  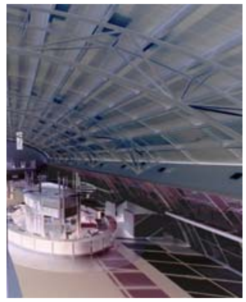 

Annual General Meeting
21 November 2005

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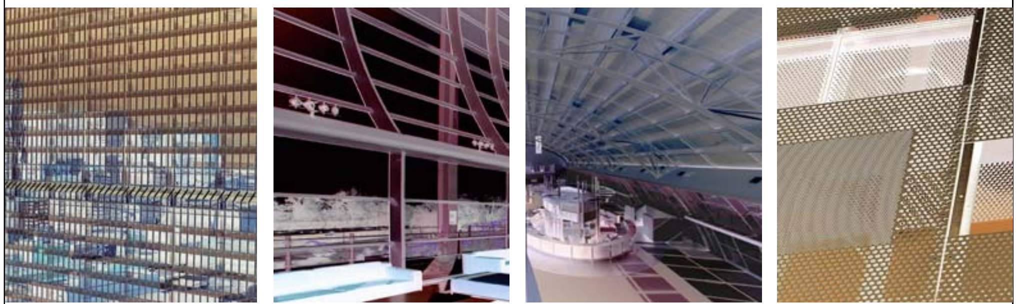

Managing Director's Address

Annual General Meeting
21 November 2005

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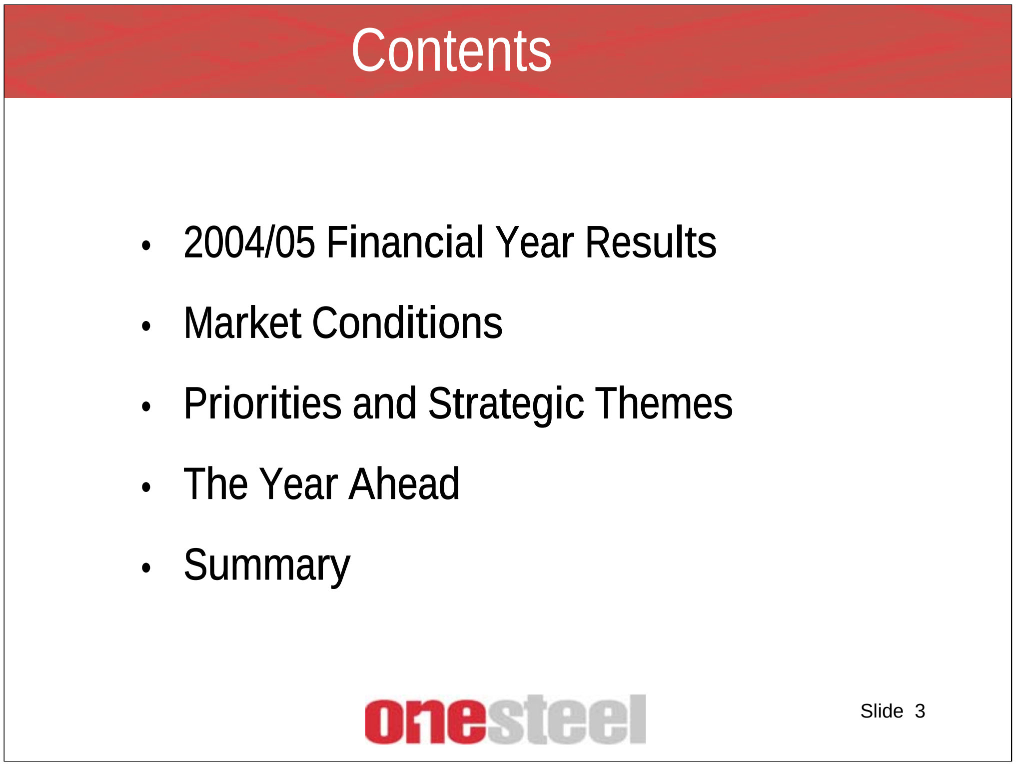
Thank you Peter.

Good afternoon Ladies and Gentlemen and welcome to OneSteel's 2005 Annual General Meeting. It gives me great pleasure to be here for the first time as Managing Director of OneSteel and to report to you on the results of OneSteel's fifth year of operations since listing.



I would like to start by touching on some of the financial and operational highlights of the year's results and by describing the domestic and international market conditions in which we achieved those results.

I will then outline some of the priorities and strategic themes that management has identified in the course of its current review of strategy to prepare for a more competitive environment over the next five years.

I will finish with some comments on the financial year ahead before summing up.

