience as a non-executive director of public company boards and in advisory roles, Bryan will add strength to the Board's overview of the recently announced development of OneSteel's magnetite reserves.

Both Peter Nankervis and Bryan Davis are attending this meeting by invitation and will stand for election at the 2005 AGM.

Managing Director

Culminating a very successful career over 20 plus years in the Steel Industry, Bob Every led the management separation of OneSteel from its then parent BHP and became our inaugural Managing Director on listing. His tenure under that agreement would have completed in January 2004 but in order to see the job through he agreed to a further extension.

Since listing the Company has successfully implemented the operational improvements necessary to its major assets and systems, completed the reline of the Whyalla Blast Furnace, implemented the integration of the Email acquisition, substantially enhanced the balance sheet through debt reduction, developed its management team and seen the market capitalisation rise from sub $400 million to $1.5 billion.

At our last AGM we advised that Bob would not be seeking an extension beyond his current contract and on 21 September this year the Board announced it had begun a process to ensure an orderly transition and to build on the successes to date.

The transformation of the company by Bob and his team since listing means that the Board can confidently focus on OneSteel's next phase of development. With our recent announcement of the commencement of the Magnetite project at Whyalla the optimum timing of succession is around mid 2005.

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OneSteel has excellent internal candidates to succeed Bob and they will be measured against the best external candidates. We have appointed a search firm to assist us.

I would like to take the opportunity at this AGM to publicly thank Bob on your behalf for the way he has led the company and the success we have enjoyed since listing in 2000.

Outlook

Domestic activity continues to remain buoyant with international steel dynamics remaining favourable.

The strong construction activity is continuing into the 2004/05 financial year. Residential activity, which accounts for 15% of OneSteel revenues, has slowed as expected. However, non-residential and engineering construction activity is offsetting this softening. These two segments account for 47% of OneSteel revenues.

The first four months of business trading are robust and consistent with expectations, but taking into account the impact associated with the blast furnace operating disruption, we believe OneSteel can achieve a financial outcome for 2004/05 consistent with current investment analysts' forecast range of between $95 million and $120 million.

To date, management's discipline of operational efficiencies, generating cash and tight working capital control has produced a succession of positive outcomes. Attention to these disciplines will be increased over the next 24 months as the company embarks on its single largest organic growth opportunity since listing – Project Magnet. This project will provide a sustainable future for the Whyalla Steelworks, and a source of revenue, profit and cash generation for the company.

I would like to thank my Board colleagues, Bob Every and the management team, and all our 7,272 employees for the contribution that they made to the year's record profit.

The challenge for the 2004/05 financial year will be continuing to improve OneSteel's safety outcomes, operational efficiencies and long-term business performance.

Thank you ladies and gentlemen and I will now pass over to the Managing Director, Bob Every.

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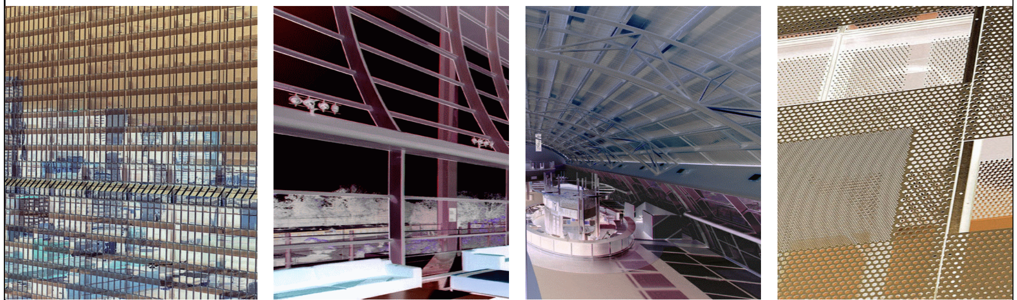

Managing Director's Address

Annual General Meeting
15 November 2004

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Thanks Peter.

Good afternoon Ladies & Gentlemen. It is a pleasure to be with you at OneSteel's 2004 Annual General Meeting to report to you on OneSteel's results in its fourth year of operations as a separately listed steel company, and my final year as Managing Director.

I would like to thank the Chairman for his kind words, and would like to take this opportunity to thank our shareholders, the OneSteel Board, management and all people who work for the company for their support over the last four years.

