Thank you ladies and gentlemen, its a pleasure to be with you, at OneSteel's 2002 Annual General Meeting.

My theme for today is the same as our Annual Report – “On Track”

As my theme infers OneSteel is on a journey.

And like any journey, there are several phases.

The 3 phases I want to focus on are:

•Where we have come from

•Where we are now

•And where we are heading into the future.

•I am going to touch on these three themes in my address today.

Firstly to focus on where we have come from.

It is now 2 years since we listed and a lot has happened in those 2 years. The first year was particularly tough. The post Olympic slowdown, the GST impact on residential housing and the general malaise in the international steel industry established one of the toughest environments I have seen in the last 20 years.

Some good has come out of this tough environment.

•OneSteel was listed

•there was industry rationalisation with the acquisition of Email by Smorgon and OneSteel

•And more recently BHP Steel was listed.

Internationally, there is movement towards rationalisation, albeit it is in the initial stages and has not been helped by the United States introducing higher steel industry protection measures.

But generally the industry has been characterised by longer term decreasing prices and poor profitability.

Last year saw some improvement in the domestic market mainly driven by increased residential construction. Across all segments activity increased by 4.6%.

On the global scene during calendar year 2002, there has been an increase in steel prices, albeit from very low levels.

For OneSteel, when it was listed in October 2000, it was essentially a new business – at least that is how management have approached the task.

We were spun out with considerable debt and the businesses were essentially structured on a portfolio basis rather than on an integrated basis.

And probably most importantly, the culture of the organisation was very production, rather than customer focused and market driven.

The task we have had to undertake at OneSteel has been immense.

We had to bring eight businesses into four.

We had to bite the bullet and take out excess capacity.

We have had to focus on raising cash to decrease our debt burden.

And we had to increase our production efficiency, particularly around the new billet caster at Whyalla which was still going through its ramp up phase.

So the challenges were many.

But I would like to spend a little time covering where we are now.

So where are we now?

- Functional integration
  - Eight business units into four
  - Sales and Marketing
  - Maintenance and Engineering
  - Finance and Administration
  - Information Technology
  - Strategic sourcing

We have successfully merged eight business units into four.

We then integrated some of the functional areas including sales and marketing, maintenance and engineering, finance and administration, information technology and strategic sourcing.

By doing so we reduced costs by removing duplication.

As mentioned by the Chairman, OneSteel takes safety very seriously and it is a core value.

In absolute terms OneSteel's safety outcomes can be considered world class as is indicated on the Graph. When comparing OneSteel's performance with the average of other steel distributors in Australia who are members of the Australian Steel Institute, and various types of US steel operations highlighted in red on the graph, OneSteel represented by the grey bar has a very low frequency of accidents resulting in lost time.

This year we were able to record some improvement, even with the disruption due to the integration of Email Metals and the significant restructuring that took place during the year.

So where are we now?

- Restructuring
  - Cost Reduced by $109 million
    - Offset cost increases of $94million
  - Revenue Enhancements of $35 million
  - Inventory down from over 14 stock weeks to under 10 - a 30% reduction
  - Product complexity – 21% reduction in the number of grade sections
  - Reduced Total Debt by 30% or $400 million

Over 2 years, we have reduced costs by $109m against inflationary cost increases of $94 million and implemented revenue enhancements of $35 million.

Our inventory result on a stock weeks basis has declined by 30% from over 14 weeks to under 10 weeks.

In the area of product complexity, we have identified a total of 137 grade/sections which we have reduced by 21% to 106. The next phase is to reduce these to around 80.

We have repaid a total of $400 million in debt, reducing our total debt by more than 30%.

We are in the final stages of bedding down the integration of the Email business. That acquisition alone increased OneSteel's revenue base by 10% and allowed a rationalisation of 15 sites.

We closed the Brisbane Bar Mill taking 170,000 mill tonnes in capacity out of the market.

