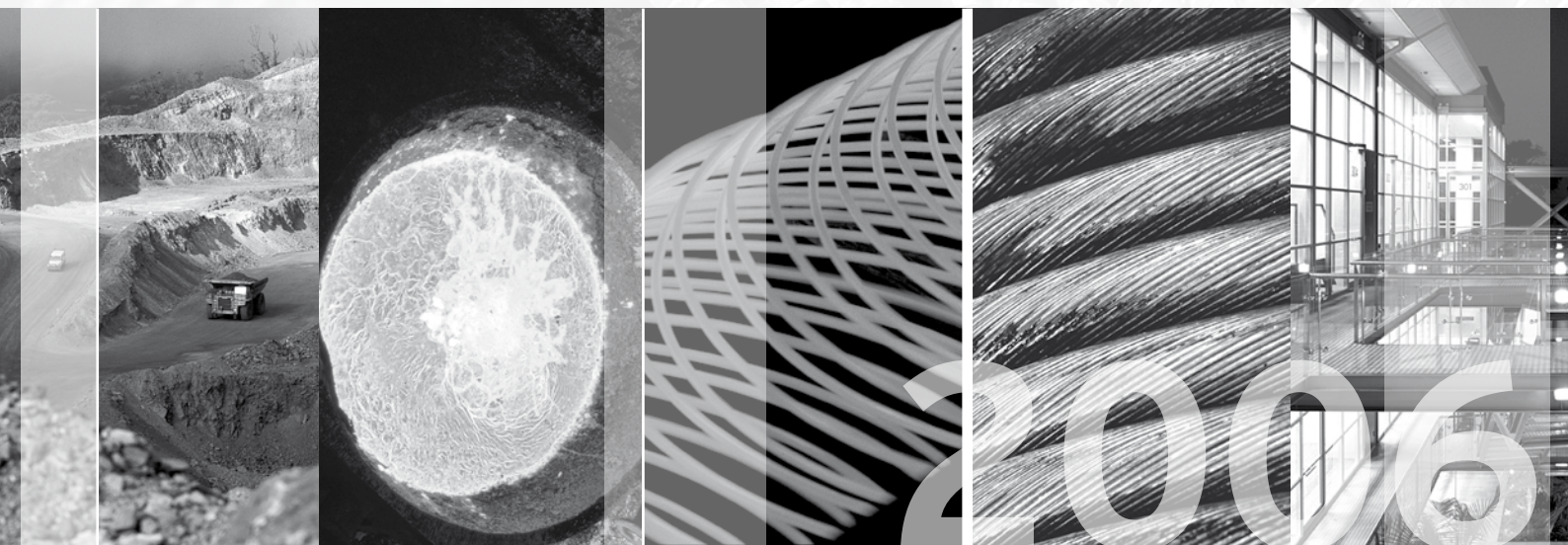


OneSteel Limited Notice of Annual General Meeting **2006**



TAKING **A LONG VIEW²**

onesteel

Address general shareholder correspondence to
OneSteel's share registry:
Computershare Investor Services Pty Limited
GPO Box 7045, Sydney NSW 2001 Australia
Phone (within Australia) 1300 364 787
(outside Australia) 61 3 9415 4026

19 October 2006

Dear Shareholder

Annual General Meeting - 20 November 2006

I have pleasure in inviting you to the sixth Annual General Meeting of OneSteel to be held in Sydney on Monday 20 November 2006 at the City Recital Hall, Angel Place, Sydney at 2.30 pm. A map is provided below to assist you with directions.

The formal Notice of Meeting is set out on the following pages and a Proxy Form is enclosed separately. The Proxy Form contains a barcode to assist with the registration process at the meeting. If you are attending the meeting, please bring this form with you. If you do not plan to attend the meeting you are encouraged to appoint a proxy to attend and vote on your behalf.

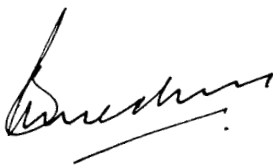
The agenda for the meeting contains three items of Ordinary Business. These are to receive and consider the financial statements and reports of the directors and auditors, to approve the remuneration report, and to approve the re-election of directors.

