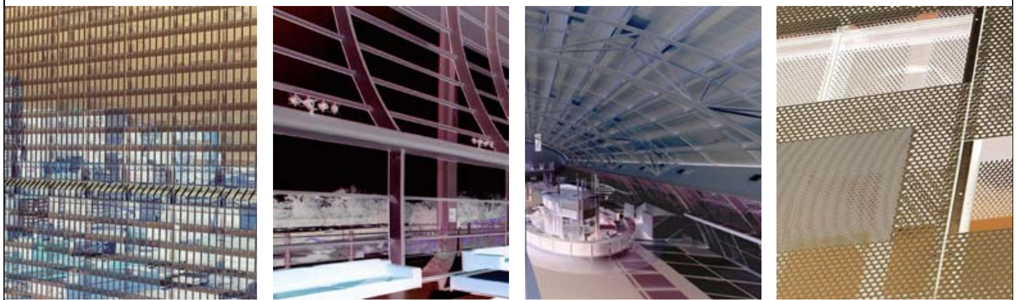

Macquarie Securities Australian Conference
May 2006

Good afternoon Ladies and Gentlemen,

I am Geoff Plummer, Managing Director and CEO of OneSteel, and I am delighted to have the opportunity to present OneSteel's story today.

Contents

- OneSteel Overview
- Latest Financials
- Growth
- Summary and Outlook
- Attachments

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Slide 2

I will start with an overview of OneSteel's business model because it is quite different from the traditional steel manufacturer's model.

I will then briefly run through market conditions and the financial results for the six-months to December 2005 and move on to OneSteel's exciting growth opportunity.

I will conclude with a summary and some comments on the near-term outlook.

Australian Steel Long Products Industry

The Australian steel industry has production capacity of 7.6mt

Long products – domestic market less fragmented than international markets

- 2 major players
- 2.6 million tonnes
- Aligned to domestic market
- Both long products players have significant downstream distribution businesses

- Flat products
  - One major player
  - Large proportion exported

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Slide 3

The Australian steel industry is relatively small, having just 7.6 million tonnes of production capacity.

Of this, 2.6 million tonnes is in long products where production is aligned to the domestic market.

The remaining capacity is in flat products, with a significant proportion of output exported.

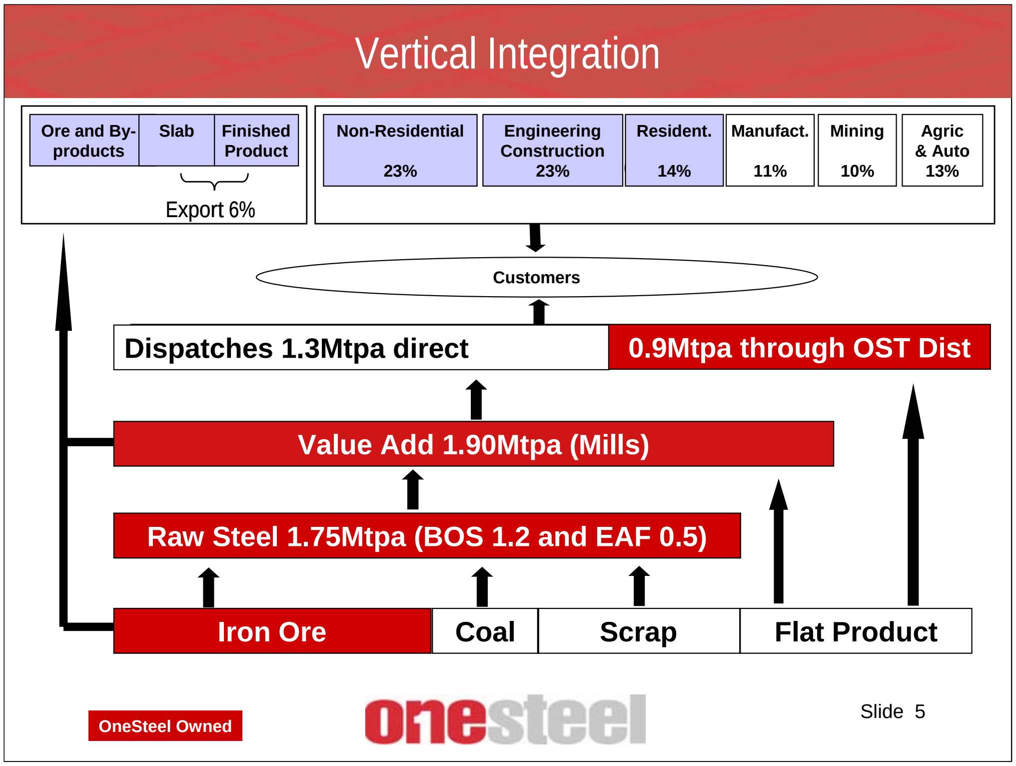
The Australian steel industry is further distinguished by its relatively consolidation. There is one major flat products manufacturer and two major long products manufacturers.

The two long product manufacturers are also the two major steel distributors, with combined market share of up to 70%.

OneSteel is Australia's largest long products company. It is vertically-integrated with 2/3rds of annual steel output made using its own iron ore and with strong market channels through its distribution network of over 150 outlets. OneSteel is Australia's leading steel and metal products distributor.

OneSteel's vertical integration is complemented by flexible steel production facilities. These comprise an integrated steelworks that produces around 1.2 million tonnes of steel per year from iron ore and coke and an electric arc furnace that can make 550,000 tonnes of steel each year from scrap and which can flex output to match market demand. OneSteel produces commercial and specialty-grade steels so offers its 30,000 customers a broad product range. It also has a combi-caster that enables it to arbitrage between billet, bloom and slab production as market opportunities allow.

OneSteel is self-sufficient in iron ore to beyond 2027 and historically has sold 1 million tonnes of iron ore each year. It is in the process of ramping up sales to 4 million tonnes per annum.



OneSteel is focused on its domestic markets of Australia and New Zealand with some 90% of its approximately A$4 billion annual revenue derived domestically. 60% of revenue is driven by the Australian construction industry where demand for steel is growing due to the resources boom and the overdue upgrade of national infrastructure.

The remainder of revenue is driven by the manufacturing, mining, auto and agricultural segments. OneSteel only exports when it is beneficial to margins and profitability, with exports accounting for less than 10% of revenue.

In its capacity as Australia's largest steel and metal products distributor, OneSteel distributes a high proportion of its own products as well as buying in flat products, much of which it semi-processes, for distribution to customers, and it is the second-largest distributor of aluminium products in the country.

OneSteel Competitive Advantages

- Vertically integrated business – capture value at all parts of the chain
- OneSteel owns its iron ore – out to at least 2027
- Produces steel from both integrated and scrap based methods – can arbitrage based on relative raw input costs
- Ability to arbitrage between long and flat products – have the ability to manufacture slab and billets
- Strong end market and channel position – number one or two in all key product segments
- Large geographical diverse ‘in-market’ capability
- Well positioned in regional growth centres with respect to mining and resources

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Slide 6

OneSteel is not a simple steel producer structured along traditional lines. It is a niche steel company with several competitive advantages.

The company is vertically integrated to capture value through all parts of the chain. In addition to owning iron ore mines and flexible steelmaking and casting facilities, OneSteel has a strong end-market and channel position.

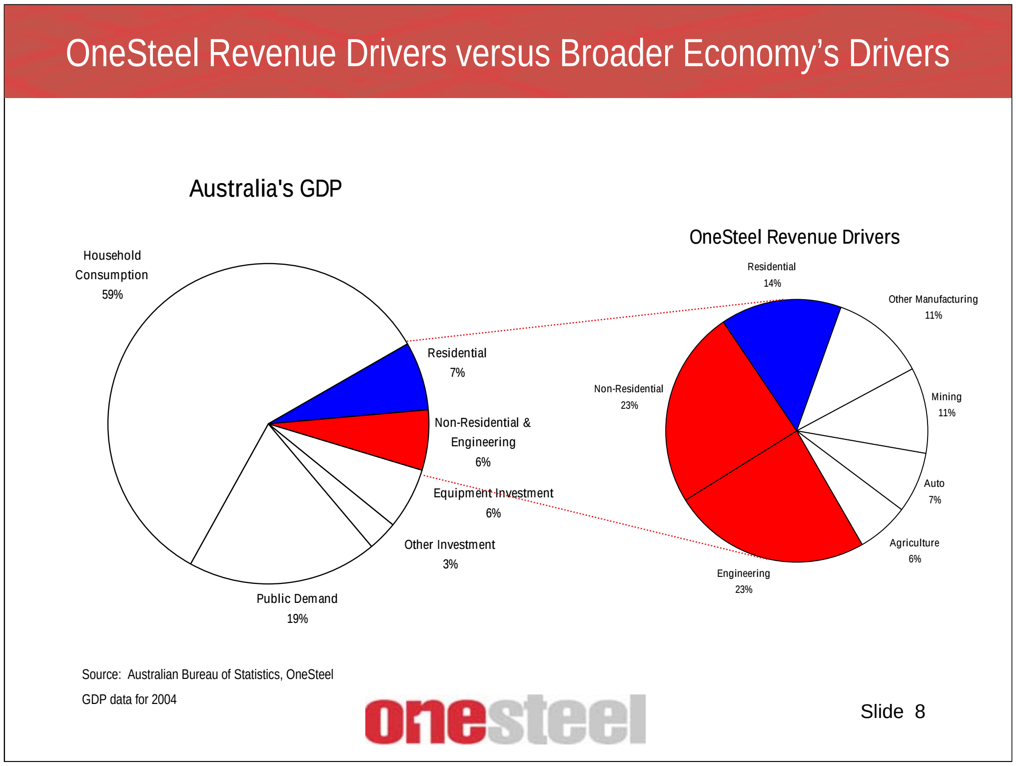
OneSteel is number one or two in all key product segments, with strong brands and a large geographically diverse ‘in-market’ capability. It offers depth and range of stock, technical support, semi-processing capability and can respond to last-minute changes in customers’ orders. This helps to maintain customer loyalty and a price premium to imports.

