International Roadshow February/March 2007

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- Latest Financials
- Growing & Diversify Earnings
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Australian Steel Long Products Market

The Australian steel industry has capacity of 7.6 million tonnes

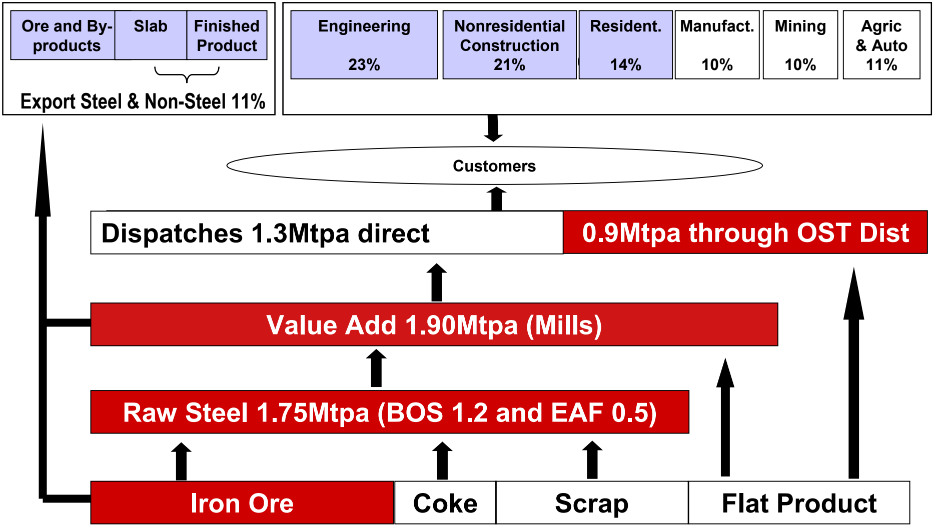
- Long products – domestic market less fragmented than international markets
  - 2 major players
  - 2.6 million tonnes
  - Aligned to domestic market
  - Both long products players have significant downstream distribution businesses
- Flat products
  - One major player
  - 5.0 million tonnes
  - Large proportion exported

Australian Steel Long Products Market

OneSteel's Positioning – largest long products company in Australia

- Vertically integrated – from iron ore, integrated and scrap based steel making; largest distribution network with over 150 outlets across Australia
  - 1.75 million tonnes steel production capacity
    - 1,200 thousand tonnes integrated route
    - 550 thousand tonnes scrap route
    - Can match production to the market
  - Self sufficient in iron ore till beyond 2027
    - Will sell ~2.5 million tonnes FY07 – rising to 4 million tonnes per annum rate in FY08
- Construction accounts for approximately 58% of revenue
- Long Products Market is a growing market – underpinned by current strong construction market particularly in engineering construction and expansion in mining & energy
- Produce a wide range of steel products
- Annual sales in the vicinity of A$4billion – 90% generated domestically
- 7,700 staff - 30,000 customers

OneSteel Product Flow



OneSteel Owned

OneSteel Competitive Advantages

Industry Market Positioning

Long Products Market Leader

•Produces 1.7 million tonnes of steel pa
•Despatches 2.0 million tonnes pa
•Employs almost 7,000 people in Australia and New Zealand
•Leading market shares for all products

Strong Market position

•The joint acquisition of Email by OneSteel and Smorgon Steel in 2001 and current merger lines.

Restructured Business

•Restructuring has aligned production with domestic demand and cut costs from the business. OneSteel has taken out duplication after merging eight businesses into four and has reduced capacity and exited unprofitable product

Strong Brand Names

•Australia's largest steel long products producer with leading brands.

•Market leader in 7 of its 8 product lines.

Competitive Advantages

Vertically Integrated Business

•OneSteel has all parts of the value chain – resources, steel production, value add rolling mills and distribution.

•Have the ability to arbitrage – Slab and long products via EAF and integrated production routes

Low-cost, high-quality Iron Ore

•2/3 of OneSteel's production is insulated from rising scrap prices by its iron ore mine situated 80 klms from its main production facility.

•Proven reserves out to 2027.

Leading Metals Distributor

•Strong in market presence

•Over 150 sites, centres, franchises.

•More than 30,000 customers.

•The distribution business sources one half of its products from OneSteel.

•Well positioned in regional centres close to market i.e. mining

Strong Cashflows

•Strong cash flow business with annual sales are around A$4 billion.

OneSteel Management Actions

	Restructuring	Investments
Resources	•Unlocking value from Magnetite Reserve	•Ore Beneficiation Plant 2005/06 •Project Magnet 2006/08
Steel Production	•Record monthly production from Whyalla integrated steelworks achieved in 2006 •35% increased production from Mini Mill •30% reduction in grade sections	•Blast Furnace reline 2004 •De-bottlenecking SSM 2004/07 •SSM Licence upgrade
Value Add Rolling Mills	•Closed Brisbane Bar Mill - 2001 •Exited export shift from Rod mill – 2003 •Increased output of Sydney Bar Mill	•Galvanised fence post plant 2004 •Eight Strand Ropery 2005 •Centralised mesh manufacturing 2005
Distribution	•Acquisition of Email Metals 2001 •Closed Pipe manufacturing line – 2002 •Sold Canadian Distribution Business 2002	•Acquired Retail capability 2004 •Several small bolt acquisitions •Built Aluminium business
Sales and Marketing	•Combined sales and marketing 2000	•SAP Sales and Marketing system 2005
Capital Management	•Combined finance and administration 2000 •Equity Raising 2001 •Sales of surplus assets – eg Ardrossan	•Gearing reduction from 50% to low 30s on net debt to net debt plus equity basis •Internal Funding of Project Magnet $385 million
Organisational	•8 Business Units to 4 – 2001 •Centralised Sourcing – 2001 •Established shared services - 2003 •Annualised cost reductions of $50 million	•OneSteel/ Smorgon Steel Merger 2006/07 •Realigned incentive structure

Market Conditions

Project Magnet – Magnetite Stream

An overview of the Magnet concentrator site.