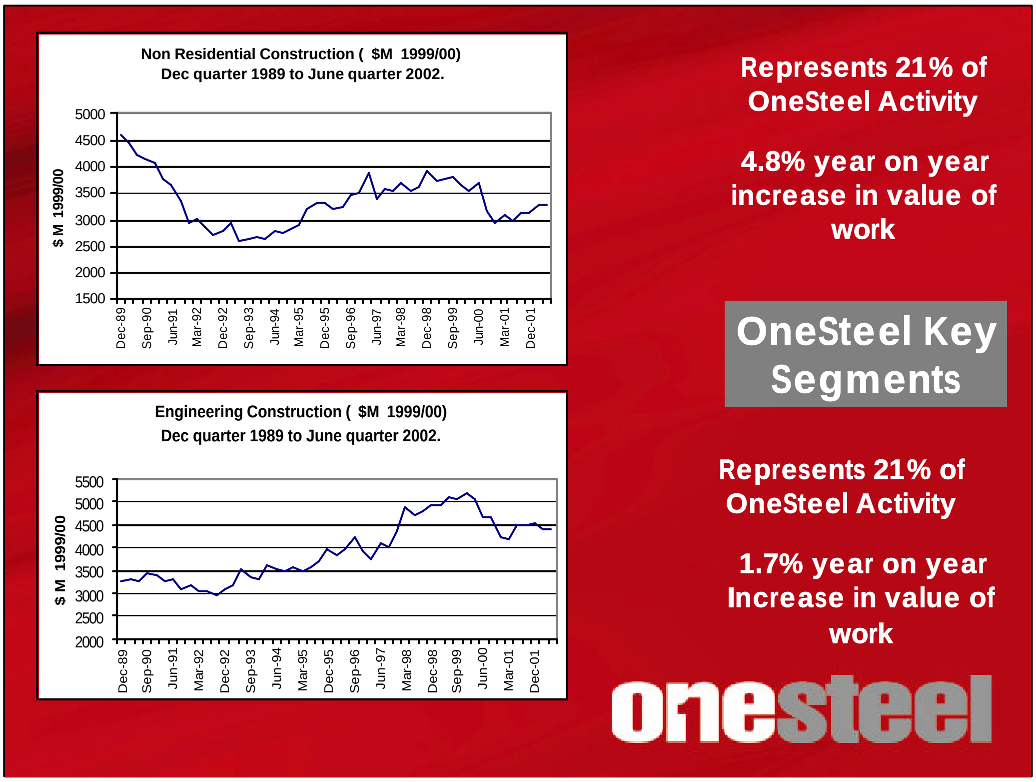
A shift has been taken off the Newcastle Rod Mill to bring its production in line with domestic demand and cease exports from that facility.

We have sold our Canadian distribution business, the Adrossan Port facility and the Whyalla laboratories.

Last December we undertook an equity raising of $66 million to repay debt.

And finally we have realigned the company's reward structure for all salaried staff to reflect company wide outcomes rather than single business unit outcomes.

We also introduced an employee share plan with over 80% of employees owning shares in the company.



In terms of where we are now, I would now like to turn my attention to the underlying market conditions, as this also has a bearing on where we are heading.

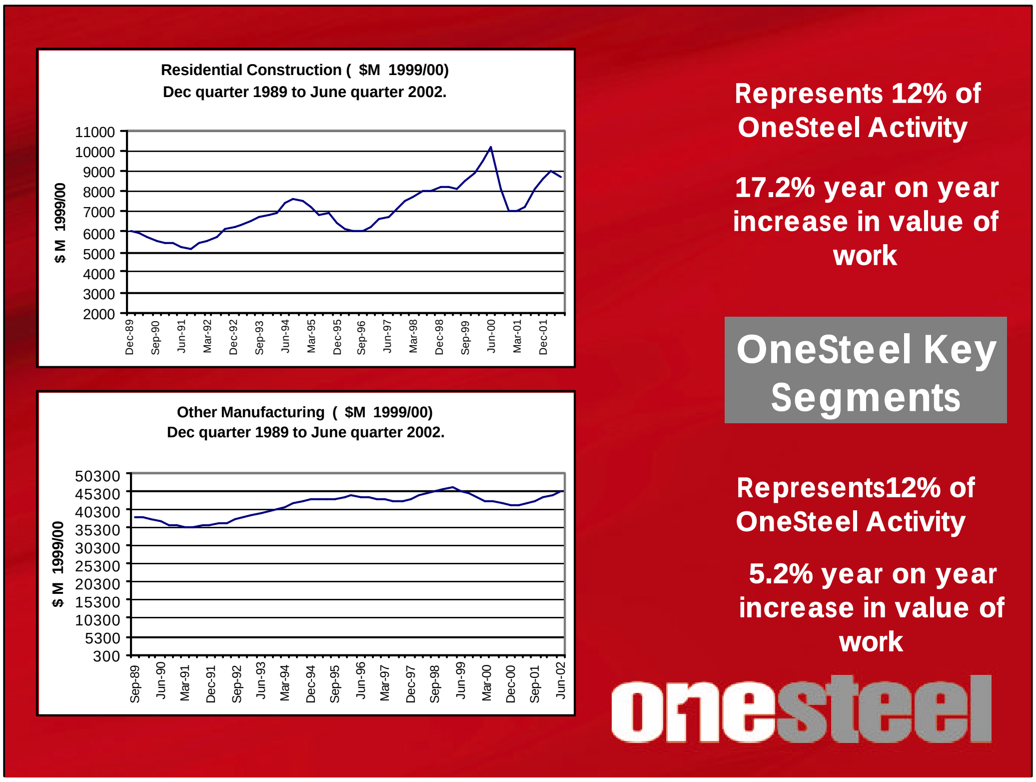
These graphs represent activity in OneSteel's key market segments over the period September 1989 to June 2001 on a quarter by quarter basis.