I will make some more comments in my closing remarks.

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- 2003/04 Financial Year Results
- Trends in the International Steel Market
- Sustainability
- The Year Ahead

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Slide 2

In discussing the year's results, I will also update you on developments in the global steel markets because of the influence they had on our operating environment.

I will then give you an update on two projects that I spoke about at last year's meeting which together secure a sustainable future for the company.

I will finish with some comments on the financial year ahead of us.

2003/04 – A Story of Two Halves

- First half of the year affected by rapid appreciation of the Australian dollar
- Second half of the year marked by rising input costs
- Realigned the business to counter the changed operating environment

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Slide 3

In the last financial year OneSteel once again achieved a record level of profit despite one of the most tumultuous and turbulent years I have experienced in my 25 years in the steel business.

The year was really a story of two halves.

The first six months was impacted by the sudden appreciation in the Australian dollar to 80 cents against the US currency. This led to a considerable flow of imports coming into the country, placing downward pressure on Australian steel prices.

In the second half of the year, raw material input costs such as scrap steel and hot rolled coil reached levels not seen in recent history. This was driven by the industrial growth in China that I talked about at this meeting last year.

During this period we continued to focus on making the business more efficient. We also spent considerable energy realigning our businesses for the challenges ahead of us.

Strong Activity in the Domestic Market

Segment	% of OneSteel Revenues	% Change June 03 – June 04
Non-Res Construction	26	6.2
Engineering	21	3.2
Residential	15	5.4
Other Manufacturing	12	3.4
Mining	11	-2.0
Agricultural	6	-1.5
Automotive	5	3.4
Total Weighted Change		3.5

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Slide 4

There was continued strength in our domestic market. The construction sector, which generates 62% of OneSteel's revenues, remained robust despite a softening in residential building activity.

Infrastructure projects and revenues from non-residential construction projects more than offset the slowing in residential construction.

Production activity in the mining sector which drives 11% of OneSteel's revenue, softened a little during the last financial year however there is considerable investment in this sector which is reflected in engineering construction. In the rural sector, which drives 6% of OneSteel revenue, spending continued to be subdued, although it is beginning to recover from the drought.

Activity in the automotive and manufacturing sectors, which combined make up 17% of OneSteel revenues, increased over the year.

Performance Highlights

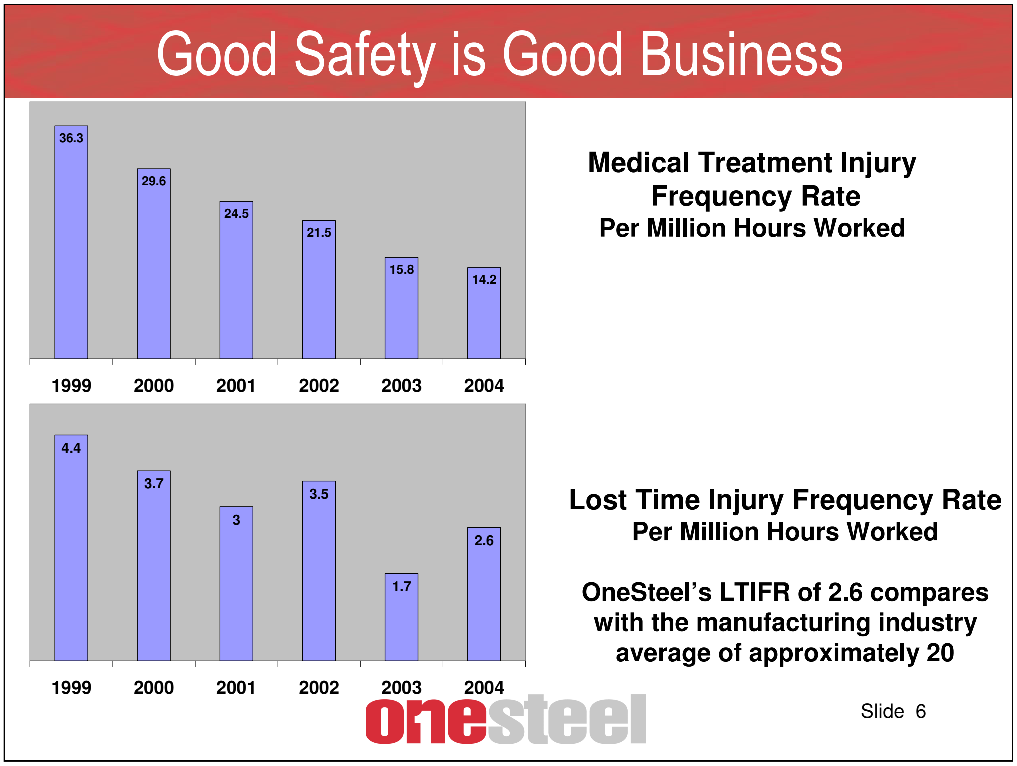
- Record net operating profit after tax of $108.1 million
- Stable net debt despite funding the blast furnace reline project and higher raw material cost inputs
- Continued strong cost reductions of $50 million and business improvement initiatives including $28 million of revenue enhancements
- Completion of the magnetite resource feasibility study
- Successful run up to the blast furnace reline project after a 23 ½ year campaign life