As can be seen, key pieces of equipment including High Pressure grinding rolls, Ball Mill, thickener, magnetic separators and associated conveying systems are in position.

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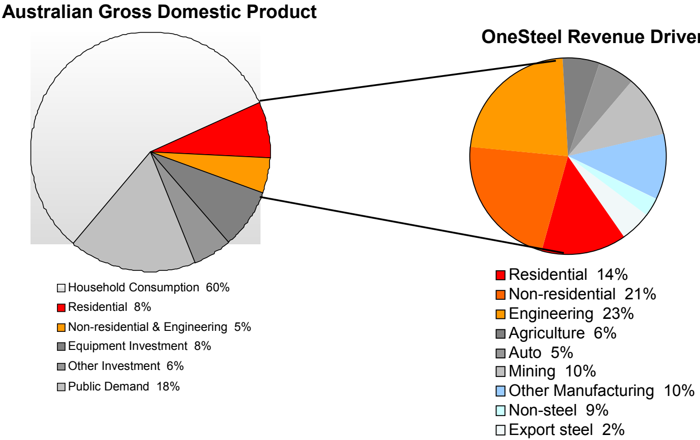
OneSteel Revenue Drivers vs Broader Economy's Drivers

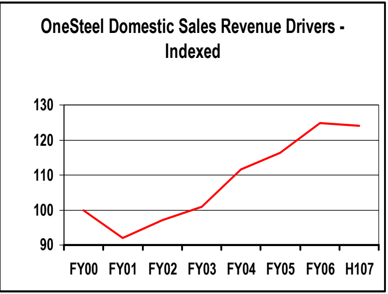


Source: Australian Bureau of Statistics (GDP data for 2005 calendar year)

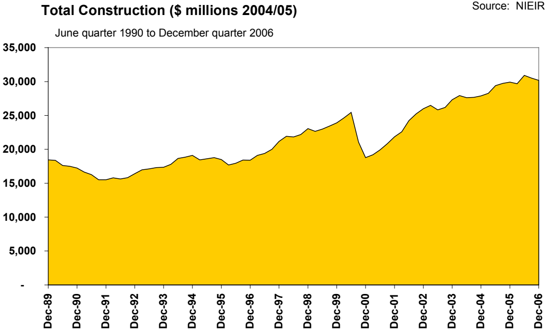
Data for year ended 30 June 2006

Source: OneSteel

Domestic Market Drivers – Construction Still Strong



Source: NIEIR



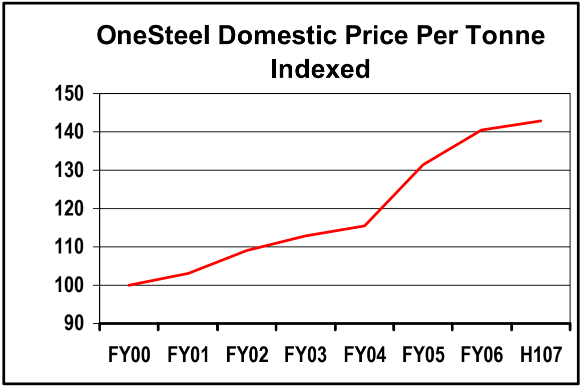
Segment	% OST Sales Revenues*	% Change Dec06 v Dec05
Engineering	23	2.6
Non-residential	21	7.4
Residential	14	-0.9
Total Construction	**58**	3.5
Other Manufacturing	10	-5.8
Mining	10	6.2
Agricultural	6	-23.2
Automotive	5	-7.7
Total Weighted Change		0.3

Source: NIEIR

* Export steel (2%) and non-steel sales (9%) drive the balance of OneSteel's sales revenue

Market Drivers – Price/Tonne Movement

1.7% increase in underlying domestic steel price per tonne in six-month period to December 2006 from prior corresponding period reflecting price increases to recover higher costs for raw materials and purchased products, as well as changed product mix.



Review of Financials

Project Magnet – Hematite Stream

The export storage facility preparing iron ore for export shipment.

Over one million tonnes has now been moved through this facility.