The spread of OneSteel’s distribution outlets across Australia positions it to benefit from the resources boom that is currently driving strong growth in the states of Western Australia and Queensland.

Market Conditions

Slide 7

This leads me to discuss OneSteel's revenue drivers in the context of reviewing market conditions in the last reporting period that ended December 2005.



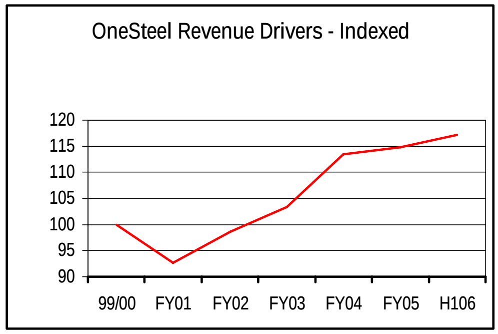
As a long products company focused on the domestic market, OneSteel's revenue is strongly linked with Australian construction activity. Engineering and non-residential construction drive 46% of OneSteel's revenue. The value of work in these two segments is currently near 15-year highs.

Market Drivers – Construction Still Strong

When comparing 6 months to Dec 05 to Dec 04

- 5.2% increase in sales revenue
- 11.9% increase in underlying domestic steel price
- 0.7% decrease in tonnes dispatched

Segment	% of OST Revenues	% Change Dec 05 vs Dec 04
Non-Res Construction	23	10
Engineering	23	17.2
Residential	14	-1.2
Total Construction	60	10.1
Other Manufacturing	11	-0.9
Mining	10	2.9
Automotive	7	9.0
Agricultural	6	-5.5
Total Weighted Change		7.0



Source: NIEIR

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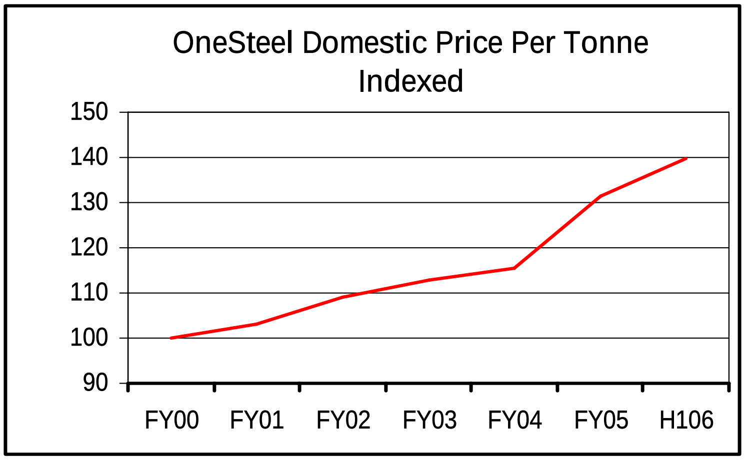
Indeed, in the six months to December 2005, the value of work in the three construction segments that drive 60% of OneSteel's revenue was up 10% from the previous corresponding period. Growth in the non-residential and engineering segments easily offset softness in the residential construction segment which drives 14% of revenue.

In this environment of high construction activity OneSteel has been implementing price increases on an unprecedented scale since early 2004 to recover higher raw material input costs. The price increases achieved helped to lift sales revenue 5.2% from the previous corresponding period.

However, despite the generally favourable market conditions, domestic dispatches were down slightly from the previous corresponding period. This was mostly the result of the Distribution business losing sales to lower-priced imports of flat products including plate, sheet and coil. The lower dispatches also reflected timing of some major projects and the fact that dispatches were very high in the previous corresponding period when strong domestic demand coincided with limited availability of imports amid a tight international steel market.

Market Drivers – Price Increases

11.9% increase in underlying domestic steel price per tonne in six-month period to December 2005 from prior corresponding period



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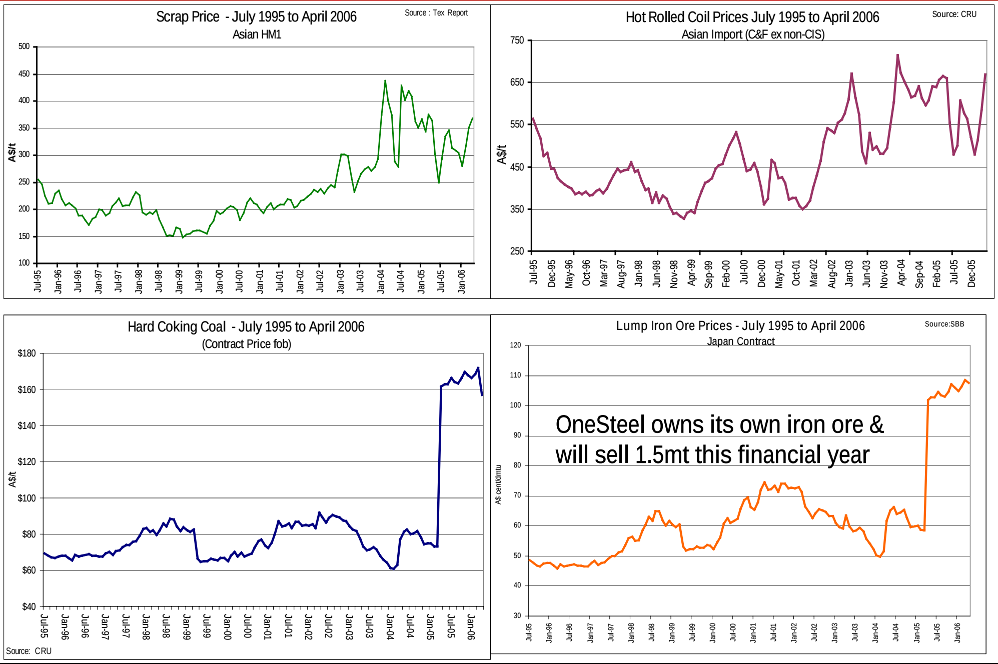
Slide 10

Rather than focusing on tonnes produced, OneSteel manages its business for margins and profitability. OneSteel will flex volume within limits while focusing on margin and profits. This focus on margins led OneSteel to implement the price increases that I mentioned earlier which were necessary to recover the dramatic rise in raw material costs that has resulted from China’s rapid industrialisation.

The next slide demonstrates the extent of those raw material cost increases.

Material Inputs Scrap, HRC, Coking Coal



Each year OneSteel purchases around half a million tonnes of scrap to feed the electric arc furnace in western Sydney. It also buys around 1 million tonnes of coking coal per annum for the integrated steelworks.

However, OneSteel is unusual for a steel company in that it owns iron ore mines and it will sell around 1.5 million tonnes of iron ore in this financial year. It therefore directly benefits from higher iron ore prices. Iron ore sales will increase to around 2.5 million tonnes in the next financial year.

A graph of hot rolled coil prices is included in this slide because OneSteel purchases around 600,000 tonnes of hot rolled coil and other flat products each year. The majority of the flat product is for semi-processing and distribution to customers, while a portion of it is hot rolled coil that OneSteel uses to manufacture pipe and tube.

I will now turn to the highlights of OneSteel's financial results for the last reporting period.