Slide 5

That was the backdrop against which we achieved a record net operating profit after tax of $108.1 million

Other highlights of last year's results are:

- Stable net debt despite funding the blast furnace reline project and higher raw material cost inputs
- Continued strong cost reductions and business improvement initiatives. In the last financial year we cut costs by a further $50 million and achieved $28 million in revenue enhancements such as lowering breakeven points and price increases
- Completion of the magnetite resource feasibility study, and the
- Successful run up to the blast furnace reline project after a 23 ½ year campaign life. That is only a few months short of the world record.



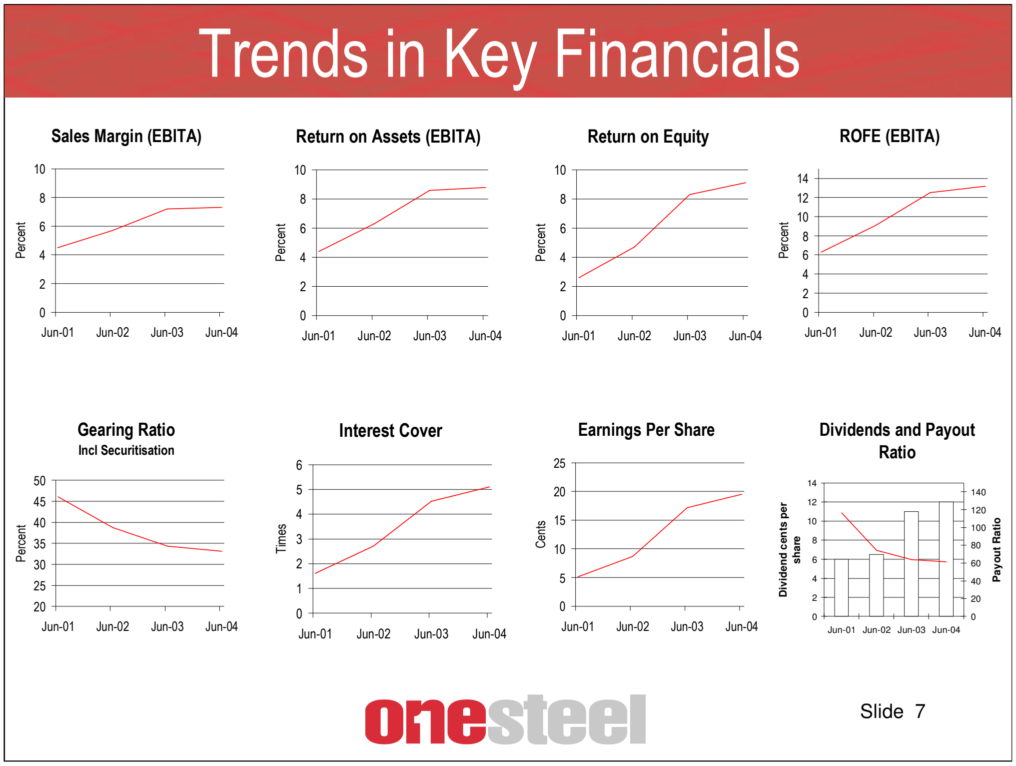
In the area of Safety performance, a core value of OneSteel, the results were mixed.