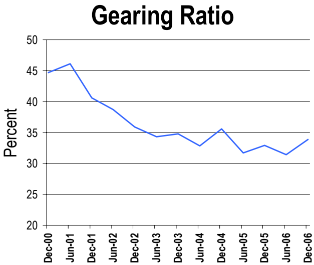
Financial Highlights – Details

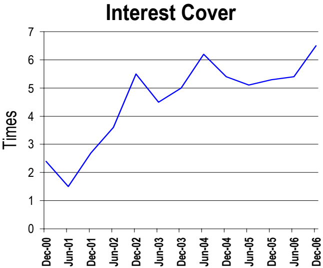
Net operating profit after tax and minorities	$98.2m	↑	16.8% from $84.1m
Earnings per share - based on no. shares at end period	17.2 cents	↑	15.4% from 14.9c
Operating cash flow	$90.8m	↓	was $93.7m
Free cash flow	($86.2m)	↓	was ($21.2m)
Free cash flow excluding Project Magnet	$55.3m	↑	was $40.9m
Sales margin (EBIT)	8.0%	↑	from 7.8%
Gearing (net debt/net debt plus equity)	33.9%	↑	from 32.9%
Net debt including derivative	$804.1m	↑	13.9% from $706.2m
Interest cover	6.5 times	↑	from 5.3 times
Return on equity	13.6%	↑	from 13.1%
Return on funds employed	14.9%	→	from 14.9%
Fully franked interim dividend	8.0 cents	↑	from 7.0 cents

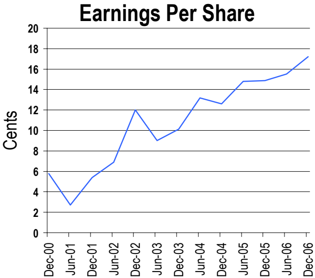
Overview - Operational

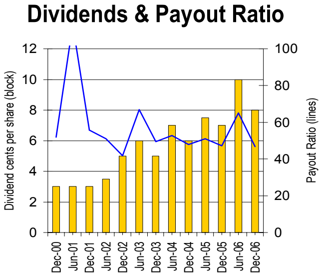
- Business Performance
  - Underlying domestic price per tonne (excluding special projects) up 1.7%
  - Sales margin increased to 8.0% from 7.8%
- Overall domestic market activity up 0.3% in OneSteel segments
  - Underlying domestic steel tonnes up 7.7%
- Business Improvement
  - Cost reductions of $17 million
  - Revenue enhancements of $48 million
  - Cost increases – raw materials and inflationary – of $58 million
- Safety Performance
  - Medical Treatment Injury Frequency Rate improved 19% from 12.1 to 9.8
  - Lost Time Injury Frequency Rate improved 57% from 2.1 to 0.9

Trends in Key Financial Ratios





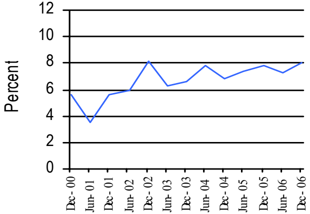




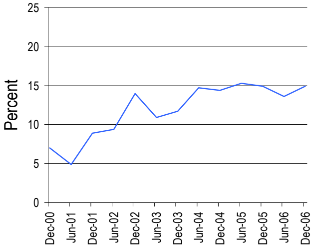
Results from December 2004 to December 2006 are shown under AIFRS

Trends in Key Operating Ratios

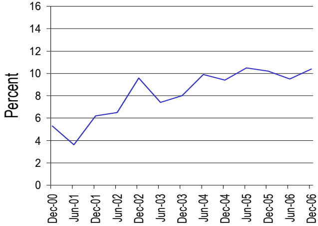
Sales Margin (EBIT)*



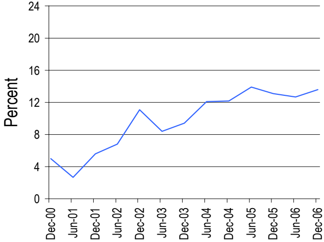
ROFE (EBIT)*



Return on Assets (EBIT)*



Return on Equity



Results from December 2004 to December 2006 are shown under AIFRS Against EBITA prior to December 2004

Growing & Diversifying Earnings

Project Magnet – Hematite Stream

One of the transfer barges that will be used to trans-ship ore product from the newly-constructed export facilities at the Whyalla port. The two barges and the Floating Offshore Transfer Terminal have arrived in Whyalla. The barges will carry hematite lump and fines approximately 7.5 nautical miles to the Floating Offshore Transfer Terminal which will facilitate loading of Cape-sized ships sitting in the Spencer Gulf.

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Growing & Diversifying Earnings

- Project Magnet
  - This project represents the commercialisation of OneSteel's magnetite iron ore reserves for producing steel and the sale of surplus hematite ore reserves. Benefits include:
    - improving OneSteel's competitive position
    - extending the life of the steelworks
    - lowering the cost of steelmaking at Whyalla
    - an additional source of earnings and profit.

- Smorgon Steel Transaction
  - OneSteel remains committed to the transaction
    - Corporate benefits – a stronger more financially flexible company with enhanced growth opportunities
    - Customer and market benefits – increased ability to service the customer with new products and service offerings and a greater diversity and scope of operations
    - Competitive benefits – a more competitive business with lower costs, improved raw material integration and opportunities with diversified revenue streams.

Project Magnet - Current Status

- **Capital Expenditure**
  - FY 2005 — $ 24.5 million
  - FY 2006 — $165.2 million
  - H1 2007 — $119.8 million
  - Total to Date — $309.5 million
  - Forecast total — $355 million + ~8% = $385 million

  Note: An additional $45.4 million was committed as at 31 December 2006

- **Revenues**
  - Incremental Iron Unit Sales (on top of 1mtpa historic sales) – Ore, Pellet and By-products
    - FY 2007 — ~ 1,500k tonnes ore
      - 700,000 tonnes lump and fines in H1 2007 plus almost 150,000 tonnes off-spec ore by products
    - FY 2008 — ~ 3.0m tonnes ore
  - Slab Sales
    - FY 2008 — Sales commence