The June Quarter numbers are not final as yet but have been estimated by National Institute for Economic and Industry Research (NIEIR).

The two segments represented on this slide, non-residential and engineering construction together represent approximately 42% of our business.

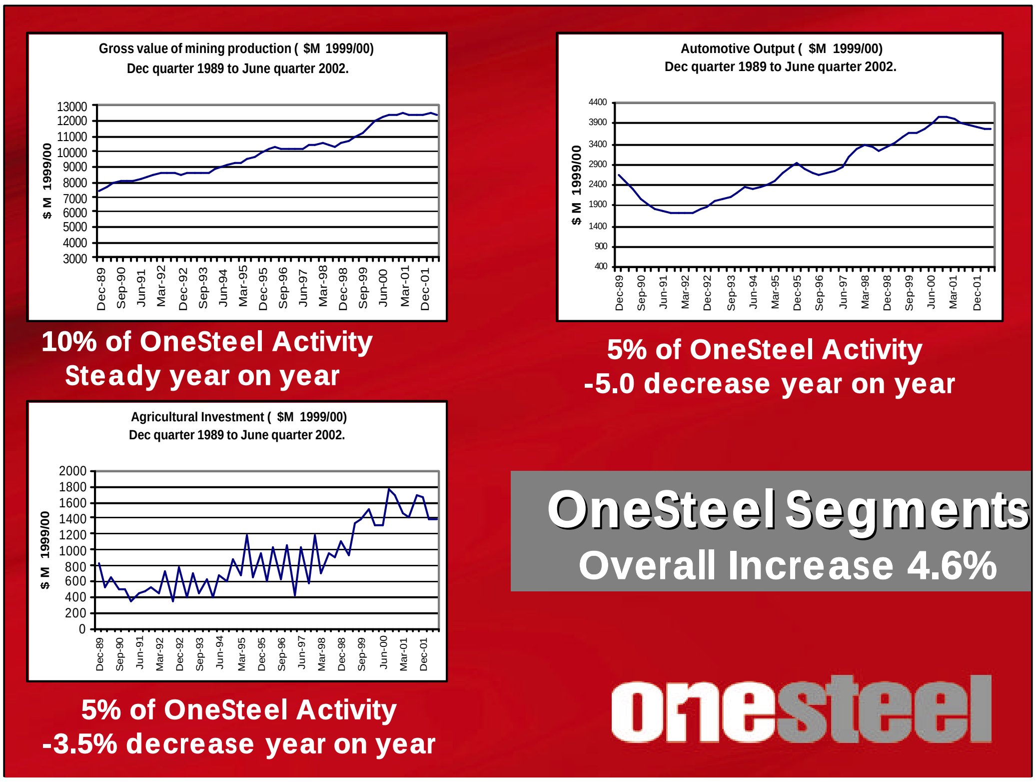
Both these graphs look a lot more promising than last year.

Non-residential construction increased by 4.8% during the year engineering increased 1.7%. Both these increases are off a low base as indicated by the graphs, and still have a long way to go to match the activity in the late 1990's.



Residential construction activity, representing 12% of OneSteel revenues, recorded a strong rebound of 17.2% from its lows in 2001, mainly as a result of the doubling of the First Home Owners Grant by the Federal Government.

