

21 April 2005

Dear Shareholder

Direct Credit of your OneSteel Dividend

At our Annual General Meeting in November 2004, we announced our intention to phase out the payment of dividends by cheque and move to paying dividends by direct credit only for Australian and New Zealand shareholders.

For many years, OneSteel has encouraged shareholders to provide banking details to allow for the direct credit of dividend payments. A significant number of shareholders have taken advantage of this option. We have done this for a number of reasons, including that it:

- allows your funds to be deposited and available on the actual payment date;
- prevents the risk of cheques being lost or stolen;
- is the most cost effective means by which dividends can be distributed;
- reduces the increasing number of uncashed dividend cheques, due to shareholders misplacing or losing cheques.

For the reasons outlined, we now believe that it is time that we paid all dividends by way of direct credit. In making this decision we appreciate that it will disappoint some shareholders who have retained a preference for receipt of their dividends in cheque form. We do not propose to make this change until the first dividend in 2006 (expected to be announced in February 2006).

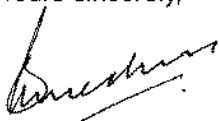
Naturally, there will be no change for shareholders who have elected to participate fully in the Dividend Reinvestment Plan. Similarly, shareholders who have registered addresses outside Australia or New Zealand may continue to receive their dividends by cheque if they do not have an Australian or New Zealand bank account.

In order to forward future dividend payments to you we will need to have received your banking instructions by the Record Date of the first dividend in 2006. Please use the enclosed personalised direct credit form to record your instructions and return it in the envelope provided. **Shareholders who already receive dividends by direct credit need not take any action.** Also shareholders who intend to have their shares sold under the less than marketable parcel facility as set out in our letter dated 11 March 2005 to relevant shareholders need not take any action.

Shareholders who receive payment by direct credit will continue to receive a printed dividend statement which will confirm the number of shares you held at the relevant record date, the amount of dividend, payment date and details of the account which the dividend was paid into.

If you have any questions regarding this or your shareholding in general, please contact the OneSteel share registry. Contact details appear above.

Yours sincerely,



Peter J Smedley,
Chairman