Project Magnet – Latest Progress

Two process streams are under construction

- Hematite Stream – key parts of the hematite ore export facilities were successfully commissioned in October and November 2006. On track to ramp up incremental external sales to 1.5mtpa in 2006/07 and 3mtpa in 2007/08
  - The floating offshore terminal vessel “Spencer Gulf” and the two transfer barges “Barngarla” and “Middleback” arrived in Whyalla for commissioning in preparation for moving to Cape-size ships for iron ore exports
- Magnetite Stream – is now the major focus of construction activities
  - Construction to be effectively completed in late May 2007. Final commissioning, transition and ramp-up phases follow.
- 5-year contract worth over $300 million covering mining and related services at the iron ore mines in South Middleback Ranges awarded to Leighton Contractors’ mining division

Project Magnet – Next Steps

- **Focus remainder of 2006/07**
  - Complete capital works program
  - Commissioning, transition and ramp-up phases begin
  - Marketing of ore – securing contracts
  - Ramp-up ore sales to 2.5mtpa (1.5mt export plus 1.0mt external domestic)

- **2007/08 financial year**
  - Ship ore at rate of 4mtpa
  - Completion of transition of Whyalla Steelworks to magnetite feed
  - Ramp up of additional steel production
  - Value-in-use cost benefits

Smorgon Steel Transaction Summary

The proposed transaction is expected to create significant benefits	•Net EBITDA synergies expected to be $70 million pa •EPS accretive (pre non-recurring items and amortisation) in the first full year (assumes demerger of Smorgon Steel Dist) •Significant premium to Smorgon Steel shareholders
It is the next step in the streamlining of the Australian steel industry	•Provides a stronger platform to compete domestically and internationally
A stronger company is established	•Revenues in excess of $5.5 billion[1], EBITDA in excess of $700 million[1], over 10,000 employees and 200 sites across Australia and over 10 offshore with greater diversification
Increased ability to service customers	•Wider product range, more extensive geographical manufacturing footing, streamlined supply chain management
Improved security of raw material supply	•The addition of a scrap recycling business alongside OneSteel's iron ore business
Growth opportunities through new revenue streams	•New businesses and products with scrap, railway wheels and axles, grinding media and LiteSteel™ Beam

1 Approximate only. Further detail will be provided in shareholder information for approval of the transaction.

Smorgon Steel Merger Status –

- March 2007 - proceeding with newly announced Scheme of Arrangement
  - BlueScope to Acquire Smorgon Distribution business - $700 million
  - Smorgon will propose a Scheme to its shareholders
  - BlueScope will vote in favour of Scheme
  - OneSteel to acquire BlueScope's 19.98% stake in Smorgon
- Next Steps include
  - BlueScope to undertake Due Diligence – up to two weeks from 20th March
  - ACCC review and Taxation rulings
  - Despatch documentation to Smorgon Shareholders - Meeting of Smorgon shareholders to approve transaction
- Pipe and Tube Joint Venture Implemented

Businesses are Complementary

Raw Materials	Steel Making	Conversion Mills	Processing & Distribution[1]	End Market Products
Iron ore mines	Whyalla Integrated Steelworks ~ 1.2MTpa	Whyalla Structural Mill	Steel & Tube	Iron ore
	Sydney Electric Arc Furnace ~ 550kt	Newcastle Rod & Bar Mills	Metaland	Slab
		Sydney Bar Mill	Piping Systems	Structurals
		Newcastle & Geelong Wire Mills	Sheet & Coil & Aluminium	Rails & Sleepers
		NSW, Vic & WA Pipe&Tube Mills	Reinforcing Retail	Mebar, Mnf Rod & Bar
				Struct & Precision P&T
				Line pipe, fittings and valves
				Distributed flat Steel– Sheet&Coil, Plate
				Distributed Aluminium & Specialty Steels
				Rebar & Mesh
				Rural & Mnf Wire
				Wire ropes
Metal Recycling	Laverton Electric Arc Furnace ~ 700kt	Laverton Rod & Bar Mills	Reinforcing Retail	Rail Wagon Wheels
	Waratah Electric Arc Furnace ~ 300kt	Waratah Bar Mill	Rail Products	Grinding Balls
		Qld Pipe&Tube Mills	Mining Grinding Media	LiteSteel™ beam
			Steel Coil Coating	Scrap -Ferrous & Non

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Smorgon Steel

Note:
Based the steel and metal merchandising arm of the Smorgon Steel distribution businesses remaining as part of Smorgon Steel Limited

Customer Benefits – New Revenue Streams

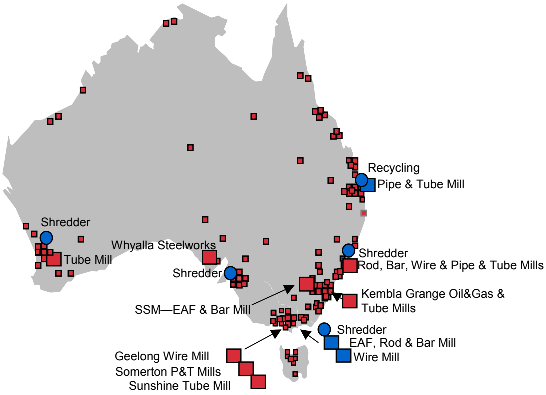
Build on existing product and service offering through extending products range
Many common customers, markets and service offerings