Other manufacturing also recorded an increase of 5.2% bringing it in line with the late 1990's.



When looking at OneSteel's other key segments, Mining, Agriculture and Automotive which account for approximately 20% of OneSteel trade, the trend was flat to negative with automotive recording the lowest result of a 5% decline.

Agriculture was down 3.5% while mining remained steady.

As I mentioned earlier, overall for all segments, activity increased by 4.6%.

To summarise where we are now, I confidently say that OneSteel is in a much stronger position than we were 18 months ago. It has taken a lot of effort, but fundamentally the company is in better shape.

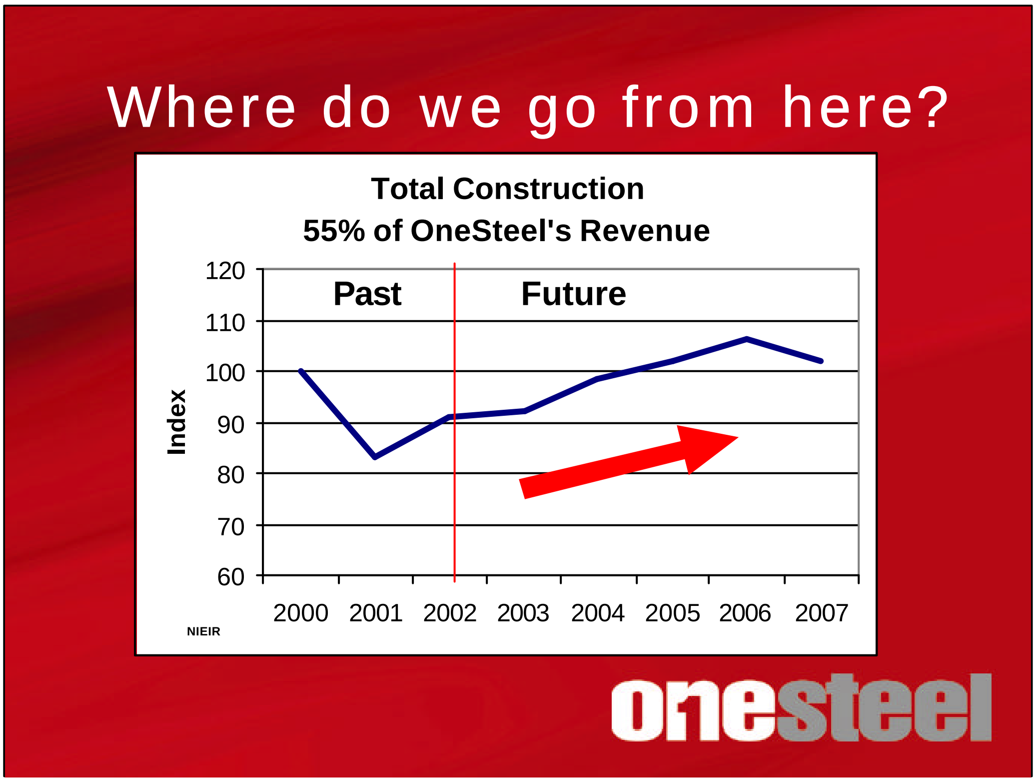
The other point I would make is that market conditions have improved, albeit off a low base but there are encouraging signs.

Which brings me to the topic of where do we go from here?

We are expecting the recent market trends, particularly in construction, which represents 55% of OneSteel's revenues, to continue over the medium term and provide a strong underlying cycle for the steel industry.

At this time last year I was not in a position to quote any known projects, beyond the Alice Springs to Darwin rail project and the Tasmania Natural Gas Pipeline.

This year the position is different as indicated on this slide. We already have a large number of projects underway and several large projects in the pipeline.