Financial Highlights – 6 months to Dec 2005

Net operating profit after tax and minorities	A$84.1m	Up 19.6%
Earnings per share	14.9 cents	Up 18.4% from 12.6c
Strong operating cash flow after adjusting for capex associated with Project Magnet	(A$21.2m)	Underlying > A$40m
Gearing (net debt/net debt plus equity)	33.0%	Down from 35.6%
Net debt (including Derivatives)	A$707m	Relatively steady
Interest cover	5.3 times	Was 5.4 times
Return on equity	13.1%	Up from 12.6%
Return on funds employed	15.1%	Up from 14.7%
Fully franked interim dividend	7.0 cents	Up from 6.0 cents

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Slide 13

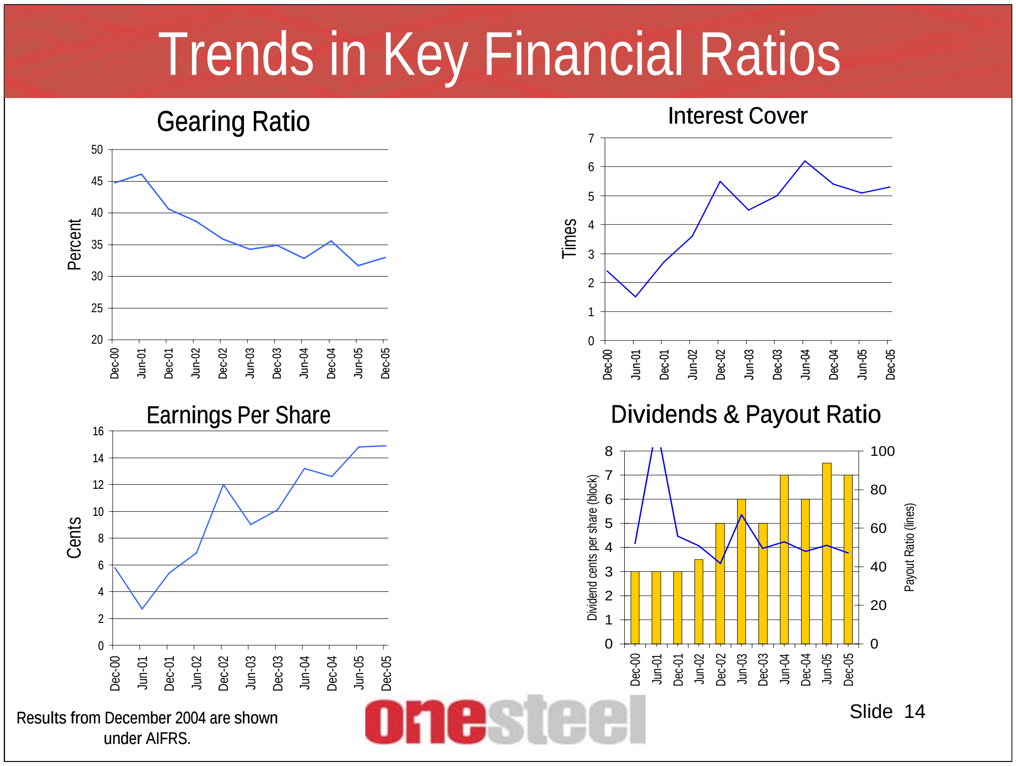
In the six-months that ended in December 2005 OneSteel achieved a net operating profit after tax of $84.1 million. That was a 19.6% increase on the previous corresponding period and produced an 18.4% rise in earnings per share to 14.9 cents. The OneSteel Board declared a fully-franked interim dividend of 7 cents, up from the previous interim dividend of 6 cents.

When adjusted for capital expenditure related to OneSteel's major growth project, operating cash flow during the period was over $40 million.

Net debt was relatively steady at $707 million and interest cover was 5.3 times. Gearing as measured by net debt to net debt plus equity fell from 35.6% to 33%.

All other key financial ratios also improved, with the return on equity rising from 12.6% to 13.1% and the return on funds employed rising from 14.7% to 15.1%.

As you will see from the next slide, this builds on a long-term trend of improvement.

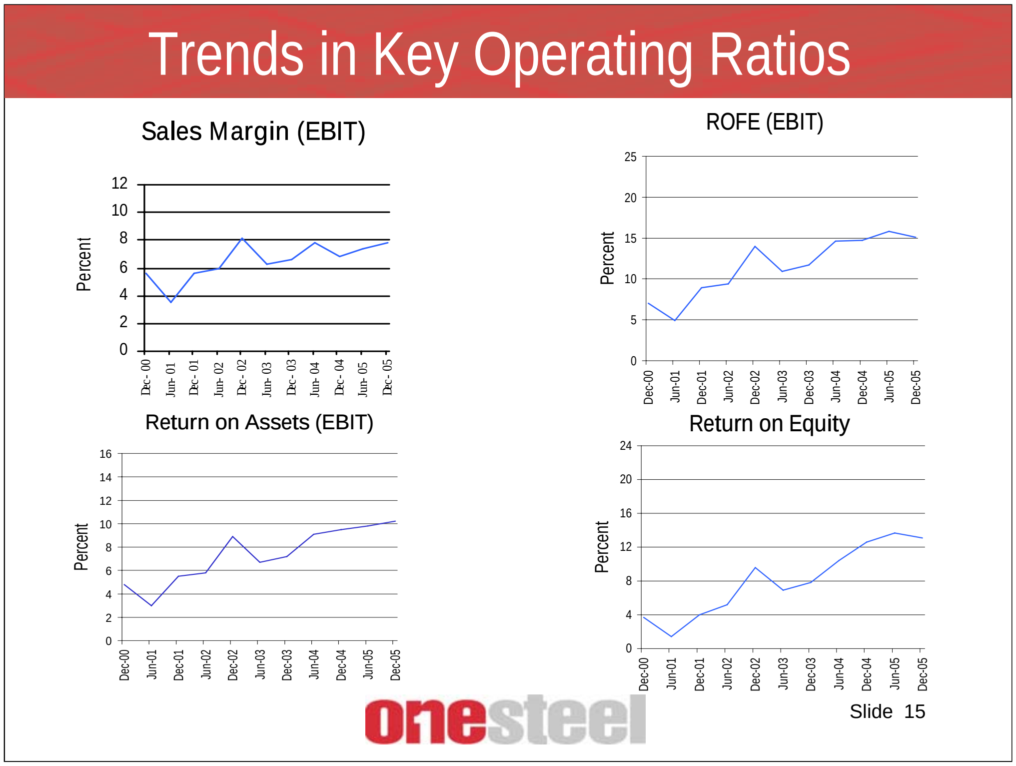


OneSteel has strengthened its balance sheet considerably since it listed in October 2000.

It has reduced net debt by $500 million from its peak of around $1.2 billion. As a result, gearing is much lower and there is substantially improved interest cover.

Similarly earnings per share and the dividend cents per share have both increased.

These improved financial ratios reflect the underlying improvement in the business which is the subject of the next slide.



As part of the extensive restructuring undertaken since OneSteel listed, eight businesses have been turned into four. Some facilities have been closed, non-core assets have been divested and there have been a number of investments such as the reline of the blast furnace at Whyalla, the SAP platform that has been rolled out across the Distribution business and parts of the manufacturing business, the centralisation and rationalisation of mesh-making facilities on the eastern coast and the acquisition of a number of bolt-on distribution businesses. To better service the mining industry, OneSteel has also invested in an eight-strand wire ropery that uses the latest technology.

Another investment I want to talk about is Project Magnet.

Project Magnet entails commercialising OneSteel's magnetite iron ore reserve by converting the Whyalla Steelworks from hematite feed to magnetite feed.

This frees OneSteel's hematite reserves for sale on the export market, so producing a new source of revenue and profit for the company.

Project Magnet is extracting further value from OneSteel's vertical integration.

Project Magnet

- Approval May 2005
- Improves OneSteel's competitive position, extends the life of Whyalla and lowers cost of steelmaking
    - extend life of Whyalla from current restraint of 2020 to at least 2027
    - potential to cut cost of steelmaking at Whyalla by up to 5% by converting to magnetite
- Additional source of earnings and profit
    - export up to 3 million tonnes extra hematite ore pa for 10 years (in total 4mtpa)
    - export ~220,000 tonnes pellets pa over the project life
    - produce up to ~100,000 tonnes extra steel pa over the project life
- Environmental benefits
    - switch from dry to wet processing
- $355 million capital expenditure

An attractive, value-creating long-term project, that builds on OneSteel's competitive advantage of owning low-cost, high-quality iron ore. Project Magnet is consistent with OneSteel's strategy of optimising its portfolio of assets

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The project received Board approval in May 2005. However work on the project started years ago, with the aim of reducing steelmaking costs and to extend the life of the Whyalla Steelworks beyond the hematite reserve constraint of 2020.

In addition to taking the life of the steelworks to at least 2027, converting to magnetite feed will lower the cost of steelmaking at Whyalla by as much as 5% and result in approximately 100,000 tonnes of additional steel production per annum over the life of the project.

On top of the revenue from the increased steel production, the way that magnetite ore pelletises will produce an additional 220,000 tonnes of pellets for sale per annum over the life of the project. The third stream of revenue comes from the export of 3 million tonnes of hematite a year for 10 years. That is in addition to the 1 million tonnes of hematite that OneSteel already sells each year.

There are also significant environmental benefits associated with converting Whyalla Steelworks to magnetite feed.