Financial Highlights – 2004/05

- Fourth consecutive profit improvement
- Strong cash generation ($107m operating cash flow, $101.9m free cash flow) despite higher working capital requirements and capital expenditure on key projects
- Net debt down
- Improved earnings per share
- Improved return on funds employed
- Improved return on equity
- Final dividend of 7.5 cents fully franked declared, 13.5 cents for the year, up from 12.0 cents last year

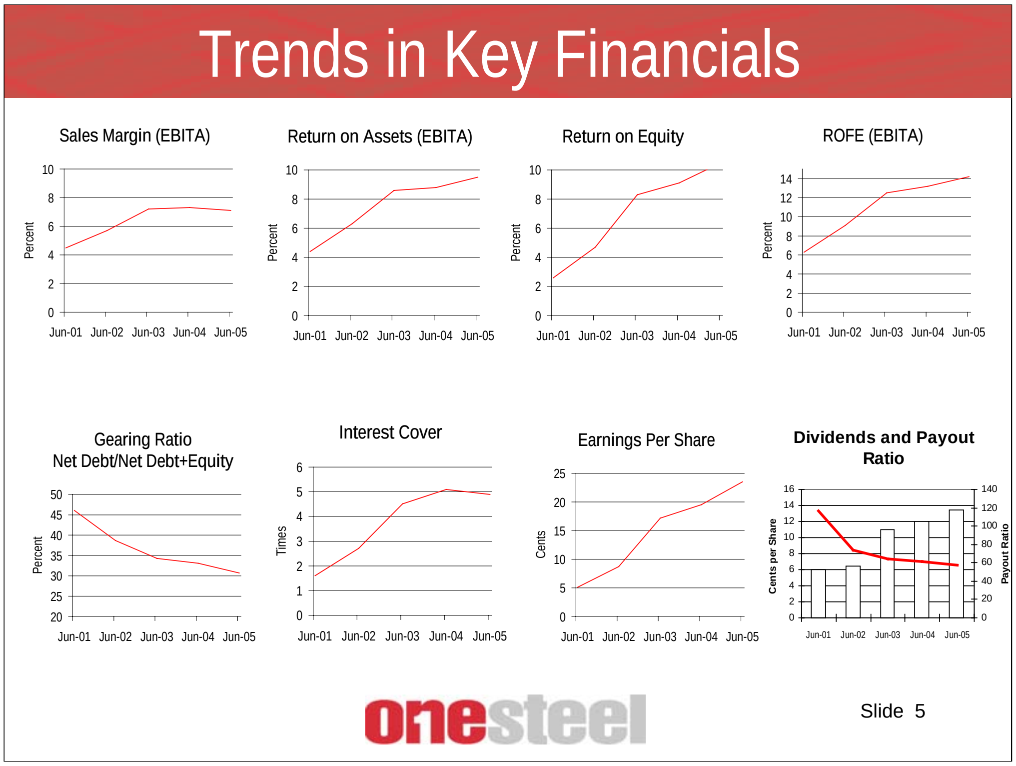
Slide 4

I am pleased to say that OneSteel achieved its fourth consecutive improvement in profit, recording a net profit after tax of $132.5 million.

The strong cash generation of the company was particularly satisfying given our working capital requirements were higher because of higher priced inventory and relatively high capital expenditure associated with two key projects.

As you will see from the next slide, almost all of our key financial ratios improved. It is also pleasing that net debt continued to fall when allowing for the discontinuation of a $200 million securitisation program.

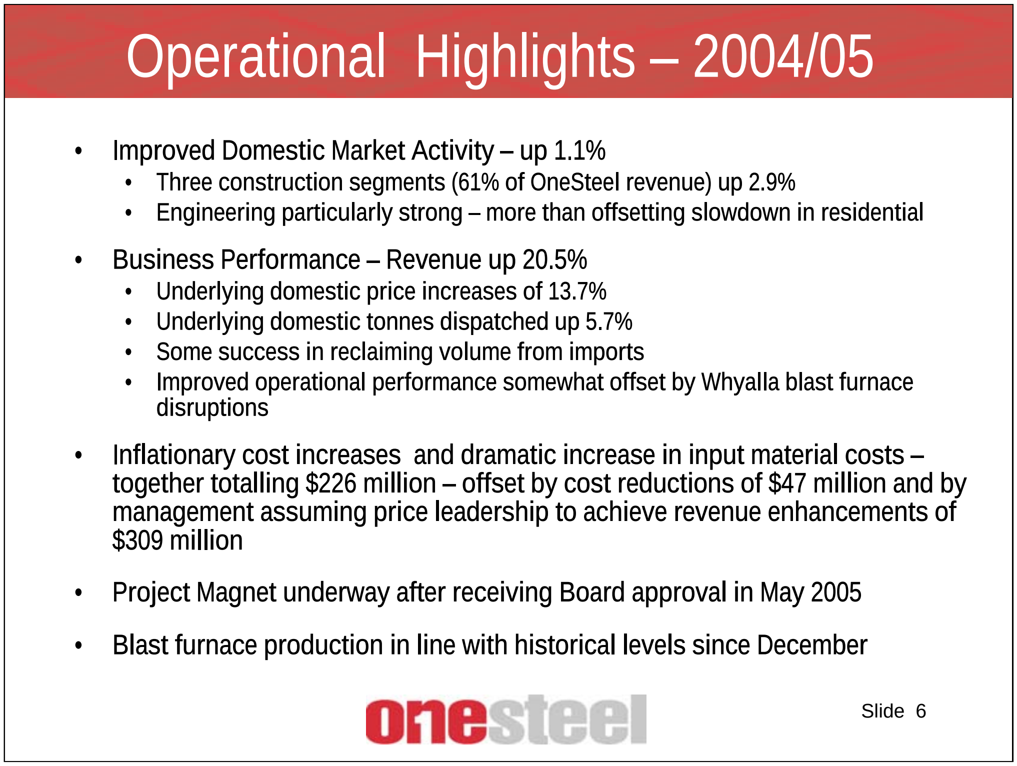
OneSteel paid a final dividend of 7.5 cents, fully franked, taking dividends for the year to 13.5 cents. That compares with dividends of 12 cents in the previous financial year.