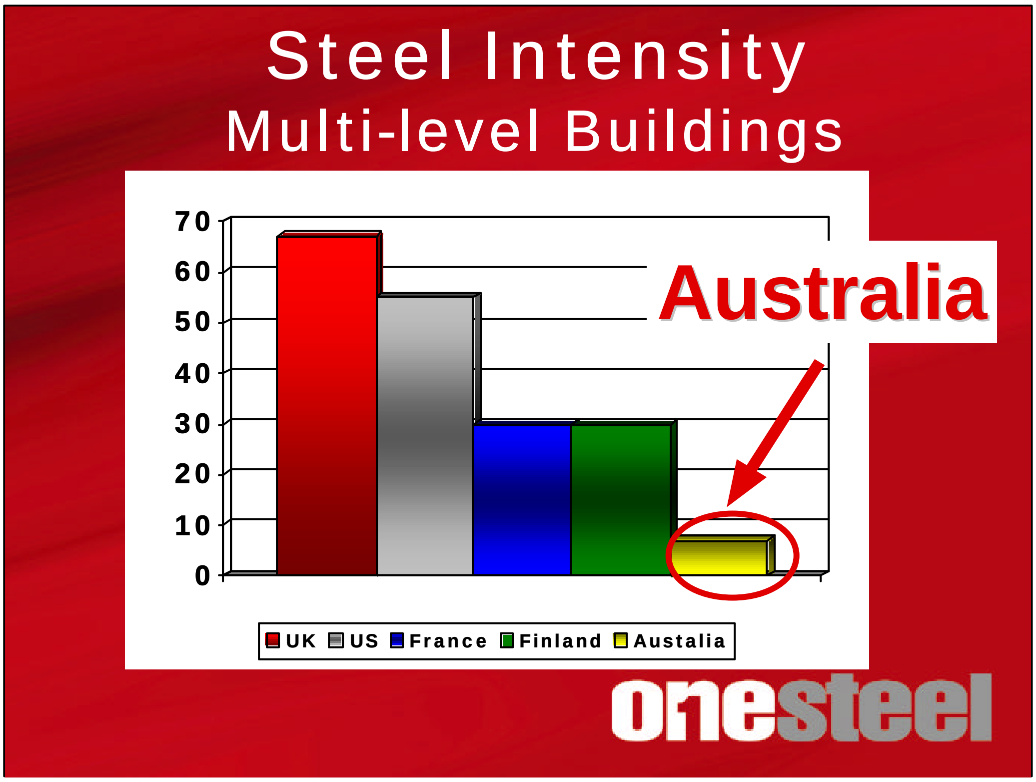
Looking at forward projections of the total construction sector, which OneSteel derives more than 50% of its revenue, the picture is very healthy.

Basically, our forecasts indicate a strong medium term cycle until 2006 then it tapers off.

So looking ahead we can expect markets conditions in the Steel sector to be in our favour.

However, as I stated in the Managing Director's section of the Annual report, there are two areas which require some addressing.

The first is the intensity of the use of steel in construction and secondly there is the area of pricing.



I think this graph is stark and sends a very big message to companies in the steel industry.

This graph represents the use of steel in multi-story buildings ie more than two levels in Australia compared with the UK, the US, France, Finland and New Zealand.

OneSteel is a leading supplier of all types of steel products to the Australian construction industry such as structural steel, reinforcing and post-tensioned steel and we offer the the widest range of choice in these products and services.

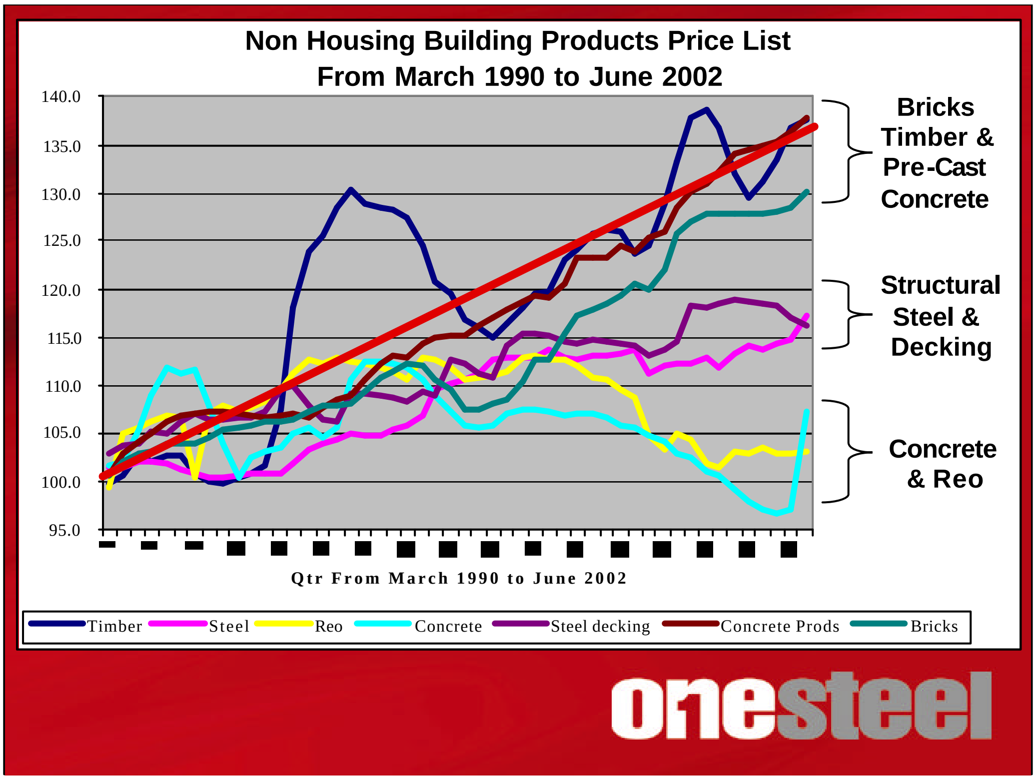
What it shows is that steel intensity in Australia is below 10% compared to New Zealand, Finland and France which are at 30%, the US which is at 55% and the UK which is at a very high 67%.