Timing of Cash Flows

- Capital Expenditure – current plan
  - 04/05 — $30 million
  - 05/06 — $210 to $225 million
  - 06/07 — $100 to 115 million
- Revenues
  - Incremental Iron Unit Sales above historic sales (1 million tonnes pa)
    - Ore and Pellet
      - 05/06 — 400 to 500k tonnes
      - 06/07 — 1,400 to 1,500k tonnes
      - 07/08 — Approx. 3.2m tonnes
  - Slab Sales
      - 07/08 — Sales commence
- $190 million spent or committed to date

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Project Magnet is a $355 million project for OneSteel. Around half of this capital expenditure - $190 million – is already spent or committed with a high degree of certainty.

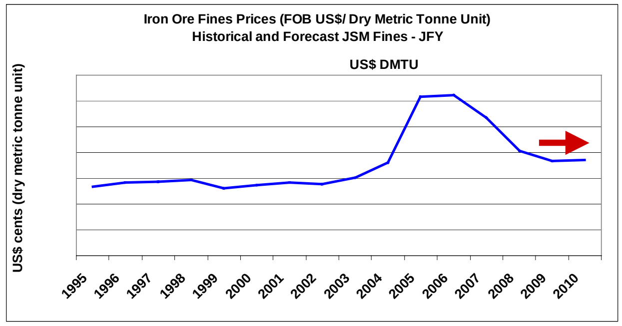
Given the current extraordinarily high level of project activity in Australia because of the resources boom, it is very pleasing that halfway through this project I can advise that Magnet is running to budget and according to the schedule whereby it will be up and running to produce full benefits in the 2008 financial year.

As per the schedule announced in May 2005, OneSteel is ramping up hematite sales to sell an additional half million tonnes of ore in this financial year and around 1.5 million tonnes in the following financial year. These sales are in addition to the 1 million tonnes of iron ore that OneSteel already sells each year to BlueScope Steel.

The surplus pellets and additional steel production don't come on stream until the 2008 financial year when the steelworks have been converted to magnetite feed.

Project Magnet - Summary Financials

Project Estimated Financials		
As Per May 2005		
NPV	>	A$100M
IRR	>	14.0%
PV/I	>	1.4
Payback approx. 5 years		
EBITDA Avg million	>	$70



OneSteel has used conservative forward pricing assumptions for iron ore prices

Blue line – OneSteel assumption

Red Arrow – Market forecast at May 05

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This slide summarises the project's financials at the time it was announced in detail in May 2005.

Magnet is the largest capital expenditure project that OneSteel has undertaken in its 5½-year history.

OneSteel is approaching it as a long-term project and has used conservative assumptions regarding future iron ore prices.

These assumptions on which the project received Board approval a year ago gave the project a net present value in excess of $100 million, an internal rate of return of more than 14% and a payback time of around five years.

At the time the project was announced, approximately half of its value lay in the sales of iron units. The balance came from the additional steel production and lower production costs.

We estimate that over the life of the project, Magnet will generate average EBITDA of over $70 million per annum.

Project Magnet Summary

- Valuable, attractive long-term project for OneSteel and its stakeholders, underpins Whyalla and its key competitive advantage of owning iron ore mines
  - Extends life of Whyalla to at least 2027
  - Improves competitive position by cutting cost of steelmake by up to 5%
  - Generates new stream of earnings and profit
  - Incremental revenue in excess of $1.5 billion
  - $355 million investment including environmental spend
  - Environmental & community benefits – 10 year operating licence
- Fits OneSteel strategy of optimising its assets
- Expands on OneSteel's vertical integration and horizontal flexibility – flat & long products/domestic & export markets
- Meeting major time and cost milestones

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Project Magnet brings many benefits including underpinning the life of the Whyalla steelworks through building on OneSteel's competitive advantage of having its own iron ore mines and by lowering the cost of steelmaking at Whyalla. The $355 million project includes a significant environmental spend that has enabled OneSteel to secure a 10-year operating license which adds certainty to its operations there.

At the same time, annual sales of an additional 100,000 tonnes of steel and 220,000 tonnes of surplus pellets over the life of the project, together with sales of an incremental 3 million tonnes of iron ore each year for 10 years, generate over $1.5 billion of revenue, creating a new stream of earnings and profit and lowering the cyclicality of the business.

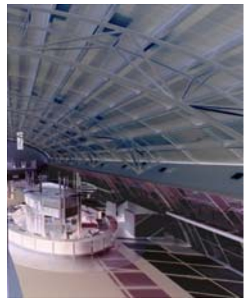
Project Magnet sits well with OneSteel's strategy of optimising its assets. It expands on the business model of vertical integration that enables OneSteel to capture value through all parts of the chain and enhances its horizontal flexibility that enables it to divert production to sell slab on the export market when it makes sense to do so.

To summarise, pleasing aspects of the most recent six-month reporting period include Project Magnet progressing according to budget and achieving major milestones on schedule, the 19.6% rise in profit and the strong cash outcome after adjusting for capital expenditure associated with Project Magnet.

These financial results build on OneSteel's established record of continually improving performance. This reflects the restructuring, investments and other management initiatives to make the business more efficient and profitable. OneSteel continues to make investments such as Project Magnet to help achieve its goal of adding value.

Looking to the immediate future, the domestic market remains generally favourable, albeit mixed across segments and geographical regions. We have said that we expect market and operating activity in the second half of this financial year that ends next month to be similar to that of the first half. However I would note that since then scrap prices have bounced and the New Zealand dollar has depreciated which has the potential to impact the contribution from the International Distribution business in New Zealand.

Ladies and gentlemen, thank you for your time today. I believe we have some time now for any questions you may have.



Attachments

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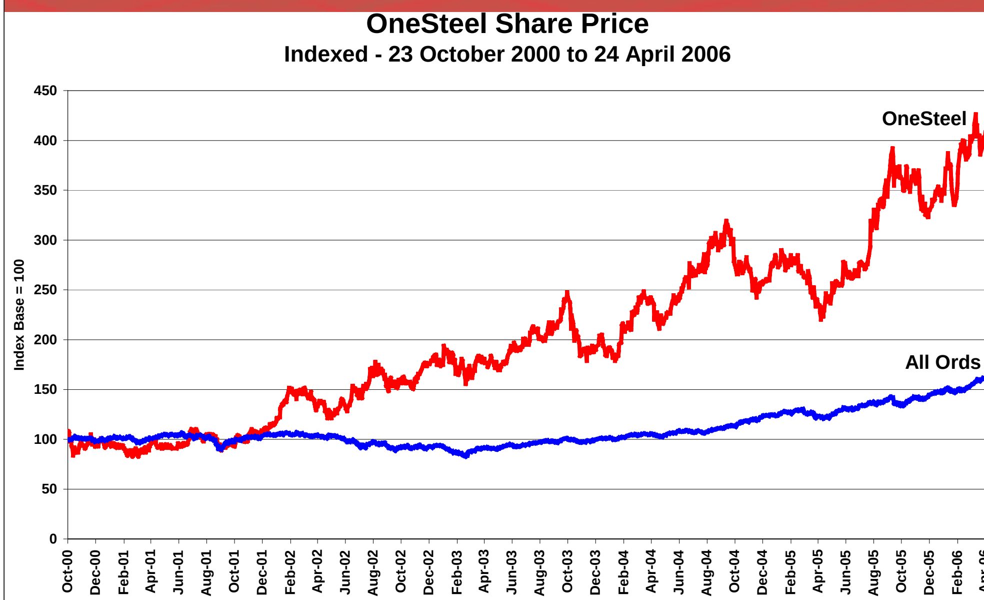
Share Price Performance



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10th Highest TSR over 5 years

Best Total Shareholder Returns on the Australian Stock Exchange over 5 years					
Rank	Company	Industry	5yr TSR (% pa)	1yr TSR (%)	Market cap (A$ bln)*
1	Oxiana	Resources	90.3	75.8	2.386
2	Macquarie Goodman	Real estate infrastructure	86.0	20.5	6.955
3	Metcash	Retail	71.5	50.2	3.353
4	Caltex Australia	Telco/utilities	60.3	84.4	5.233
5	Unitab	Media/entertainment	48.3	24.1	1.812
6	Newcrest Mining	Resources	41.9	39.7	8.061
7	Toll Holdings	Transport	41.2	10.5	4.944
8	Boral	Industrial/materials	35.9	23.7	4.747
9	Alinta	Telco/utilities	35.7	42.3	2.899
10	OneSteel	Industrial/materials	35.5	36.4	1.900
11	Orica	Industrial/materials	34.8	7.1	6.341
12	Origin Energy	Telco/utilities	33.9	14.5	5.945
13	Sims Group	Industrial/materials	33.2	5.0	1.606
14	DCA Group	Health care	33.1	124	1.884
15	Downer EDI	Industrial/materials	32.3	25.2	2.118