The main measure, the Medical Treatment Injury Frequency Rate, improved 10% to 14.2 per million hours worked, a record low for the company.

The Lost Time Injury Frequency Rate however increased slightly from 1.7 to 2.6. Although a rate of 2.6 is still considered to be low, improvement of our safety performance remains one of our key objectives.

If we compare OneSteel's LTIFR with the Australian manufacturing industry average of around 20, it is clear that OneSteel has a safety performance that is in the top quartile by world standards.

As I mentioned last year, around the world and across many different industries, good safety performance tends to accompany sound commercial work practices. We strongly believe that "good safety is good business".



The 2003/04 result in the context of our performance of the first four years as a listed company highlights that we have been able to achieve continued improvement across all of our key ratios as highlighted in this slide. It is particularly pleasing to achieve an almost four-fold increase in our earnings per share over the four year period.

If you consider that at one stage in 2001, OneSteel's market capitalisation was $350 million and debt was $1.2 billion, and today our market capitalisation is approximately $1.5 billion while debt is less than $700 million, the company has come a long way.

Before moving onto the international steel market, I would like to outline an initiative OneSteel put in place over the last 12 months called the OneSteel Community Giving Program. This program is about giving something back to the communities in which we work.

It has been developed by OneSteel staff selecting those causes and associated charities which they believe are significant contributors to their local community. Staff have the opportunity to contribute to the causes through their pre-tax pay while the company will match their contributions.

The Program is growing and staff are contributing at an annualised rate of more than $82,000 which is matched by the company dollar for dollar. We believe this is a significant step towards enhancing our connections with the local communities within which we operate.

I would like now to discuss some of the international dynamics of the steel industry.

Trends in the International Steel Market

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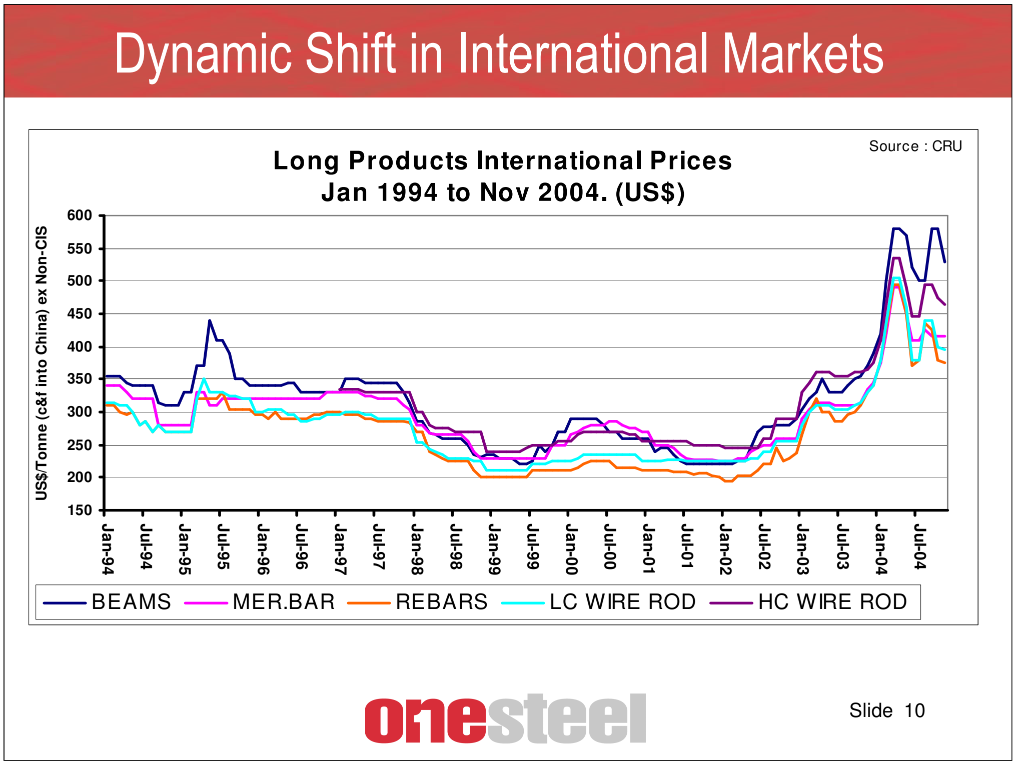
Slide 9