The current steel market for hot rolled structural steel for multi-level development is around 25,000 tonnes. If we were to increase the intensity from 7% to 25%, the total market for this segment would be 80,000 tonnes.

This represents an opportunity for another 55,000 tonnes of steel for OneSteel.

OneSteel will be focusing heavily in this area over the medium term to reverse the Australian trend and get more steel into multi-level buildings.

This brings me onto the second issue facing OneSteel, namely pricing.



This graph highlights pricing of building products used in construction other than housing quarter by quarter since 1990.

The red line represents the inflation rate over the same period.

Anything below the red line represents prices that are lower than the inflation rate over the period.

The interesting trends are the following:

•Bricks, structural timber and pre cast concrete product manufacturers have all increased prices by as much as 30%in nominal terms, and are close to break even in real terms

•Structural Steel and steel decking products increased by roughly 15% in nominal terms, which is almost 15% below the inflation rate for that period while

•Readymix concrete and reinforcing prices have increased by 4 to 5% in nominal terms, a decline of almost 25% in real terms.

So fundamentally, what this shows is that steel prices as a whole have not kept pace with inflation.

This situation cannot persist for ever, if it does it will be harder for the Australian Steel industry to make satisfactory returns

I believe we have to look upon our industry with a mature eye as we go into the medium term upcycle, otherwise the benefits of the increased activity will not flow through to profitability.

In terms of OneSteel, the future holds some more of the same.

We will improve margins in our businesses through continued operational improvements.

In tune with our cultural movement away from a production driven organisation to a market driven company, OneSteel is placing considerably more attention on delivering better customer outcomes and solutions. This will be an increasing theme into the future.

Our priorities will continue to be to generate cash, cost reduction, revenue enhancements and tighter capital management all of which will improve our balance sheet.

Longer term, we will examine strategic growth options of both an organic or step change nature.

In summary, OneSteel's management team has taken some tough decisions and undertaken significant restructuring.

We will continue to focus on the basics but we now have more scope to look at some longer term growth options.

Our forecasts indicate we are entering a strong medium term cycle in the construction segment which the steel industry will benefit.

For the 2003 financial year, the first four months of trading have been ahead of our internal budget and will provide for a strong first half. As mentioned by the Chairman we expect the first half result to be in the range of $39 to $45 million, profit after tax.

This has been driven by a strong construction sector, with high residential activity continuing longer than expected.

At this stage we do not expect the second half to be as strong as the first mainly due to less working days and planned maintenance shutdowns.

As mentioned by the Chairman, it is difficult to project the full year due to the impact on the Australian economy of the drought, lower residential construction activity and the potential uncertainty surrounding world events.

We will provide further guidance of the second half at OneSteel's Interim results announcement in February.

The underlying performance of the business is good right across our operations and we look forward to the continuing pick-up in market activity over the medium term.

Thank you ladies and gentlemen, its a pleasure to be with you, at OneSteel's 2002 Annual General Meeting and I will now hand back to Chairman.