Source: Boston Consulting Group April 2006

* Market capitalisation as at December 2005

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Income Statement

Six months to Dec A$ million	2005 AIFRS	2004 AIFRS	2003 AGAAP	2002 AGAAP	2001 AGAAP	2000 AGAAP	% Chg Dec 05/ Dec 04
Sales	1,988.8	1,890.5	1,566.7	1,525.0	1,473.2	1,267.0	5.2%
EBITDA	203.5	173.7	146.9	168.2	125.6	111.6	17.2%
Dep & Amort*	47.4	45.0	53.4	53.2	52.6	48.6	5.3%
EBIT**	156.1	128.7	103.8	124.9	82.2	70.6	
Borrowing Costs	29.4	23.9	20.8	22.9	30.6	29.6	23.0%
EBT	126.7	104.8	72.7	92.1	42.4	33.4	20.9%
Tax Expense	34.5	25.5	22.0	32.5	19.1	12.0	30.7%
NPAT	84.1	70.3	45.5	54.9	19.7	18.8	19.6%
EPS (cents)	14.9	12.6	10.1	12.0	5.4	5.8	18.4%
ROFE%**	15.1	14.7	11.7	14.0	8.9	7.0	
Dividend (cents/share)	7.0	6.0	5.0	5.0	3.0	3.0	

* No amortisation in 2005 and 2004 under AIFRS, only depreciation

**Against EBIT in 2005 and 2004, earlier calculations against EBITA

Balance Sheet

A$ million	Dec 05 AIFRS	Dec 04 AIFRS	Dec 03 AGAAP	Dec 02 AGAAP	Dec 01 AGAAP	% Chg Dec 05/ Dec 04
Total Assets	3,058.3	2,748.1	2,609.6	2,602.9	2,625.4	11.3%
Liabilities	1,619.9	1,465.9	1,305.5	1,331.8	1,424.7	10.5%
Net Assets	1,438.4	1,282.2	1,304.1	1,271.1	1,200.7	12.2%
Net Debt*	660.0	709.0	696.9	712.6	822.2	(6.9%)
Inventory	840.2	758.8	646.5	626.0	608.0	10.7%
Funds Employed	2,098.4	1,791.2	1,801.0	1,783.7	1,822.9	17.2%
Gearing % (net debt/ net debt plus equity)	31.5	35.6	34.9	35.9	40.6	
Interest Cover – times	5.3	5.4	5.0	5.5	2.7	
NTA / Share $	2.1	1.8	1.8	1.8	1.7	

* For the purposes of comparing the December 2005 result, historical figures for net debt include a $200 million securitisation program that was discontinued in January 2005

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Cash Flow

A$ million Six months to:	Dec 2005	Dec 2004	Dec 2003	Dec 2002	Dec 2001
Earnings before Tax	126.9	103.8	65.1	92.1	41.1
Dep & Amort	47.4	45.0	53.4	53.2	52.6
Capital & Investment Exp	(117.3)	(67.6)	(45.0)	(26.4)	(22.1)
Working Cap movement	(47.5)	(68.5)	(48.8)	(30.1)	(83.3)
Income Tax Payments	(33.0)	(24.2)	(13.7)	(6.1)	(9.4)
Asset Sales	0.5	3.6	5.0	2.6	31.0
Other	1.8	0.7	6.0	(9.2)	66.6
Operating Cash Flow	(21.2)	(7.2)	22.0	76.1	76.5
Free Cash Flow	(23.6)	(11.5)	11.4	82.7	(21.1)

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Australian Distribution – Results

$A million Six months to	Dec 2005 AIFRS	Dec 2004 AIFRS	Dec 2003	Dec 2002	Dec 2001	Dec 2000	% chg Dec 05/ Dec 04
Revenue	923.2	863.8	747.5	727.1	749.4	551.7	6.9
EBITDA	76.4	83.5	53.4	70.9	54.6	31.1	(8.5)
EBIT*	64.6	71.7	42.4	56.9	36.5	20.6	(9.9)
Assets	1,123.9	1,144.4	1,029.5	1,039.4	1,008.7	768.0	(1.8)
Employees	2,467	2,416	2,299	2,301	2,448	2,277	2.1
Sales Margin %	7.0	8.3	5.7	7.8	4.9	3.7	
ROFE %	15.7	17.7	10.7	13.7	9.3	6.6	

Results of previous six-month periods to December have been restated to reflect the business restructure that became effective July 2005.

* Includes amortisation for the Dec 2000 to Dec 2003 periods

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Manufacturing - Results

$A million Six months to	Dec 2005 AIFRS	Dec 2004 AIFRS	Dec 2003	Dec 2002	Dec 2001	Dec 2000	% chg Dec 05/ Dec 04
Revenue	1,020.9	982.5	791.4	778.8	702.5	637.3	3.9
EBITDA	113.1	77.2	85.7	98.2	72.4	79.8	46.5
EBIT*	81.5	48.1	56.9	78.6	42.4	49.0	69.4
Assets	1,684.4	1,480.3	1,477.6	1,430.2	1,452.6	1,488.6	13.8
Employees	3,786	3,831	3,816	3,806	3,874	3,822	(1.2)
Sales Margin %	8.0	4.9	7.2	10.1	6.0	7.7	
ROFE %	14.2	9.8	10.7	14.9	7.7	8.6	

Results of previous six-month periods to December have been restated to reflect the business restructure that became effective July 2005.

* Includes amortisation for the Dec 2000 to Dec 2003 periods

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International Distribution - Results

$A million Six months to	Dec 2005 AIFRS	Dec 2004 AIFRS	Dec 2003	Dec 2002	Dec 2001	Dec 2000	% chg Dec 05/ Dec 04
Sales	204.4	198.6	161.8	142.6	160.4	152.4	2.9
EBITDA	28.3	30.9	20.6	17.7	13.0	13.9	(8.4)
EBIT*	25.8	28.2	18.1	15.6	10.5	11.2	(8.5)
Assets	187.9	181.5	152.5	139.7	123.0	173.7	3.5
Employees	805	803	772	613	573	714	0.2
Sales Margin %	12.6	14.2	11.2	11.0	7.3	7.4	
ROFE %	32.5	39.5	28.3	28.1	17.2	15.4	

* Includes amortisation for the Dec 2000 to Dec 2003 periods

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Cash Flow Reconciliation

Six months to $A million	Dec 2005	Dec 2004	Statutory Dec 2003	Dec 2002	Dec 2001
EBITDA (adjusted for profit on asset sales)	203.6	172.8	139.7	168.2	124.3
Interest	(29.4)	(23.9)	(20.8)	(22.9)	(30.6)
Tax	(33.0)	(24.2)	(13.7)	(6.1)	(9.4)
Capital Expenditure	(117.3)	(67.6)	(45.0)	(26.4)	(22.1)
Working Capital	(47.5)	(68.6)	(48.8)	(30.1)	(83.3)
Free Cash Flow	(23.6)	(11.5)	11.4	82.7	(21.1)
- Investments	0.3	0.8	0	0	0
- Plus Asset Sales	0.5	3.6	5.0	2.6	31.0
- Other	1.6	(0.1)	5.6	(9.2)	66.6
Operating Cash Flow	(21.2)	(7.2)	22.0	76.1	76.5

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Overview of AIFRS Impacts

Impacts

- Restatement of comparatives for December 2004 and June 2005, including
  - Impairment of fixed assets and goodwill on transition
  - Goodwill is no longer amortised;
  - Recognition of additional provisions relating to rehabilitation and make good;
  - Restatement of deferred tax balances using the balance sheet method;
  - Recognition of the deficit in the defined benefits superannuation fund;
  - Consolidation of the Employee Share Plan Trust
  - Recognition of derivative financial instruments on-balance sheet at fair value and application of hedge accounting from 1 July 2005.

- Areas of no impact
  - Underlying cash flow and therefore economic value of the company

- Refer to Note 8 of the Interim Financial Report for more detail.

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Statement of Changes in Equity

HALF-YEAR ENDED 31 DECEMBER 2005

	Attributable to equity holders of the parent									*Minority Interests*	*Total Equity*
	Contributed equity					*Reserves*					
	Issued Capital	*Employee compensation*	Total contributed	Retained earnings	*Share- based payments*	*Foreign Currency*	*Cash Flow Hedge*	Total Reserves	Total Parent Interests		
CONSOLIDATED	$m	$m	$m	$m	*$m*	*$m*	*$m*	$m	$m	$m	$m
At 1 July 2005	1,115.0	(7.1)	1,107.9	214.2	1.4	3.0	-	4.4	1,326.5	61.8	1,388.3
Adoption of AASB 139	-	-	-	(3.6)	-	-	(1.7)	(1.7)	(5.3)	-	(5.3)
Cash flow hedges:											
- gains/(losses) taken to equity	-	-	-	-	-	-	0.7	0.7	0.7	-	0.7
- transferred to profit	-	-	-		-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	0.9	-	0.9	0.9	0.6	1.5
Total income and expense for the year recognised directly in equity	-	-	-	(3.6)	-	0.9	(1.0)	(0.1)	(3.7)	0.6	(3.1)
Profit for the half-year	-	-	-	84.1	-	-	-	-	84.1	8.1	92.2
Total income/expense for the period	-	-	-	80.5	-	0.9	(1.0)	(0.1)	80.4	8.7	89.1
Share-based payments expense	-	-	-	-	0.9	-	-	0.9	0.9	-	0.9
Dividends paid	-	-	-	(42.3)	-	-	-	-	(42.3)	(6.5)	(48.8)
Shares issued under dividend reinvestment plan	10.9	-	10.9	-	-	-	-	-	10.9	-	10.9
Shares issued on exercise of options	0.4	-	0.4	-	-	-	-	-	0.4	-	0.4
Vested shares	-	1.4	1.4	-	(1.4)	-	-	(1.4)	-	-	-
Purchase of shares for equity-based compensation	-	(2.4)	(2.4)	-	-	-	-	-	(2.4)	-	(2.4)
At 31 December 2005	1,126.3	(8.1)	1,118.2	252.4	0.9	3.9	(1.0)	3.8	1,374.4	64.0	1,438.4