Octagonal product and service range		Sunline Additional Product Offerings
• Rail – rail line, sleepers, clips with	⟷	• Rail - rail wheels and axles
• Mining – mine mesh, rail, product used in strata control systems, pipes valves and fittings, mining rope, general steel supply	⟷	• Mining – grinding media
• Construction - reinforcing steel, structural sections, merchant bar, pipe and tube	⟷	• Construction - Lite Steel Beam
• Manufacturing – rod and bar, wire, pipe and tube	⟷	• Coil Color Coating business
• Steel making raw materials – iron ore	⟷	• Ferrous and non-ferrous scrap recycling
• International trading – iron ore, slab, steel products	⟷	• Ferrous and non-ferrous scrap steel and offshore trading capability

Customer benefits — Diversity and scope of operations

Over 200 sites across Australia and more than 10 offshore provides a solid platform for growth

OneSteel operations post transaction



Offshore sites

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- NZ Distribution

Smorgon Steel

- Recycling operations—HK, Malaysia, Thailand, Philippines, USA
- Trading offices—Vietnam, China, HK, India, NZ, and England
- Grinding media operations—Indonesia and USA

Smorgon Steel Recycling key sites
OneSteel manufacturing
Smorgon Steel manufacturing sites
OneSteel Distribution and Reo sites

Summary and Outlook

- Improvement in profit and sales margin
- Continued improvement in earnings per share
- Gearing remains in lower end of target range after investing almost $310 million in Project Magnet over 24 months
- Project Magnet progressing well
- Whyalla floods to impact second half 2007 financial year
- Overall level of domestic activity and demand expected to be similar
- International steel market and pricing expected to remain fluid
- Priorities:
    - continue to improve returns from existing businesses
    - completion of Magnet and delivery of its value
    - realise the benefits of the pipe and tube joint venture
    - to complete and effectively integrate of the Smorgon Steel new transaction

Attachments – Financials

Project Magnet – Magnetite Stream

This is an overview of the concentrator area showing

a) the magnetite ore feed bin

b) ball mill

c) High Pressure grinding roll

d) magnetic separation building

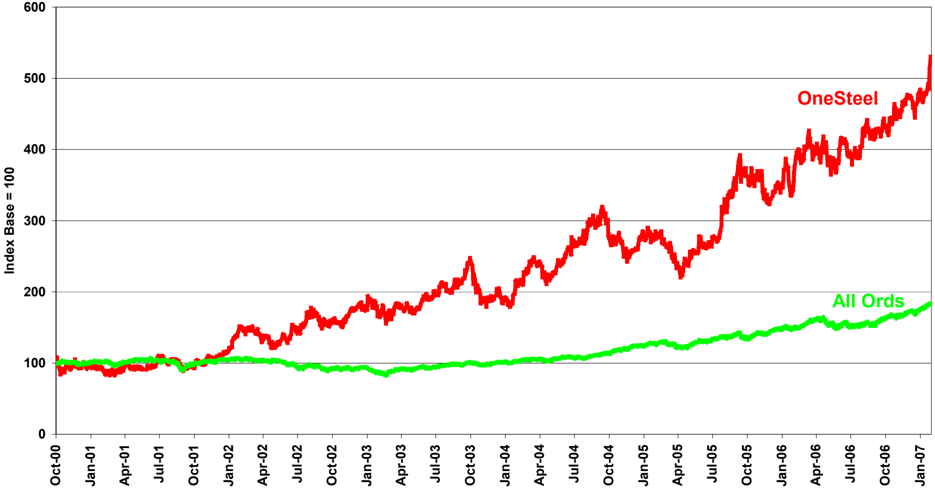
e) slurry concentrate holding bins

Share Price Performance

OneSteel Share Price versus All Ordinaries Share Index

Indexed - 23 October 2000 to 20 February 2007

Source: Bloomberg



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Cash Flow Reconciliation – Historical Data

	Statutory					
A$ Millions	AIFRS			AGAAP		
Six months to December	2006	2005	2004	2003	2002	2001
EBITDA (adjusted for non-cash items)	215.6	203.7	172.8	139.7	168.2	124.3
Interest	(26.3)	(29.4)	(23.9)	(20.8)	(22.9)	(30.6)
Tax	(40.8)	(33.0)	(24.2)	(13.7)	(6.1)	(9.4)
Capital & Invest Expenditure	(177.0)	(114.9)	(63.6)	(45.0)	(26.4)	(22.1)
Working Capital	(57.7)	(47.6)	(68.6)	(48.8)	(30.1)	(83.3)
Free Cash Flow	(86.2)	(21.2)	(7.5)	11.4	82.7	(21.1)
- Investments	-	0.3	0.8	-	-	-
- Plus Asset Sales	3.9	0.5	3.6	5.0	2.6	31.0
- Other	(0.4)	1.6	(0.1)	5.6	(9.2)	66.6
Operating Cash Flow	(82.7)	(18.8)	(3.2)	22.0	76.1	76.5