As I mentioned, OneSteel's key financial ratios have continued to improve during its five years as a listed company. The one exception is the slight dip in the sales margin in the last financial year.

As you will recall this time last year we had two significant incidents at the blast furnace at the Whyalla Steelworks which necessitated us importing product, ramping up production at the electric arc furnace at Sydney Steel Mill and altering rolling schedules to minimise the impact on customers. The two blast furnace incidents detracted from the otherwise strong operational performance in all other parts of the company and are responsible for the drop in sales margin.

I am happy to say that the blast furnace has been producing in line with historical levels since December 2004.



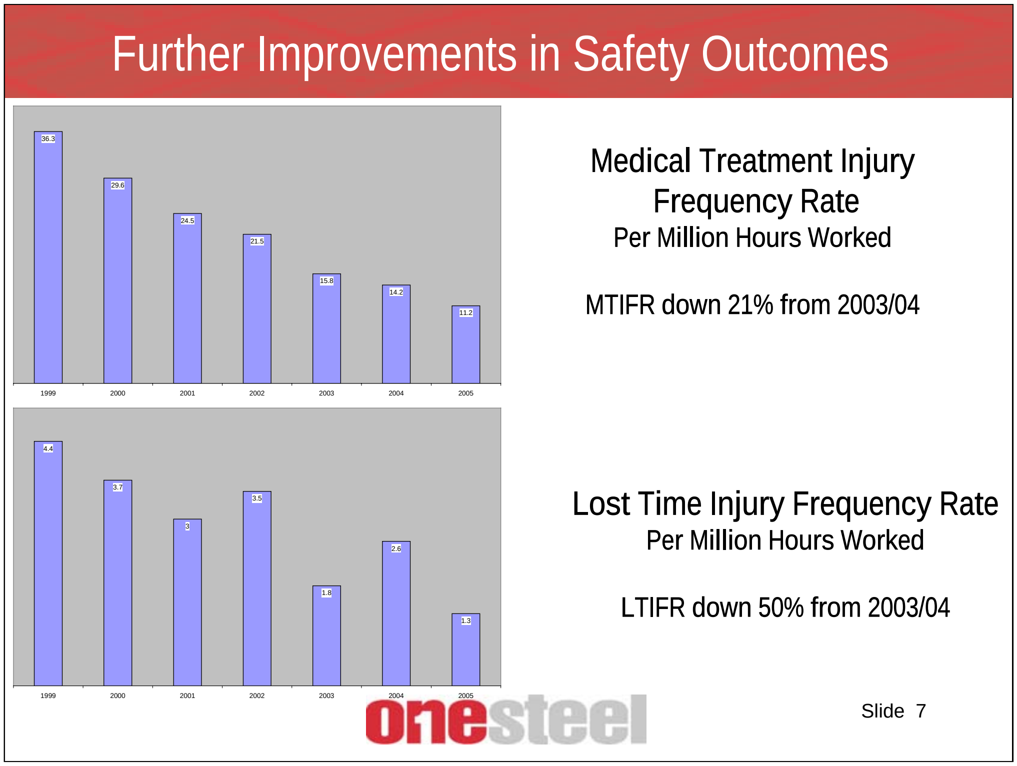
The company benefited from another year of strong domestic market conditions, with activity in the segments that drive OneSteel's revenue rising 1.1% from already high levels. The three construction segments that drive over 60% of OneSteel's revenue were up 2.9% as increased activity in the engineering and non-residential segments more than offset the softening in residential construction.

Against this backdrop, revenue increased 20.5% reflecting domestic price increases of 13.7% and a 5.7% increase in domestic tonnes dispatched. The increase in domestic despatches is partly a reflection of success in reclaiming some of the tonnes previously lost to imports.

During the year we reduced costs by $47 million and achieved revenue enhancements of $309 million to offset inflationary costs and significant rises in material input costs that totalled $226 million.