Main Impacts

Reconciliation of net profit as reported under AGAAP to AIFRS	CONSOLIDATED Year ended 30-Jun-05 $m	Half-year ended 31-Dec-04 $m
Profit after tax under previous AGAAP	132.5	57.9
Adjustments to profit, net of tax		
Revised mine rehabilitation expense	(0.7)	(0.2)
Defined benefits superannuation fund benefit	0.4	-
Reversal of asset impairment	49.7	-
Revised lease make good provisions	(0.1)	-
Revised depreciation on impaired assets	-	2.0
Reversal of goodwill amortisation	20.1	10.0
Revised share-based payment expense	(0.4)	0.3
Adjustments to income tax expense	1.3	0.3
Total AIFRS adjustments to profit after tax	70.3	12.4
Profit after tax under AIFRS	202.8	70.3

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Main Impacts

Reconciliation of equity as reported under AGAAP to AIFRS	CONSOLIDATED 30-Jun 2005 $m	31-Dec 2004 $m	1-Jul 2004 $m
Contributed equity under previous AGAAP	1,115.0	1,108.6	1,096.3
Adjustments to contributed equity			
Consolidation of Employee Share Plan Trusts	(7.1)	(6.3)	(2.3)
Contributed equity under AIFRS	1,107.9	1,102.3	1,094.0
Retained earnings under previous AGAAP	277.5	236.4	217.6
Adjustments to retained earnings, net of tax			
Recognition of additional mine rehabilitation provision	(2.2)	(1.7)	(1.5)
Recognition of defined benefits superannuation deficit	(7.7)	(8.1)	(8.1)
Recognition of impairment losses (including goodwill)	(104.1)	(104.1)	(104.1)
Reversal of impairment loss	49.7	-	-
Revision of depreciation on impaired assets	-	2.0	-
Reversal of goodwill amortisation	20.1	10.0	-
Recognition of lease make-good and other provisions	(0.4)	(0.5)	(0.4)
Revision of share-based payments expense	0.7	1.4	1.1
Recognition of deferred tax balances	(19.4)	(20.0)	(20.5)
Total AIFRS adjustments to retained earnings	(63.3)	(121.0)	(133.5)
Retained earnings under AIFRS	214.2	115.4	84.1
Reserves under previous AGAAP	3.0	3.3	2.8
Adjustments to other reserves, net of tax			
Recognition of share-based payments	1.4	1.5	0.8
Reserves under AIFRS	4.4	4.8	3.6
Minority interests under previous AGAAP	61.2	59.6	56.7
Recognition of share of AIFRS adjustments	0.6	0.1	(0.4)
Minority interests under AIFRS	61.8	59.7	56.3
TOTAL EQUITY AS REPORTED UNDER AGAAP	1,456.7	1,407.9	1,373.4
Impact of AIFRS adjustments	(68.4)	(125.7)	(135.4)
TOTAL EQUITY AS REPORTED UNDER AIFRS	1,388.3	1,282.2	1,238.0

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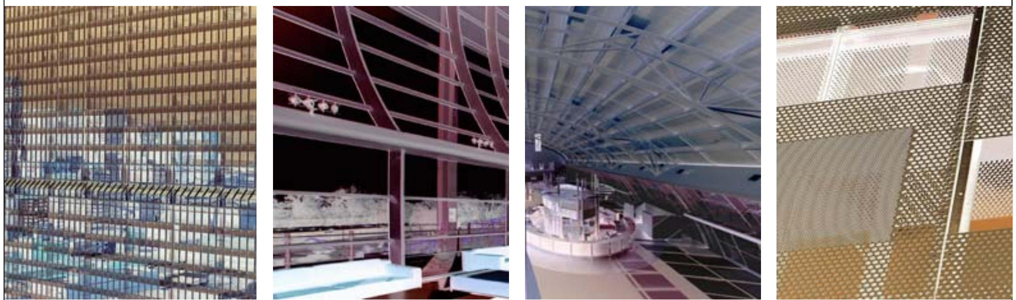

Attachments Project Magnet

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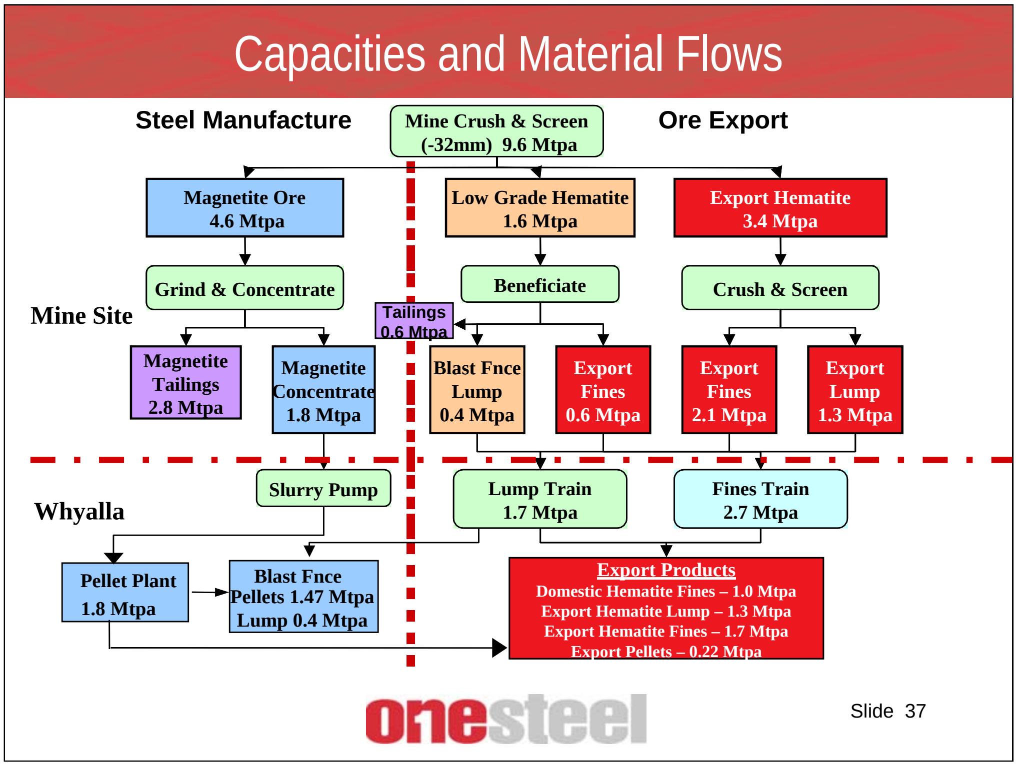
Capacities and Material Flows
Steel Manufacture
Mine Crush & Screen (-32mm) 9.6 Mtpa
Ore Export
Magnetite Ore 4.6 Mtpa
Low Grade Hematite 1.6 Mtpa
Export Hematite 3.4 Mtpa
Grind & Concentrate
Beneficiate
Crush & Screen
Mine Site
Tailings 0.6 Mtpa
Magnetite Tailings 2.8 Mtpa
Magnetite Concentrate 1.8 Mtpa
Blast Fnce Lump 0.4 Mtpa
Export Fines 0.6 Mtpa
Export Fines 2.1 Mtpa
Export Lump 1.3 Mtpa
Slurry Pump
Lump Train 1.7 Mtpa
Fines Train 2.7 Mtpa
Whyalla
Pellet Plant 1.8 Mtpa
Blast Fnce Pellets 1.47 Mtpa Lump 0.4 Mtpa
Export Products
Domestic Hematite Fines – 1.0 Mtpa
Export Hematite Lump – 1.3 Mtpa
Export Hematite Fines – 1.7 Mtpa
Export Pellets – 0.22 Mtpa
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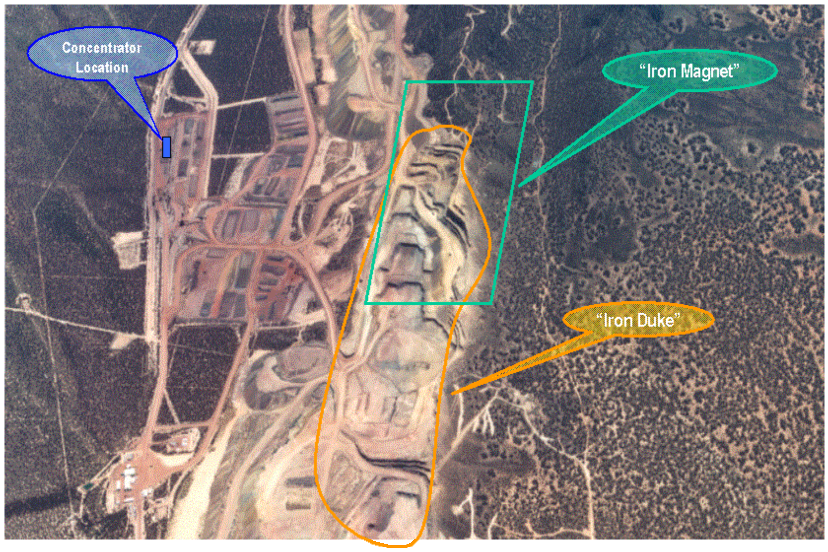
Project Magnet – Resource Location