Income Statement – Historical Data

Six months to Dec A$ Million	2006 AIFRS	2005 AIFRS	2004 AIFRS	2003 AGAAP	2002 AGAAP	2001 AGAAP	2000 AGAAP	% Chg Dec 06/ Dec 05
Sales	**2,134.3**	**1,988.8**	1,890.5	1,566.7	1,525.0	1,473.2	1,267.0	7.3%
EBITDA	**218.0**	**203.5**	173.7	146.9	168.2	125.6	111.6	7.1%
Dep & Amort*	**(48.1)**	**(47.4)**	(45.0)	(43.1)	(43.3)	(43.4)	(41.0)	1.5%
EBIT**	**169.9**	**156.1**	128.7	103.8	124.9	82.2	70.6	8.8%
Finance Costs	**(26.3)**	**(29.4)**	(23.9)	(20.8)	(22.9)	(30.6)	(29.6)	(10.5%)
EBT	**143.6**	**126.7**	104.8	83.0	102.0	51.6	41.0	13.3%
Tax Expense	**(39.2)**	**(34.5)**	(25.5)	(22.0)	(32.5)	(19.1)	(12.0)	13.6%
NPAT	**98.2**	**84.1**	70.3	55.8	64.8	28.9	26.4	16.8%
EPS (cents)	**17.2**	**14.9**	12.6	10.1	12.0	5.4	5.8	15.4%
ROFE%**	**14.9**	**14.9**	14.4	11.7	14.0	8.9	7.0	
Dividend (cents/share)	**8.0**	**7.0**	6.0	5.0	5.0	3.0	3.0	

*2000 to 2003 excludes goodwill amortisation from earnings

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**Against EBIT 2004 to 2006, earlier calculations against EBITA

Balance Sheet – Historical Data

Six months to Dec A$ Million	2006 AIFRS	2005 AIFRS	2004 AIFRS	2003 AGAAP	2002 AGAAP	2001 AGAAP	% Chg 06v 05
Total Assets	**3,375.3**	**3,058.3**	2,748.1	2,609.6	2,602.9	2,625.4	10.4%
Liabilities	**1,804.1**	**1,619.9**	1,465.9	1,305.5	1,331.8	1,424.7	11.4%
Net Assets	**1,571.2**	**1,438.4**	1,282.2	1,304.1	1,271.1	1,200.7	9.2%
Net Debt (inc derivative)*	**804.1**	**706.2**	709.0	696.9	712.6	822.2	13.9%
Inventory	**888.8**	**840.2**	758.8	646.5	626.0	608.0	5.8%
Funds Employed	**2,375.3**	**2,144.6**	1,791.2	1,801.0	1,783.7	1,822.9	10.8%
Gearing % (net debt/ net debt plus equity)	**33.9**	**32.9**	35.6	34.8	35.9	40.6	
Interest Cover – times	**6.5**	**5.3**	5.4	5.0	5.5	2.7	
NTA / Share $	**2.26**	**2.03**	1.77	1.82	1.78	1.70	

* 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 – Historical Data

A$ Million Six months to December	2006	2005	2004	2003	2002	2001
Earnings before Tax (adj'd for non-cash items)	141.2	126.9	103.8	75.4	102.0	50.3
Dep & Amort (ex goodwill)	48.1	47.4	45.0	43.1	43.3	43.4
Capital & Investment Expenditure	(177.0)	(114.9)	(63.6)	(45.0)	(26.4)	(22.1)
Working Cap movement	(57.7)	(47.6)	(68.5)	(48.8)	(30.1)	(83.3)
Income Tax Payments	(40.8)	(33.0)	(24.2)	(13.7)	(6.1)	(9.4)
Asset Sales	3.9	0.5	3.6	5.0	2.6	31.0
Other	(0.4)	1.9	0.7	6.0	(9.2)	66.6
Operating Cash Flow	90.8	93.7	56.1	56.0	109.1	1.0
Free Cash Flow	(86.2)	(21.2)	(7.5)	11.4	82.7	(21.1)

Australian Distribution – Historical Data

$A Million Six months to Dec	AIFRS 2006	AIFRS 2005	AIFRS 2004	2003	2002	2001	2000	% chg 06 v 05
Revenue	939.6	923.2	863.8	747.5	727.1	749.4	551.7	1.8
EBITDA	76.4	76.4	83.5	53.4	70.9	54.6	31.1	0
EBIT*	64.0	64.6	71.7	42.4	58.0	43.7	20.6	(0.9)
Assets	1,108.9	1,123.9	1,144.4	1,029.5	1,039.4	1,008.7	768.0	(1.3)
Employees	2,401	2,467	2,416	2,299	2,301	2,448	2,277	(2.7)
Sales Margin %	6.8	7.0	8.3	5.7	8.0	5.8	3.7	
ROFE %	16.2	15.7	17.7	10.7	14.0	11.1	6.6	

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

* The financial information presented for the years 2000 – 2003 are based on information prepared under previous AGAAP and have been adjusted to exclude goodwill amortisation from earnings.

Manufacturing – Historical Data

$A Million 6 mths to Dec	AIFRS 2006	AIFRS 2005	AIFRS 2004	2003	2002	2001	2000	% chg 06 v 05
Revenue	1,182.4	1,020.9	982.5	791.4	778.8	702.5	637.3	15.8
EBITDA	140.3	113.1	77.2	85.7	98.2	72.4	79.8	24.0
EBIT*	109.1	81.5	48.1	56.9	70.1	42.7	49.0	33.9
Assets	2,029.1	1,684.4	1,480.3	1,477.6	1,430.2	1,452.6	1,488.6	20.5
Employees	4,098	3,786	3,831	3,816	3,806	3,874	3,822	8.2
Sales Margin %	9.2	8.0	4.9	7.2	9.0	6.1	7.7	
ROFE %	15.7	14.2	9.8	11.3	14.9	8.6	9.6	

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

* The financial information presented for the years 2000 – 2003 are based on information prepared under previous AGAAP and have been adjusted to exclude goodwill amortisation from earnings.