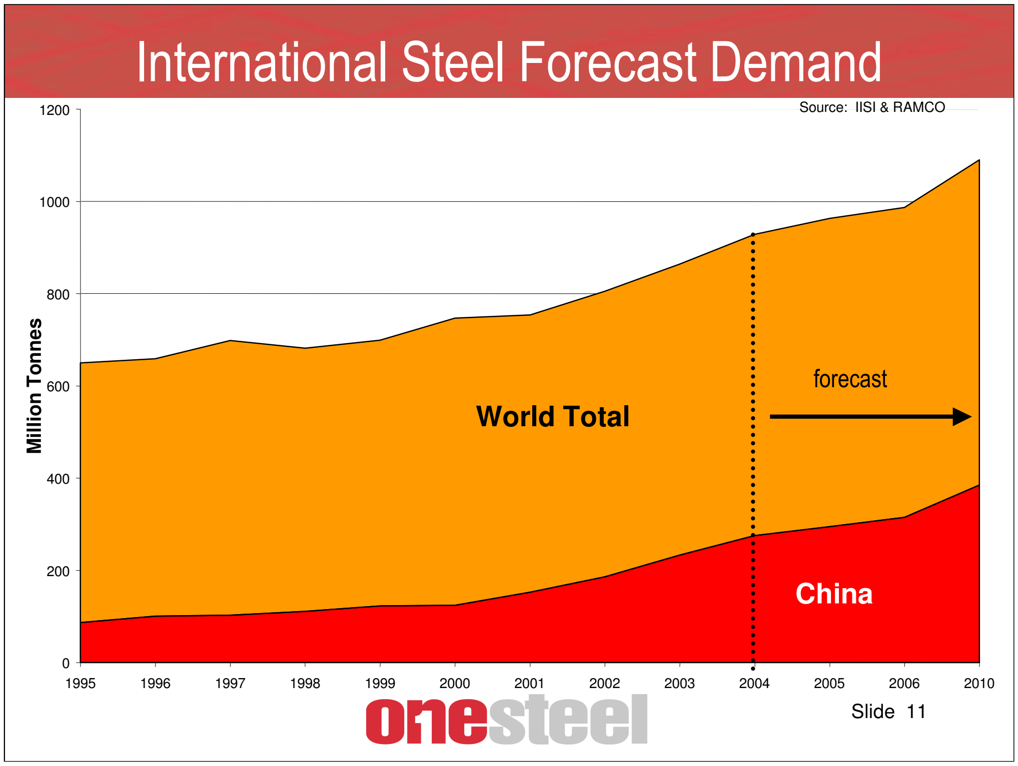
The 2003/04 financial year was one of the most dynamic environments for the steel industry in 30 years.



During the year, strong demand and a dramatic increase in the price of scrap steel led to unprecedented price increases in long steel products. This was principally due to the continuing industrial growth in China driving the demand for steel.

This slide highlights the rapid increase in international pricing for steel long products since July 2003. These price levels have not been seen in the last ten years.