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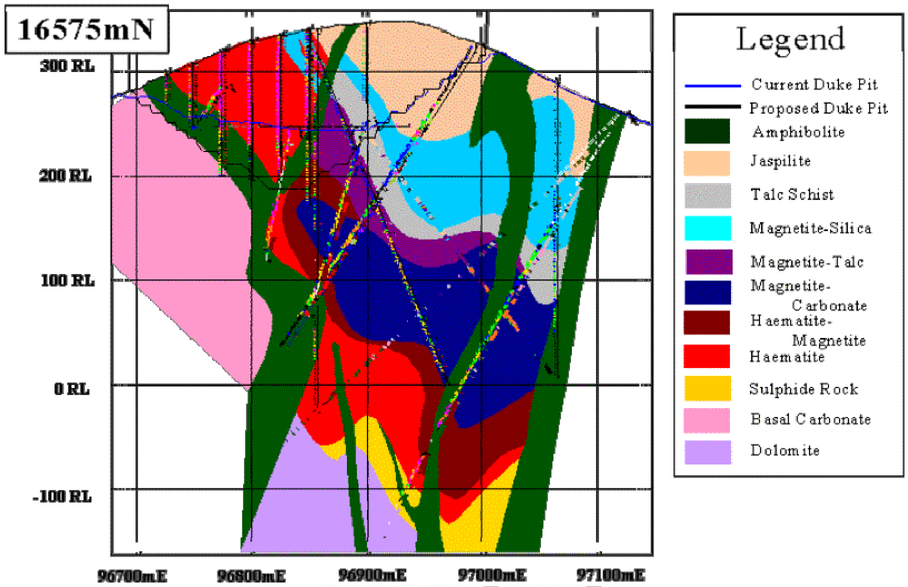
Project Magnet - Geology



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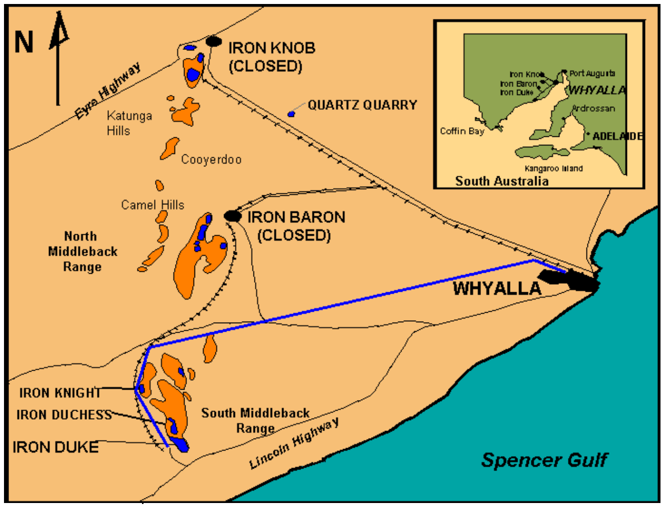
Project Magnet Geography



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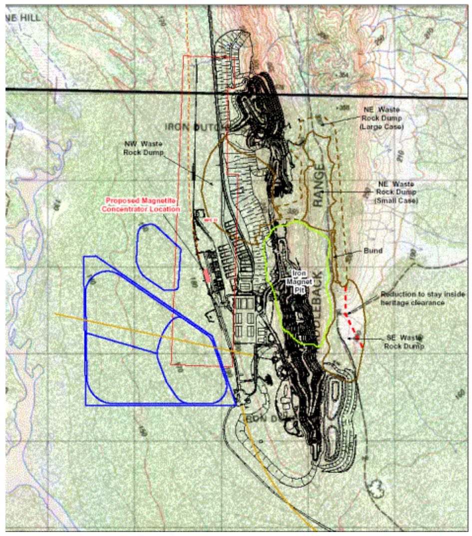
Iron Magnet Mine Site



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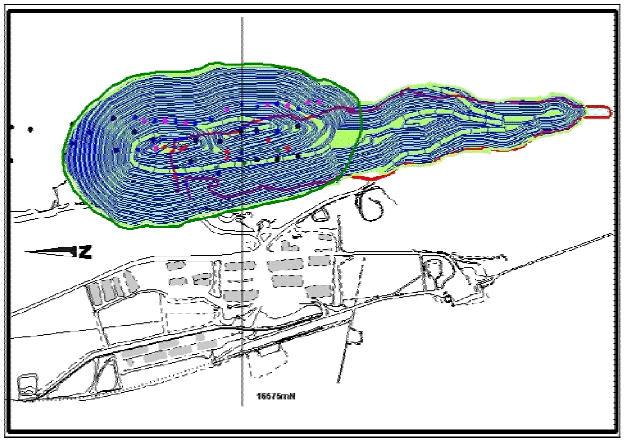
Iron Magnet Mine Site



Drill Holes

Iron Duke Pit Outline

Iron Magnet Pit Outline

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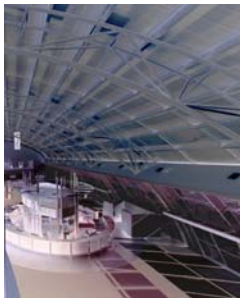
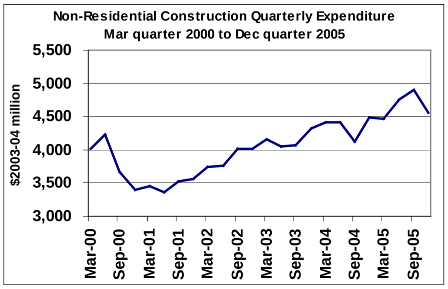
Attachments – Current Market Trends

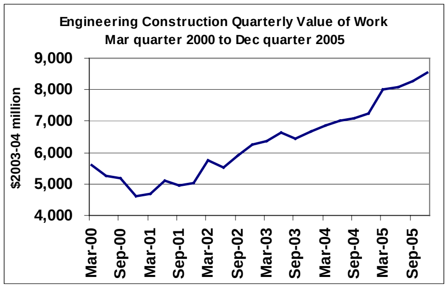


OneSteel Key Segments



Represents 23% of OneSteel Activity

10.0% year on year increase in value of work



Represents 23% of OneSteel Activity

17.2% year on year increase in value of work

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Source: NIEIR

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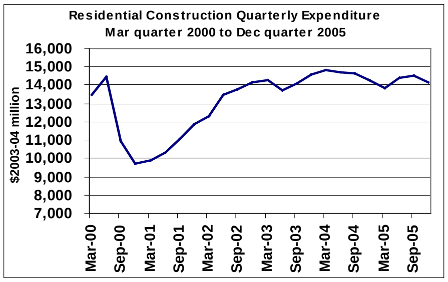
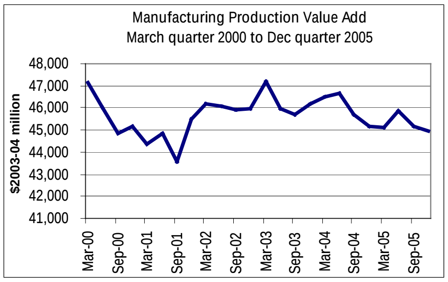
OneSteel Key Segments



Represents 14% of OneSteel Activity

1.2% year on year decrease in value of work



Represents 11% of OneSteel Activity

0.9% year on year decrease in value of work

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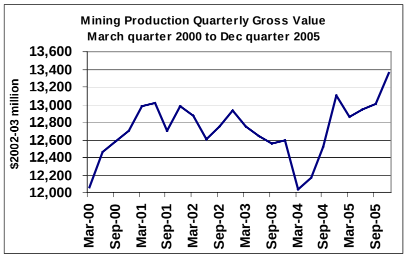
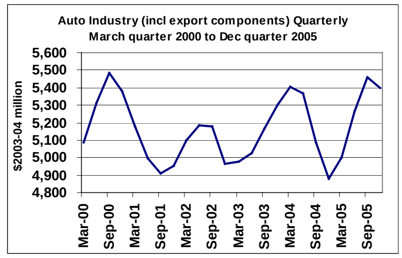
Source: NIEIR