The agenda also includes as Special Business the approval of an increase in the maximum aggregate amount payable to non-executive directors by way of directors' remuneration.

The Board recommends that shareholders vote in favour of the adoption of the remuneration report, the reappointment of Mr Neville Roach and Mr Peter Smedley as directors and the increase in the aggregate remuneration of non-executive directors.

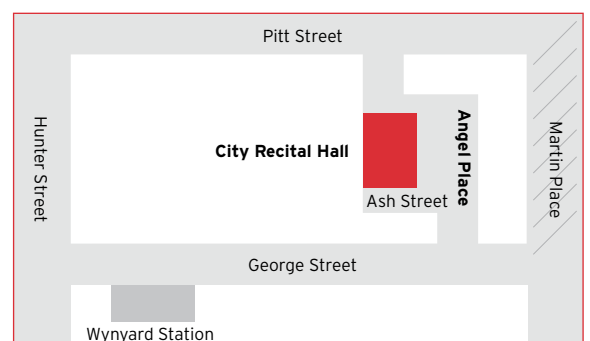
I am looking forward to welcoming you to OneSteel's annual general meeting. I extend a warm invitation to you to join directors and executives for afternoon tea at the conclusion of the meeting.

Yours sincerely,



Peter Smedley
Chairman

LOCATION OF ANNUAL GENERAL MEETING



NOTICE OF ANNUAL GENERAL MEETING

The sixth Annual General Meeting of OneSteel Limited ("the Company") will be held at the City Recital Hall, Angel Place, Sydney, NSW, Australia on Monday 20 November 2006 at 2.30 pm AEDT. Registration will commence at 1.30 pm AEDT.

ORDINARY BUSINESS

1 Financial and Other Reports

To receive and consider the Financial Report and the Directors' Report for the year ended 30 June 2006, together with the Auditor's Report to the members of the Company.

2 Adoption of the Remuneration Report for the Year Ended 30 June 2006

To adopt the Remuneration Report for the year ended 30 June 2006.

Resolution to be proposed:

That the Remuneration Report for the year ended 30 June 2006 be adopted.

3 Election of Directors

To elect directors in accordance with Article 9 of the Company's Constitution. Shareholders should note that a separate resolution will be put to the meeting in relation to each of the candidates.

Resolutions to be proposed:

- That Mr N J Roach retires and, being eligible, offers himself for re-election; and
- That Mr P J Smedley retires and, being eligible, offers himself for re-election.

The details of the qualifications and experience of each candidate together with the recommendation of the Board are contained in the Explanatory Notes section of this notice.

SPECIAL BUSINESS

4 Increase in Non-Executive Directors' Remuneration

To vote on a proposed resolution to increase the maximum aggregate amount payable to non-executive directors by way of directors' remuneration.

Resolution to be proposed:

That:

- the maximum aggregate amount payable to non-executive directors by way of directors' remuneration be increased from \$1,300,000 to \$1,600,000 per annum; or
- in the event of a merger of the Company and Smorgon Steel Group Limited being implemented, the maximum aggregate amount payable to non-executive directors by way of directors' remuneration be increased from \$1,300,000 to \$2,000,000 per annum.

By order of the Board



John M Krenich
Company Secretary
19 October 2006

PROXIES

A member entitled to attend and vote is entitled to appoint not more than two proxies. A proxy form accompanies this notice. A proxy need not be a shareholder.

Where a member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half the votes.

A member wishing to register a proxy should complete the Proxy Form accompanying this notice and ensure that it is received by 2.30 pm AEDT on Saturday 18 November 2006 at the Company's share registry:

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney, NSW 2000, Australia
(Postal address: GPO Box 242, Melbourne VIC 8060)
Facsimile: Australia (03) 9473 2118;
International 61 3 9473 2118

or at the Company's registered office:

Level 40, 259 George Street, Sydney, NSW 2000, Australia
Facsimile: Australia (02) 9251 3042;
International 61 2 9251 3042

If you are returning your proxy by post, you should note that there will be no postal deliveries on Saturday 18 November 2006.