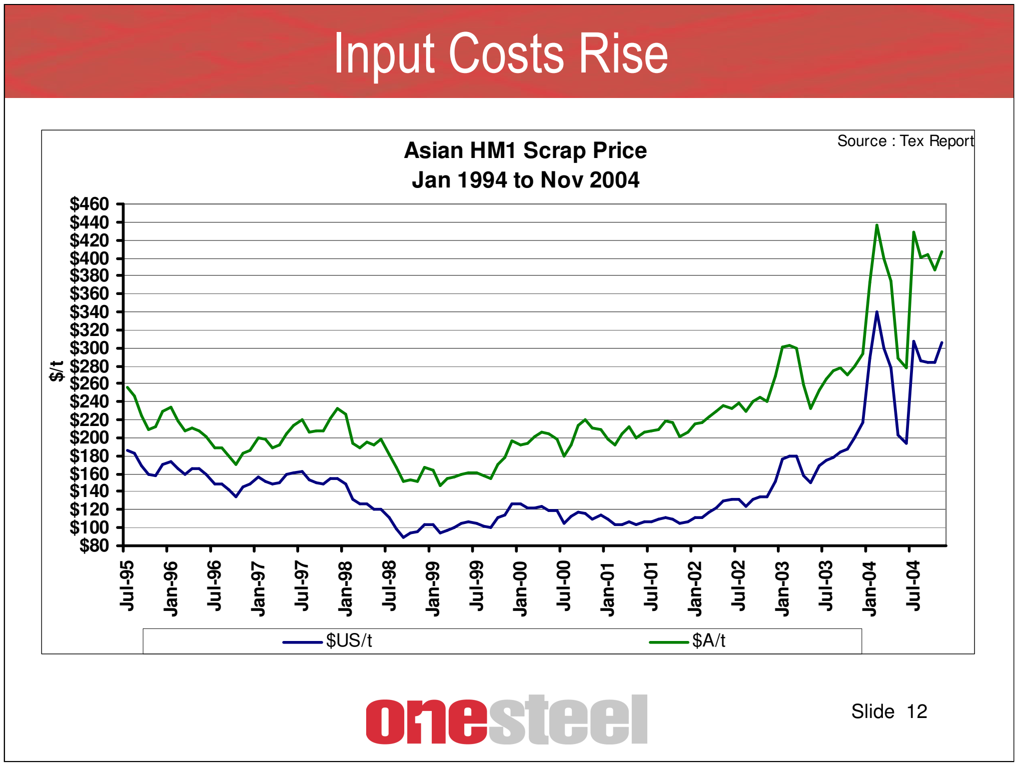
Similar price increases have occurred in flat steel products.



Demand is expected to grow further, with China remaining the driving force.

This slide, taken from a presentation at a semi-annual meeting of the International Iron and Steel Institute earlier this year, shows the base case for international consumption of steel out to 2010. It also depicts the amount China will consume over the same period.

In calendar year 2004 China will consume almost 30% of the world's steel and strong growth in steel consumption in China is forecast to continue throughout the decade.



This growth in world demand for steel is increasing the pressure on the price of raw materials such as coking coal, iron ore and scrap which are required to make steel.

This graph depicts the price movements in scrap steel which over the last 12 months has reached unprecedented levels.

For OneSteel this actually provides the company with a competitive advantage as we only produce 35% of our steel from scrap. The rest we manufacture from our own iron ore, providing us with a cost advantage.

Increase Prices to Recover Costs

Price increases since January 2004:

- Steel In Concrete - 4% Feb + 6% Apr + 16% rebar May + 5% Oct
- Whyalla Structurals – 7% April 04
- Merchant Bar – 10% March 2004
- Manufacturers Wires – 4% March 04
- Structural Pipe & RHS – 6.5% April 04
- Rural Wire – 5% May 04
- Fence Posts – 8% April 04
- Whyalla Structurals – 10% July 04
- Structural Pipe & RHS – 9.3% July 04

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With one third of our production affected by rising scrap prices, OneSteel introduced a number of price increases to recover the higher costs.

Through the price increases we announced in the last financial year we are realigning the business to the regime of higher steelmaking costs. We also took the opportunity to recapture some of the volume OneSteel had lost to imports.

In some product ranges where we manufacture our steel from iron ore we have moved steel prices to reflect the higher international prices.

Sustainability

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Looking ahead, decisions in companies such as OneSteel require 20-year plus horizons. With that in mind we have undertaken two major projects to ensure a sustainable future.

The first of these is the reline of the blast furnace at the Whyalla Steelworks.

Sustainability – Blast Furnace Reline

- Blast furnace decommissioned on 4 June, after 23 ½ years, one of the world's longest running campaigns
- The project, including commissioning and ramp-up, scheduled to take 95 days, took 98 days
- Total project cost currently expected to be around $110 million - $20 million to $30 million higher than expected
- No material impact on 2004/05 financials
- Excellent safety performance throughout the project
- Ramp up was completed successfully
- October production disruption – 80,000 tonnes production lost - $30 million EBITDA impact
- Blast furnace running at normal operating levels, underwriting 65% of OneSteel's steelmaking capability

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The furnace was last relined in 1981, making it one of the longest running campaigns in the world, as I mentioned earlier.

The reline, commissioning and ramp-up was completed in mid-September 2004.