As I mentioned earlier, the blast furnace has been operating in line with historical levels since mid-December. The investment in the reline of the blast furnace that was completed in August 2004, together with securing Board approval for Project Magnet in May 2005, lays the foundation for OneSteel for the future.

I will talk about Project Magnet later in this presentation but I would like to conclude this overview of operational highlights by looking at OneSteel's safety performance.



Safety is a core value of OneSteel and each year we set ambitious targets to improve our safety performance to achieve our target of no incidents.

OneSteel has made significant progress in this area over the years and in the last financial year achieved further improvements in the two main measurements of safety.

The Medical Treatment Injury Frequency Rate improved by 21% to a rate of 11.2 per million man hours worked and the Lost Time Injury Frequency Rate halved to 1.3 per million man hours worked.

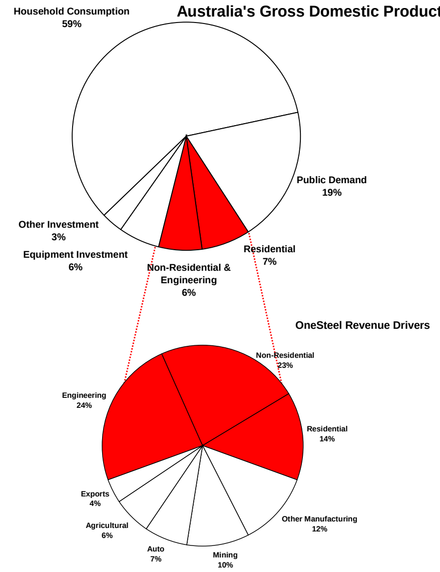
These outcomes place OneSteel among the best performing companies in terms of safety.

I would now like to briefly describe the domestic and international backdrop against which those operational and financial outcomes were achieved.

Domestic Market Strong, Especially Key Construction Segments

- 20.5% increase in sales revenue
- 4.1% rise in tonnes dispatched

Segment	% of OST Revenues	% Change Jun 04 – Jun 05*
Non-Res Construction	23	1.8
Engineering	24	7.5
Residential	14	-2.7
Total Construction	61	2.9
Other Manufacturing	12	0.9
Mining	10	0.1
Agricultural	6	-5.4
Automotive	7	-7.6
Total Weighted Change		1.1



Slide 9

* Source: NIEIR

Source: Australian Bureau of Statistics (GDP data for 2004)

There was continued strength in our domestic market. The construction sector, which generates 61% of OneSteel's revenues, remained robust with activity increasing 2.9%.

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

We have included a new diagram this year which illustrates how the drivers of OneSteel's revenue differ from those of the broader Australian economy.

The chart shows that consumer demand makes up almost 60% of Australian gross domestic product while construction accounts for just 13%. In contrast, construction activity drives over 60% of OneSteel's revenue and, as such, OneSteel's revenue is less affected by swings in the level of consumer demand.

Lifted Prices…

Major OneSteel Manufacturing Price Increases Since January 2004		
Steel in Concrete	4% 6% 16% rebar 5% rebar 4.5%	Feb 04 Apr 04 May 04 Oct 04 Jul 05
Whyalla Structurals	7% 10%	Apr 04 Jul 04
Merchant Bar	10%	Mar 04
Manufacturers Wires	4% 7.5% 6% 7.5-10%	Mar 04 Aug 04 Jan 05 Apr 05
Structural Pipe & RHS	6.5% 9.3% 11.3 6%	Apr 04 Jul 04 Jan 05 Jul 05
Rural Products	5-8% 3-7%	May 04 Aug 05