VOTING

For the purposes of voting at the meeting, the Directors have determined that all shares of the Company that are quoted securities at 2.30 pm AEDT on Saturday 18 November 2006 are taken to be held by the persons who are registered as holding them at that time. The entitlement of members to vote at the meeting will be determined by reference to that time.

QUESTIONS AND COMMENTS BY SHAREHOLDERS AT THE MEETING

In accordance with the Corporations Act 2001 (Cth) and the Company's past practice, a reasonable opportunity will be given to shareholders at the meeting to ask questions or to comment on the management and operations of OneSteel.

Similarly, a reasonable opportunity will be given to shareholders to ask OneSteel's external auditor, Ernst & Young, questions relevant to the conduct of the audit and the Auditor's Report in respect of OneSteel's Financial Report for the year ended 30 June 2006.

Shareholders may also submit a written question to Ernst & Young. Relevant written questions for Ernst & Young must be received no later than 5.00 pm AEDT on Monday, 13 November 2006.

EXPLANATORY NOTES

Item 1 – Financial Statements and Reports

The Corporations Act 2001 (Cth) requires the Financial Report, the Directors' Report and the Auditors' Report of OneSteel for the year to be laid before the annual general meeting. Neither the Corporations Act nor OneSteel's Constitution requires shareholders to vote on, approve or adopt such reports. However, shareholders will be given ample opportunity to raise questions on the reports at the meeting.

Item 2 – Adoption of Remuneration Report by ordinary resolution

In accordance with the requirements of the Corporations Act 2001 (Cth), the Board of OneSteel is submitting its Remuneration Report to shareholders for consideration and adoption by way of non-binding resolution. The Remuneration Report sets out the remuneration policy for OneSteel and explains the remuneration arrangements in place for executive directors, senior executives and non-executive directors.

The Remuneration Report is presented on pages 40 to 46 of the OneSteel Concise Annual Review 2006. It is also available on OneSteel's internet site (www.onesteel.com).

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Board unanimously recommends that shareholders vote in favour of the Remuneration Report as set out in agenda item 2.

Item 3 – Election of Directors by ordinary resolutions

Article 9.2 of the Company's Constitution requires that one-third of the directors and any other director who has held office for three years or more must retire from office at each annual general meeting. As a consequence Mr Neville Roach and Mr Peter Smedley, who were both previously re-elected in November 2003, retire at this annual general meeting and both offer themselves for re-election.

Relevant details for the retiring directors are as follows:

P J (PETER) SMEDLEY

BCom, MBA, FAICD

Chairman

Independent Non-Executive Director

Age 63. Appointed a director and Chairman in October 2000. Peter is Chairman of the Operational Risk Committee and a member of the Governance & Nominations Committee and the Human Resources Committee. He is Deputy Chairman of CARE Australia and the Colonial Foundation; he is also a director of The Australian Ballet and The Australian Davos Connection. His previous roles included Managing Director and Chief Executive Officer of Mayne Group Limited, Managing Director & Chief Executive Officer of the Colonial Group Limited, Chairman of the State Bank of New South Wales, Executive Director, Downstream Oil and Chemicals and Executive Director, Coal and Metals for Shell Australia Limited, Deputy Chairman of Newcrest Mining Limited and director of Austen Butta Limited.

N J (NEVILLE) ROACH AO

BA (Hons), DSc (HC), FACS

Independent Non-Executive Director

Age 67. Appointed a director in October 2000. Neville is the Chairman of the Human Resources Committee and a member of the Occupational Health, Safety & Environment Committee and the Audit & Compliance Committee which he joined in August 2005. He is also Chairman of Smart Internet Cooperative Research Centre, TAFE Global and TCS-FNS Pty Ltd, a director of Australian Academic and Research Network and UNSW Foundation. His previous roles include Chairman and Chief Executive Officer of Fujitsu Australia Limited, Director of Fujitsu Asia and Sydney Community Foundation, Deputy Chairman of SBS, Chairman of Council for Multicultural Australia, Business (Migration) Advisory Panel, Australian Information Industry Association, National ICT Australia Limited, Intelligent Island Board and Australia India Business Council, and President Asian Oceanian Computing Industry Organisation.