The total project took 98 days to complete, three days longer than originally scheduled.

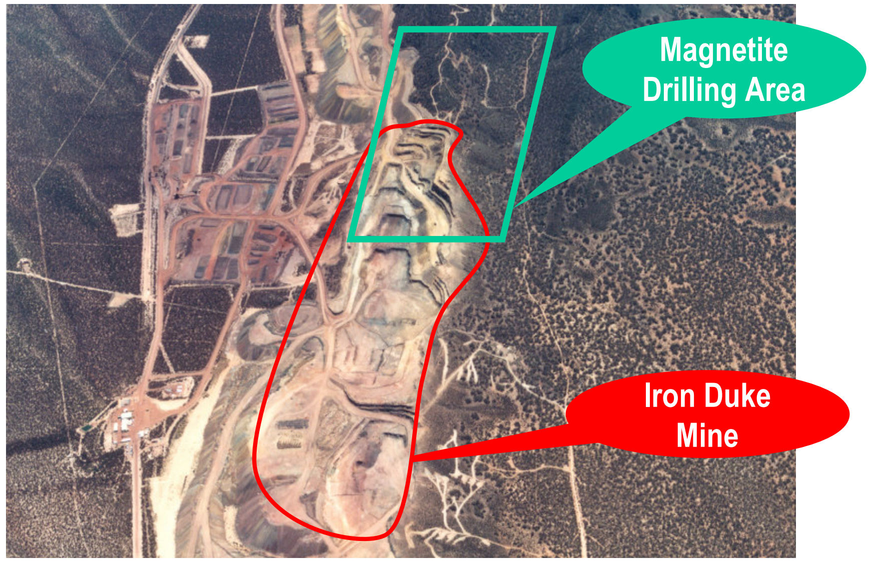
The project cost is currently expected to be approximately $110 million, approximately $20 million to $30 million more than expected. The budget over-run will not have any material impact on either the profit or cash outcome in the 2004/05 financial year.

There was excellent safety performance throughout the project, including the successful ramp up.

In October, after producing 100,000 tonnes of steel since completing the ramp-up, production at the blast furnace was disrupted, resulting in the loss of approximately 80,000 tonnes of steel production and a $30 million impact on earnings before interest, tax, depreciation and amortisation. Steel production resumed late that month.

The furnace is now running at normal operating levels, producing 65% of the company's steelmaking capability. The current campaign life of the new reline is expected to go beyond the year 2020.

Sustainability – Project Magnet



The other major project we are undertaking to ensure OneSteel has a sustainable future is what we refer to as Project Magnet which involves commercialising 234 million tonnes of our magnetite resource that sits below and adjacent to the hematite iron ore reserve that is currently used to feed the Whyalla Steelworks.

The project consists of converting the steelworks from a hematite to a magnetite iron ore-based operation. This will free the hematite for sale on the export market.

Following the completion of a feasibility study during the last financial year, in August 2004 OneSteel's Board approved the go-ahead of this approximately $250 million expansion of iron ore mining operations.

Sustainability – Project Magnet

- Approximately $250 million expansion of iron ore mining operations to:
  - extend the life of Whyalla Steelworks to at least 2027
  - lower the cost of making steel by up to 5%
  - increase exports of iron ore by 3 million tonnes per annum for ten years
  - sale of 320,000 tonnes p.a. of iron ore pellets
  - sale of 100,000 tonnes p.a of slab steel
- Generate over $1 billion in additional revenue over 10 years, with pellet and slab sales continuing beyond 10 years
- Expected to be fully operational in the 2006/07 financial year

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The project has a number of benefits to OneSteel.

It will allow the company to extend the life of the Whyalla Steelworks to at least 2027 as well as lower the cost of making steel by as much as 5%.

It will enable exports of an incremental 3 million tonnes of hematite iron ore per annum for 10 years and the sale of 320,000 tonnes of iron pellets and 100,000 tonnes of slab steel for the life of the project.

In total the project is worth in excess of $1 billion in additional future revenue over 10 years until the hematite reserve is depleted. The reduction in the cost of steelmaking and the sales of additional slab and iron ore pellets will continue beyond that period.

This initiative is expected to be fully operational in the 2006/07 financial year.