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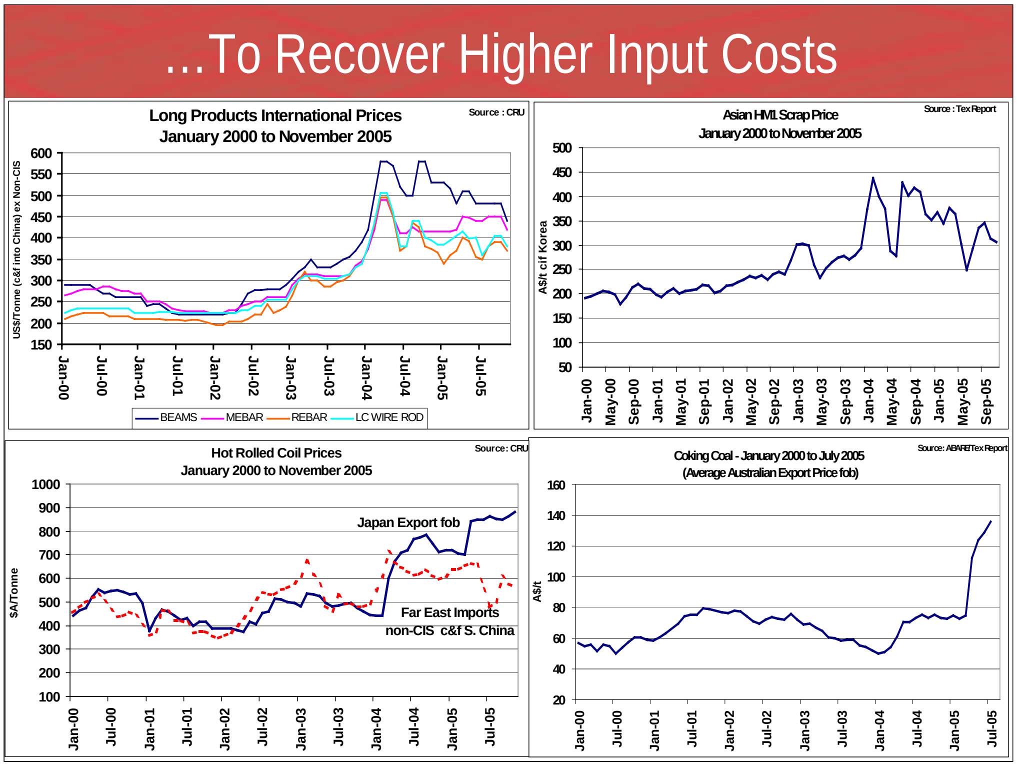
Slide 10

It was in this strong domestic market, underpinned by high levels of construction activity, that OneSteel management took leadership in raising prices to recover higher costs for material inputs.

Over the 2004/05 financial year, we achieved underlying domestic price increases of 13.7%. These price increases were needed to recover the dramatic rise in prices for raw materials that has occurred since early in the 2004 calendar year.

While the fact that OneSteel makes 65% of its steel production from its own low-cost high-quality iron ore provides us with a strong competitive advantage, we still have to buy in hot rolled coil, scrap, coking coal, alloys and electrodes, prices for which rose dramatically.

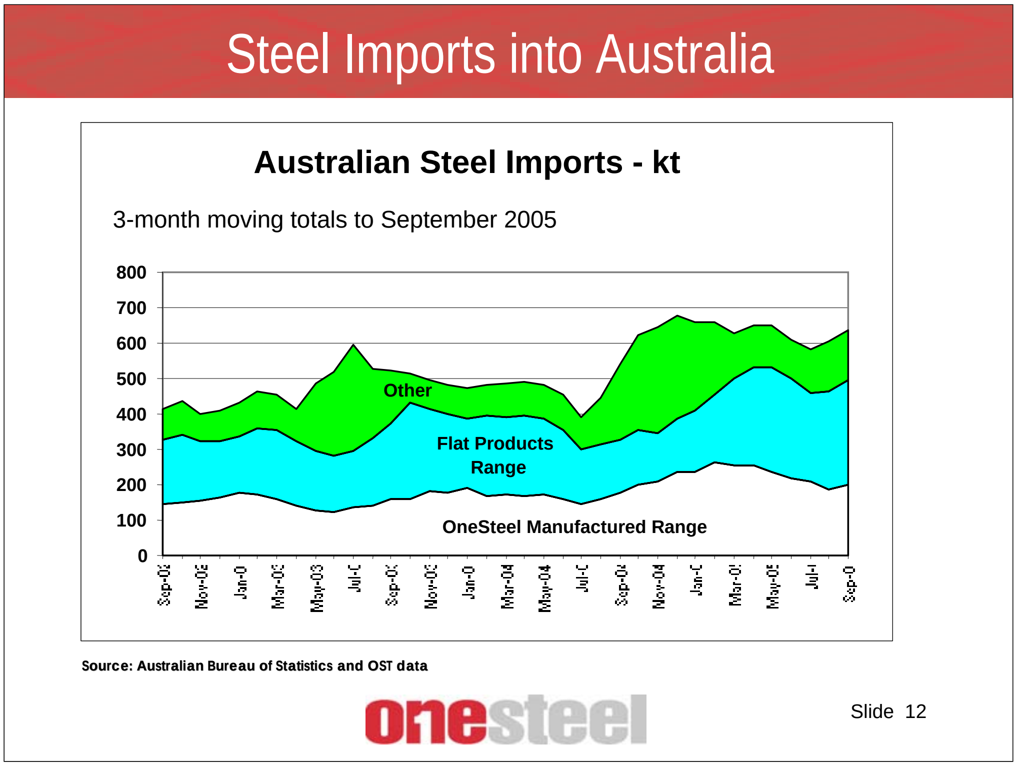


This slide depicts the significant rise and ongoing volatility in prices of steel and steelmaking inputs since the beginning of 2004. The driver of this is strong demand for steel from China as it transforms itself into an industrialised economy.

The first graph shows how volatile international long steel prices have been. Generally prices remain above their historical average.