International Distribution – Historical Data

$A Million 6 months to Dec	AIFRS 2006	AIFRS 2005	AIFRS 2004	2003	2002	2001	2000	% chg 06 v 05
Sales	194.8	204.4	198.6	161.5	142.1	144.1	152.4	(4.7)
EBITDA	23.3	28.3	30.9	20.6	17.7	13.0	13.9	(17.7)
EBIT*	20.7	25.8	28.2	18.1	15.6	10.5	11.2	(19.8)
Assets	201.0	187.9	181.5	152.5	139.7	123.0	173.7	7.0
Employees	892	805	803	772	613	573	714	10.8
Sales Margin %	10.6	12.6	14.2	11.2	11.0	7.3	7.4	
ROFE %	26.4	32.5	39.5	28.3	28.1	17.2	15.4	

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

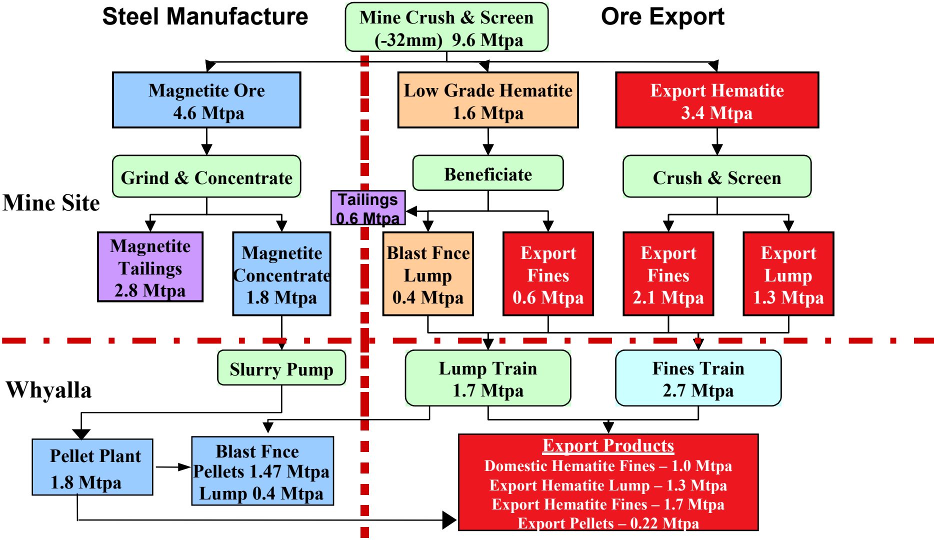
* The financial information presented for the years 2000 – 2003 are based on information prepared under previous AGAAP and have been adjusted to exclude goodwill amortisation from earnings.

Attachments – Growing & Diversifying Earnings

Project Magnet – Hematite Stream

Two transfer barges that will be used to trans-ship ore product from the newly-constructed export facilities at the Whyalla port were towed into Whyalla on Tuesday 23 January 2007.

Project Magnet - Capacities and Material Flows



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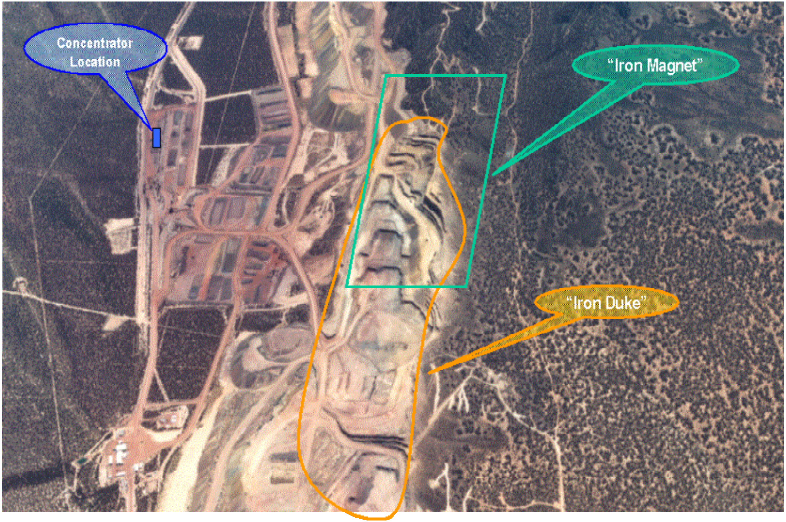
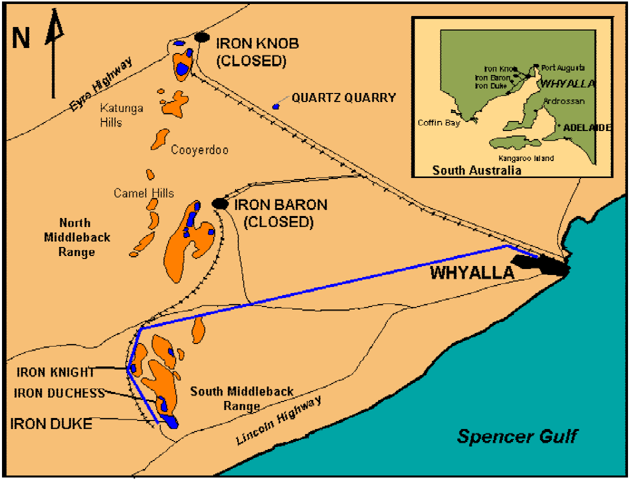
Project Magnet – Resource Location