The Board recommends the shareholders vote in favour of the election of both Mr Roach and Mr Smedley.

Item 4 – Increase in Non-Executive Directors' Remuneration by ordinary resolution

Approval

Article 9.8 of the Constitution of the Company provides that the total amount or value of the remuneration of non-executive directors must not exceed \$1 million per annum or any other amount per annum as the Company in general meeting determines.

ASX Listing Rule 10.17 also requires shareholder approval prior to an increase in the total amount of fees payable to non-executive directors by the Company.

For the purposes of both Article 9.8 and to Listing Rule 10.17 shareholders are being asked to approve an increase to the maximum limit on the remuneration of non-executive directors from the current level of \$1.3 million (which was approved by the Company's shareholders at the 2003 annual general meeting) to \$1.6 million or, in the event of the proposed merger of OneSteel and Smorgon Steel proceeding, to \$2.0 million per annum.

Reasons for seeking approval

In 2003, shareholders approved an increase to the maximum limit from \$1.0 million to \$1.3 million in order to implement a restructure of the overall package with which non-executive directors were compensated for their service to the Company. This restructure brought the Company's non-executive director

remuneration practices in line with emerging industry practices and guidelines and affirmed the commitment of the Company to the principles of good corporate governance.

The details of this restructure were outlined extensively in the explanatory notes accompanying the resolution approved by the 2003 annual general meeting. These changes have now been fully implemented and details of non-executive director remuneration paid for the year ended June 2006 are included in the Directors' Report.

The proposed resolution to increase the maximum aggregate amount payable to non-executive directors is sought to:

- allow the remuneration of non-executive directors to be adjusted so as to be consistent with remuneration increases for non-executive directors of comparator companies;
- allow appropriate adjustment to the remuneration of all non-executive directors in the event of a merger of the Company and Smorgon Steel Group Limited being implemented, which will result in the addition to the Board of two non-executive directors; and
- to enable the future appointment of additional non-executive directors (in order to facilitate Board succession) and to allow, as required, reviews of the remuneration of non-executive directors.

The background to paragraphs (a) and (b) is explained in more detail below.

Non-executive director remuneration market comparisons

The Company's policy and practices relating to the remuneration of non-executive directors are outlined in detail in the Directors' Report.

Through the Human Resources Committee, the Board obtains independent advice which benchmarks OneSteel's non-executive director remuneration structures against those of comparator companies (being companies listed on the Australian Stock Exchange, from within analogous industries and of comparable market capitalisation). This advice also takes into account prevailing regulatory requirements and governance expectations, as well as informing the Board of emerging practice.

Recent advice provided to the Board shows the structure of the Company's current non-executive director remuneration as outlined in the Directors' Report to be contemporary. The Board does not propose that any changes would result from an increase in the maximum aggregate amount payable beyond that which is necessary to maintain appropriate base fee relativities with comparator companies.

The impact of proposed merger with Smorgon Steel Group Limited

On 26 June 2006, the Company announced a proposal to merge with Smorgon Steel Group Limited. This merger is subject to regulatory approval and approval by Smorgon Steel shareholders. In the event that the merger is successful, the merged entity would be substantially larger than OneSteel is in its current form, with greater revenues, assets, number of employees and market capitalisation.

Based on independent advice, the proposed resolution therefore allows for a larger increase in the maximum aggregate amount payable to non-executive directors by way of directors' remuneration in the event a merger is implemented. This higher aggregate amount is necessary:

- to accommodate the expansion of the Board through an invitation to two existing Smorgon Steel non-executives directors, Graham Smorgon and Laurence Cox, to join the OneSteel Board as non-executive directors (as outlined in the merger announcement of 26 June); and
- to ensure that the increased responsibilities of non-executive directors are recognised, with remuneration to be increased so as to be brought in line with comparator companies comparable with the increased scale of the merged entity.

The Board recommends that shareholders approve the increase to the maximum aggregate amount payable to non-executive directors by way of directors remuneration, as set out in agenda item 4 and the explanatory notes to item 4.