Similarly the cost of steel-making inputs such as coking coal and scrap have spiked and remain above historical levels as shown in the two graphs on the right-hand side of the slide. OneSteel buys approximately ½ million tonnes of scrap each year to make steel at its electric arc furnace in western Sydney. It also buys approximately 1 million tonnes of coking coal per annum, which it uses with iron ore to make steel at the Whyalla Steelworks. OneSteel's coking coal costs have risen significantly in this financial year. We buy coking coal under a contract that has annual price adjustments in line with international benchmark prices.

Each year OneSteel buys up to 450,000 tonnes of hot rolled coil. We use some of this semi-processed flat steel product to manufacture pipe and tube and sell the balance through our Distribution business. The graph on the left-hand lower side of the slide illustrates prices for HRC from various regions.



The higher input costs have forced steelmakers around the world to raise their prices. Thus prices of steel imported into Australia increased during the financial year, alleviating some of the pressure from imports in some of OneSteel's products.

However, in some product areas unfair competition against dumped products continues to be an issue.

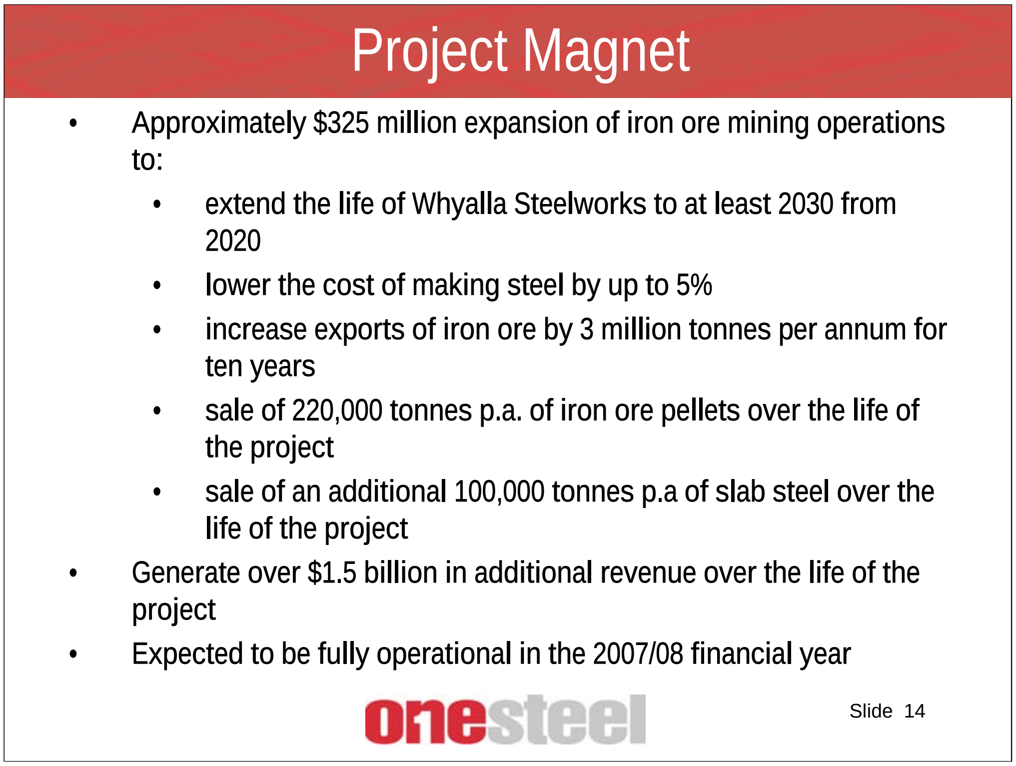
When looking at this graph of the volume of steel being imported into the country, it should be noted that during the 2004/05 financial year OneSteel imported approximately 90,000 tonnes of finished and semi-finished steel product to minimise the impact on customers from the Whyalla blast furnace production disruptions that occurred late in the 2004 calendar year.

Having outlined the dynamic market conditions in which OneSteel is operating, I would now like to discuss some of the initiatives we have underway to help OneSteel to better compete and to continue to generate shareholder value.

The first initiative, Project Magnet, involves commercialising our magnetite reserves in the South Middleback Ranges. These are located below and adjacent to the hematite iron ore reserve that we currently use 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.

In August 2004 the Board approved $30 million of expenditure for Project Magnet to allow basic design work to be completed and long lead time items to be secured. This expenditure allowed work to progress so that at the time of Board approval for the project in May this year all basic engineering was complete and appropriate contracts had been negotiated with Thiess and CSL for these key aspects of the project.



Over the course of its 20-year life, Project Magnet will generate in excess of $1.5 billion of revenue through the sale of an incremental 3 million tonnes of iron ore per annum for 10 years, the sale of 220,000 tonnes of iron ore pellets per annum over the life of the project and the annual sale of an additional 100,000 tonnes of slab steel over the project's life.

Another key benefit of Project Magnet is that it deconstrains the life of the Whyalla Steelworks from the current hematite iron ore reserve limitation of 2020 to beyond 2030.