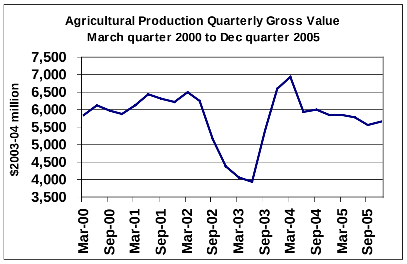
Overall Increase In OneSteel Key Segments 7.0%



10% of OneSteel Activity
2.9% increase year on year



7% of OneSteel Activity
9.0% increase year on year



6% of OneSteel Activity
5.5% decrease year on year

Source: NIEIR

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Major Project Flow

Won/Awarded

- Onesteel Project Magnet, Whyalla, SA
- Connect East, East Melbourne Motorway, VIC
- Macarthur Square Redevelopment, Sydney, NSW
- Ravensthorpe Nickel, South Coast WA
- Rio Tinto Parket Point upgrade (Dampier wharf), WA
- Rio Tinto Yandi Upgrade, WA
- BHP Billiton Area C, 120km NW of Newton, WA
- BHP Billiton, Dampier Port Development JV, Dampier, WA
- Comalco WEIPA Refinery, Weipa, Qld
- Woodside Angel Project, Topsides, NW Shelf, WA
- Santos DPCU Project, Perth, WA
- Woodside Train 5, NW Shelf, WA
- Chatswood to Epping rail link, Sydney, NSW
- QNI, Brisbane, QLD
- Westfield Parramatta, Sydney, NSW
- Penrith Plaza, Penrith, NSW
- Hartley Mine, Lithgow, NSW
- Coles Myer Distribution, Goulburn, NSW
- Coles Myer, Erskine Park, NSW
- Fantastic Furniture warehouse, Villawood, Sydney, NSW
- Coles Myer Distribution Centre, Adelaide, SA
- Woolworths, Minchinbury, NSW
- Bluescope Steel Erskine Park Coating line, NSW
- AXA Building, Melbourne, VIC
- Epping Plaza, Epping, Sydney, NSW

Potential/Upcoming

- Gorgon LNG - Chevron/Texaco, NW Shelf, WA (would come into Australia at Karatha)
- Alcoa Wagerup Stage III, WA
- Convention Centre - Melbourne CBD, VIC
- Gladstone Nickel Project, Yarwun, QLD
- PNG Gas – onshore pipelines, QLD (pipeline would come into Cape York from PNG and then travel down to Gladstone)
- Natural Fuels Australia – Bio processing plant, East Arm, NT
- ABB Bulk Handling Facility, Adelaide, SA
- Port River Bridges, Adelaide, SA
- ADO Air Warfare Destroyers, Adelaide, SA
- Newcrest Boddington Gold Mine, Boddington, WA
- Westfield Liverpool, Sydney, NSW
- Sydney International Carpark, NSW
- Vopak Botany Terminal, Sydney, NSW
- Dragline II (Bucyrus), Emerald, QLD
- Worsley Alumina Refinery Upgrade, Worsley, WA
- Comalco Refinery (Phase 2) – Gladstone, QLD
- Tyco, Water Pipe Racks, WA
- Worsley Alumina DCP Expansion, Collie, south-west WA
- McArthur Coal, Fitzroy, QLD
- North/South Bypass Tunnel, Brisbane, QLD
- Dalrymple Bay Coal Terminal, Dalrymple, QLD
- Gateway Bridge Upgrade, Brisbane, QLD
- Dampier Port (additional work), WA
- Westfield Centrepoint, Sydney, NSW
- Woodside Train 5 (S&T Structural), NW Shelf, WA
- Rhodes Waterside Tower 3, Rhodes, Sydney, NSW
- BLL Headquarters, Melbourne, VIC
- Water Front City, Melbourne, VIC

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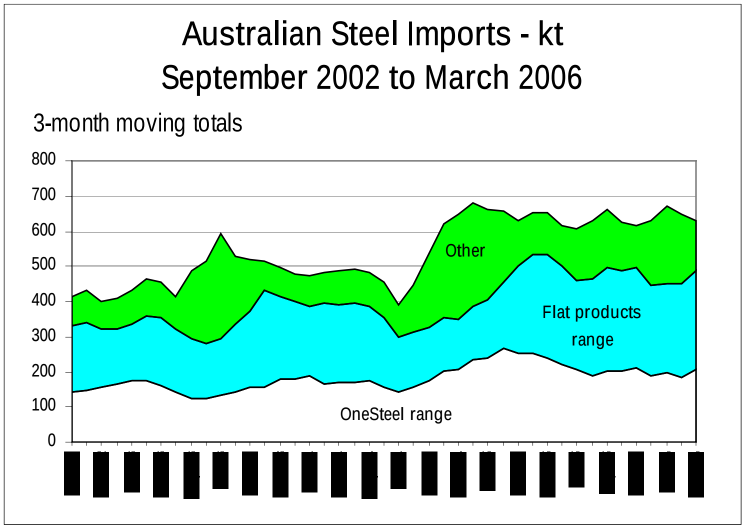
Imports into Australia – Steel Tonnes



Source: Australian Bureau of Statistics and OST data

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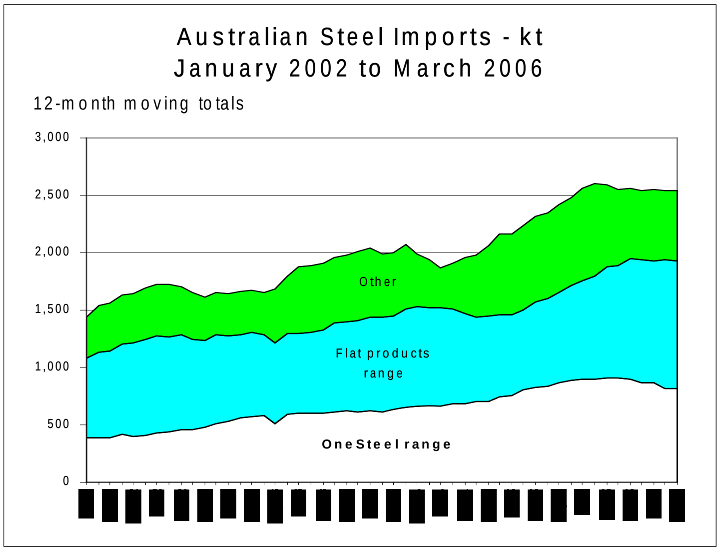
Imports into Australia – Steel Tonnes



Source: Australian Bureau of Statistics and OST data

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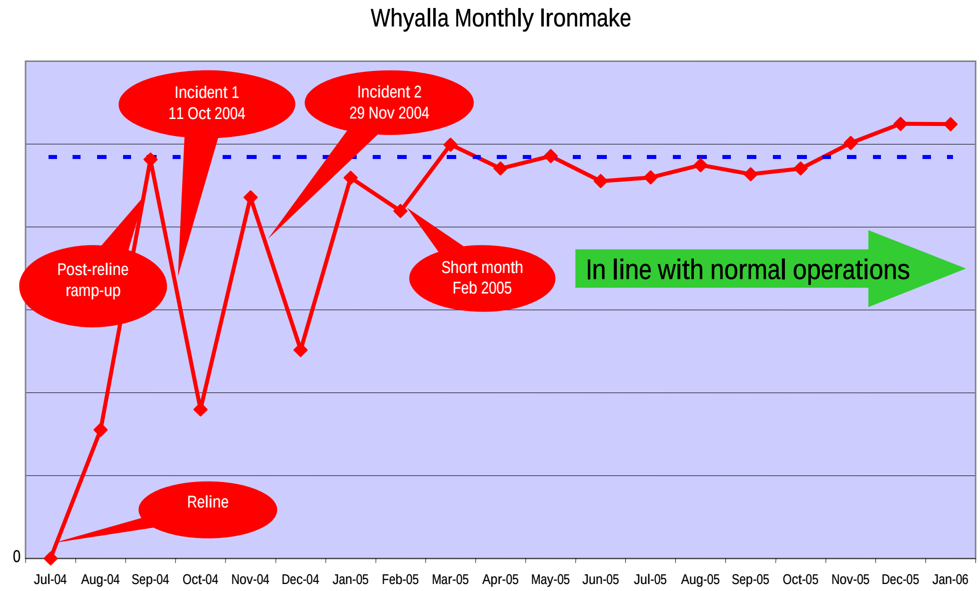
Whyalla – Back to Normal Operations



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Flexible Production & Over 150 Distribution Outlets

OneSteel has an integrated steelworks at Whyalla (1.2mt pa capacity) which can switch between slab and billet production, and an electric arc furnace in western Sydney (0.55mt pa capacity)

It has 9 major manufacturing sites including rolling mills at Whyalla, western Sydney and Newcastle.

OneSteel has more than 150 Distribution sites

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