I will conclude by commenting on the company's prospects in the current financial year.

Activity in the Underlying Domestic Market

Current

- Chatswood to Epping Rail Link
- Telfer Mine expansion
- Darling Island
- The Village Meriton - George Street
- Comalco WEIPA Refinery
- M7 Western Orbital – Sydney
- Sydney CBD Cross-City Tunnel
- Eureka Building – Melbourne
- Herald Weekly Times Tower – Melbourne
- Aurora Tower – Brisbane
- Melbourne Cricket Ground
- Brighton on Broadwater – Gold Coast
- Ephrim Island – Gold Coast
- Spencer Street Station
- Dock 5 - Docklands Melbourne
- Minerva Gas – Victoria
- Burrup Fertiliser
- Alcoa Pinjarra Upgrade – WA
- Ravensthorpe Nickel - WA
- Rio Tinto Parker Point upgrade
- BHP Billiton Area C
- Woodside “Perseus over Goodwyn”
- Clean Fuel upgrades – Caltex, Mogas, BP
- Albany Grain Terminal

Potential

- Central Ranges pipeline
- Yabulu Refinery – Queensland Nickel
- Alcan Gove trans-territory pipeline
- Alcan Gove expansion
- Inco Goro
- Falcan Bridge (New Caledonia)
- Brisbane Water Treatment Plant
- Apache Gas field development
- Comet Coal – Blackwater Queensland
- Lane Cove Tunnel
- GABBA – Brisbane – extension
- Westfield Parramatta
- Worsley Alumina Refinery Upgrade
- Comalco Refinery SE Qld
- Alcoa Wagerup
- Woodside modules
- Woodside Train 5
- Otway Gas – Victoria
- Scoresby Bypass
- Cowal Gold Mine
- Gorgon LNG – Chevron/Texaco

Slide 19

As I mentioned earlier, we currently have a robust domestic cycle.

OneSteel’s forward order book continues to look strong. We still have a significant number of projects on our books, supporting our confidence in the construction cycle over the next two to three years.

In terms of management priorities, the main focus for the 2004/05 financial year is to continue to deliver improvements across the business and to fully harness the opportunities presented to OneSteel through the blast furnace reline and the magnetite project.

Management will continue to work on reducing costs, improving operational performance, generating cash and successfully managing capital projects.

Summary and Outlook

- 2003/04 was one of the most dynamic years for the steel market in decades
- General domestic market conditions expected to remain buoyant
- Continue to monitor international developments to ensure company is well positioned to take advantage of international trends by pricing and cost adjustments
- OneSteel is strongly positioned with the reline project complete and Project Magnet underway

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As I mentioned, general domestic market conditions are expected to remain robust.

Considerable energy was spent in the second six months of the last financial year realigning the business to meet the new dynamics of the international markets and we expect further challenges and opportunities will arise in this financial year.

Management will therefore continue to monitor international developments very closely to ensure the company is best placed to take advantage of international trends through pricing and cost adjustments.

The first four months of business trading are robust and consistent with expectations, but taking into account the impact associated with the blast furnace operating disruption, we believe OneSteel can achieve a financial outcome for 2004/05 consistent with current investment analysts forecast range of between $95 million and $120 million net profit after tax.

I would like to thank everyone in the company for their efforts during the year which was one of the most dynamic in decades for the steel industry.

I believe the company is strongly positioned for the future with the reline project completed and Project Magnet underway.

I will close by thanking you for your support over the past four years. OneSteel management is committed to continuing to improve and grow the business, so placing it in a much stronger position financially and competitively than when it listed in 2000. Our main priority is creating shareholder value and we have achieved that over the past four years and that will remain our key focus into the future.

My tenure as Managing Director of OneSteel has been both challenging and rewarding. Sitting where we are today with a share price north of $2.50 seems a long way from the 80 cent price when we listed back in October 2000.

I have enjoyed the journey and feel proud to have been part of the 7,000 or so people who make up OneSteel and to share in that pride of achievement over the past few years. I trust shareholders have also had a sense of satisfaction and reward from this time period.

The company is now financially strong, operating in what I see as an ongoing favourable steel market both domestically and globally, and has a good growth profile with the potential that Project Magnet represents for the company.

Thank you and I will now hand back to the Chairman.