Additionally, the conversion to magnetite will lower the cost of steelmaking at Whyalla by approximately 5%. That is a significant saving and adds to OneSteel's competitive advantage of owning iron ore mines at a time of soaring prices for raw materials. A lower cost structure is critical given the consolidation and rationalisation occurring in the global steel industry.

Furthermore, in switching from hematite feed to magnetite feed Project Magnet brings considerable environmental benefits through changes in equipment and processes.

Progress to Date

- Three of four major contracts finalised – Thiess, CSL, BHP-Billiton
- Mine cutback – a further 1.5 million tonnes since project approval
- Proto-type, high-sided, rail wagon successfully tested
- Slurry pipeline construction complete – testing to follow
- Site works commenced on concentrator, pellet plant and export facilities
- Trans-shipping facilities on schedule
- Revenues
  - Iron Unit Sales – Ore and Pellet
    - FY 2006 400kt to 500kt
    - FY 2007 1,400kt-1,500kt
    - FY 2008 Approx. 3.2mt
  - Slab Sales commence FY 2008
- Project running to schedule and budget

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Project Magnet is expected to be fully operational in the 2007/08 financial year.

Extensive work has already been undertaken and significant resources are being applied to the project. Three of the four major contracts are finalised. The fourth, the mining contract, is currently in the process of being tendered.

Thiess is responsible for much of the construction and engineering work and an Australian subsidiary of Canada Steamship Lines is working on the trans-shipping arrangements whereby the hematite ore will be transported by barge from Whyalla port to Cape-sized vessels in the Spencer Gulf. Trans-shipping is the most cost-effective option because it avoids the need for expensive dredging and increases the size of ship that can be used, so broadening marketing opportunities and reducing freight costs. BHP Billiton is marketing our hematite ore into Asia.

Construction of the slurry pipeline that will convey the magnetite concentrate to the steelworks is now complete. The next stage is testing. Site works have also commenced on the concentrator, pellet plant and export facilities.

We will incrementally ramp-up sales of hematite ore and pellets, with approximately 500,000 tonnes of iron units to be sold in the 2005/06 financial year. This is in addition to the 1 million tonnes of ore we currently sell to BlueScope Steel each year.

Core Values and Strategic Imperatives

- Safety has always been a core value for OneSteel
  - It pervades everything we do
  - We will continue to aim to improve safety performance each year
- The Customer has been introduced as a core value
  - Our customers' competitive environment will increase over the coming decade
  - We have a role in helping our customers maintain and increase their competitiveness
- Management is focused on three strategic imperatives to continue to deliver improved performance for shareholders and customers
  - Customer and market insight
  - Supply-chain management
  - Operational excellence

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Slide 16

There are other areas of the business from which further value can be extracted. Management has identified a number of strategic themes aimed at further streamlining the OneSteel business and to make our customers more competitive in their markets.

We believe we can deliver a platform of growth in earnings that is sustainable over the medium to longer term by further developing our market positions in the construction, resources and industrial market segments, and by building on our capabilities in people, manufacturing and distribution.

As demonstrated by a slide earlier in this presentation, we have made considerable progress in improving our performance in our core value of safety. We have now introduced the customer as a core value for OneSteel. This increased focus on customers is in recognition that the competitive environment of OneSteel's and our customers will intensify over the coming decade and OneSteel has a key role in helping its customers maintain and increase their competitiveness.

Therefore, to continue to deliver improved performance for shareholders and customers, management is focused on three strategic imperatives. These encompass the areas of customer and market insight, supply-chain management and operational excellence. Considerable investment will be made to further build capability in these areas.

Business Restructure

- On 1 July 2005 OneSteel's Reinforcing business moved to the Manufacturing segment from the Distribution segment
- At the same time, the OneSteel Pipe and Tube business, previously part of the Manufacturing segment, became part of OneSteel Distribution
- The business restructure will allow the company to make improvements in:
  - Customer service
  - Marketing
  - Better aligning market activities
  - Supply-chain management
  - Manufacturing and logistics costs

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Slide 17

This is why we have restructured the business effective 1 July 2005. OneSteel Reinforcing has moved to the Manufacturing segment from the Distribution segment and the OneSteel Pipe and Tube business, previously part of the Manufacturing segment, has become part of OneSteel Distribution.

This restructure will enable us to make improvements in customer service, marketing, aligning market activities, supply-chain management and manufacturing and logistics.

Complementary to that is the rollout of a SAP platform across the Distribution business and parts of the Manufacturing businesses which is nearly complete and operating well. It provides far more customer, sales and inventory information across the business, allowing greater insight into product movements, pricing and margin analysis, customer buying patterns and inventory management.

Management will continue to progress initiatives within the three strategic imperatives to further drive improved performance.

I will conclude with some comments on the company's prospects in the current financial year.

Outlook and Areas of Focus

- Domestic market conditions expected to remain favourable
- International steel markets are expected to continue to be dynamic which will be reflected in volatile pricing within the higher range reached over the last 18 months

Areas of Focus

- Improving business performance by managing down costs and improving margins and volumes to maximise benefits of good domestic market
- Improve customer service, supply-chain management and logistics
- Seek to manage material input price rises through further price leadership and operational savings
- Substantial management effort will be directed to Project Magnet, particularly managing its cost and time objectives during the year

Slide 19

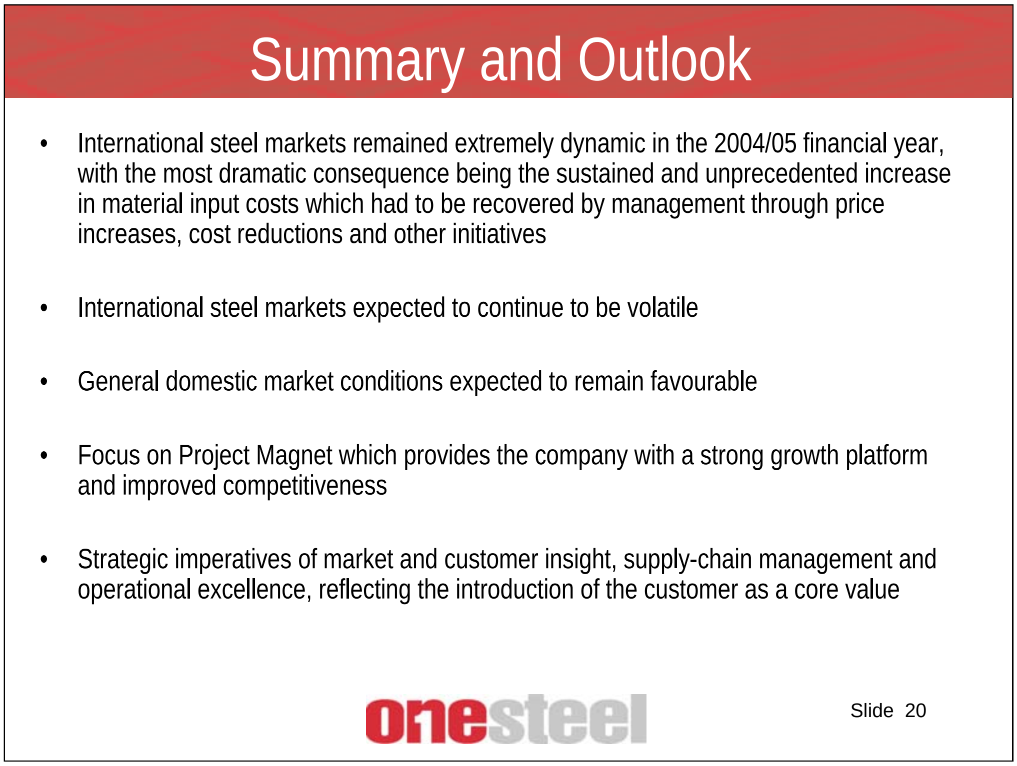
As I mentioned earlier, domestic market conditions are expected to remain favourable.

OneSteel's forward order book continues to look strong and we still have a significant number of projects on our books which supports our confidence in the construction cycle over the coming years.

International steel markets are expected to continue to be dynamic which will be reflected in volatile pricing within the higher range reached over the last 18 months.

OneSteel will seek to manage material input price rises through further price leadership and operational savings.

Management attention will remain focused on improving business performance by managing down costs and improving margins and volumes. Consistent with the addition of the customer as a core value, we will look to improve our customer service levels, supply-chain management and logistics and a substantial amount of management effort will continue to be applied to Project Magnet. Work is already well underway on the construction and other elements of this exciting investment. There will be particular emphasis on managing its cost and time objectives.



In summary, the 2004/05 financial year was a period of significant challenge for OneSteel with the reline and subsequent Whyalla Steelworks blast furnace incidents, combined with an extremely dynamic domestic and international market environment. We have focused on working with our customers to help them work through this period of change.

We expect international steel markets to remain volatile, while all indicators point to domestic market conditions remaining favourable. The first four months of business trading have been broadly consistent with our expectations.

We can face the challenges of the next five years with a company that is on a sound financial footing and with a project that builds on OneSteel's competitive advantage and that generates a new source of earnings and profit.

OneSteel continues to grow and provide improved earnings for shareholders. We will continue to improve the underlying business by developing further initiatives within the strategic imperatives of market and customer insight, supply-chain management and operational excellence, which reflect the introduction of the customer as a core value.

I would like to thank everyone in the company for their contribution to another year of substantial safety and profit gains. I would also like to extend my thanks to our shareholders and customers for their support of OneSteel.

Thank you for this opportunity to report to you on OneSteel's performance at the 2005 Annual General Meeting. I will now hand back to the Chairman.