Project Magnet Geography



Benefits of proposed Smorgon Steel merger

- Growth
  - Both OneSteel and Smorgon Steel have recently announced exciting and complementary growth options including Project Magnet, the LiteSteel™ beam and expansions in metal recycling that offer shareholders diverse sources of potential earnings growth into the future

- Stronger company
  - With pro forma revenue in excess of $5.5 billion[1], EBITDA in excess of $700 million[1] and more than 10,000 employees, the combined entity will become the pre-eminent domestic manufacturer and distributor of steel and metal products in Australasia

- More competitive business
  - Various long-term strategic benefits are expected to be realised through efficiencies in manufacturing operations, improved facility utilisation, improved supply chain management, production, distribution and other savings providing benefits to customers and enabling improved ability to compete against imports

1 Approximate only. Further detail will be provided in shareholder information for approval of the transaction.

Benefits of proposed Smorgon Steel merger

- Increased ability to service customers
  - A more diverse geographical manufacturing footprint and wider range of products and services provides the ability to streamline and improve the efficiency of the combined supply chains of the companies
  - In addition it is also expected to increase the products and services being offered to customers

- Diversity and size of operations
  - Following the proposed transaction, OneSteel expects to have an enhanced regional footprint with over 200 sites across Australia and more than 10 offshore offices and operations. This presence is expected to provide a solid platform for growth in new and existing markets

- Expected synergies
  - The combination of the businesses is expected to generate net EBITDA synergies of $70 million per annum by the third full year after completion of the proposed transaction. These synergies are net of expected asset disposals and potential sales leakage from combining the two businesses

Benefits of proposed Smorgon Steel merger

- New revenue streams developed
  - The combination of OneSteel and Smorgon Steel's operations will allow OneSteel to offer an extended product offering to customers and will facilitate the development of new business structures (e.g. a "rail infrastructure" business unit covering wheels and bogeys, rails, sleepers, etc) generating greater value for customers and the potential for new revenue opportunities

- Improved security of raw material supply
  - The combined business will enjoy improved security of raw material supply via OneSteel's long term iron ore resources through Project Magnet and Smorgon Steel's scrap recycling business. It is also expected to be more competitive through the natural hedges associated with these improved raw material supply arrangements

- Increased liquidity
  - Following the proposed transaction, OneSteel will be a stronger Australian company which is expected to rank well inside the top 100 companies on the ASX. This should provide greater liquidity for investors and facilitate greater interest from domestic and international investors

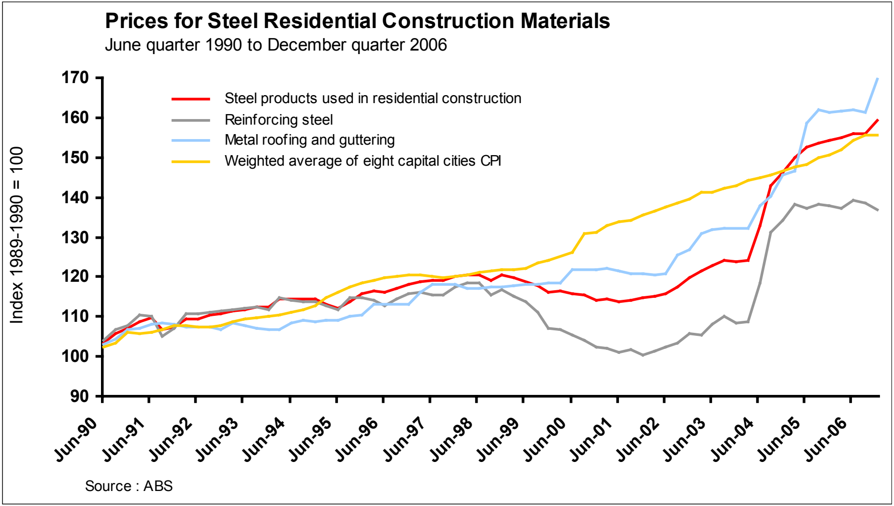
Attachments – Market Conditions

Project Magnet – Magnetite Stream

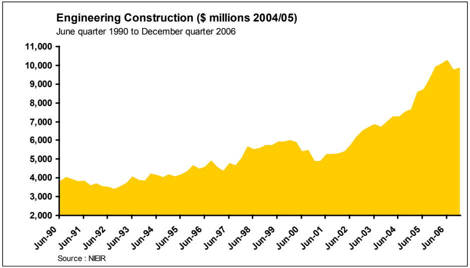
An overview of the Magnet concentrator site.

As can be seen, key pieces of equipment including High Pressure grinding rolls, Ball Mill, thickener, magnetic separators and associated conveying systems are in position.

Australian Steel Price Index

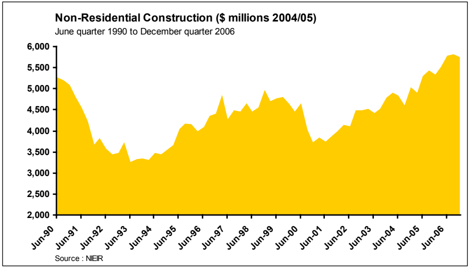


OneSteel Key Segments



Engineering construction represents 23% of OneSteel's sales revenue

2.6% year-on-year increase in value of activity



Non-residential construction represents 21% of OneSteel's sales revenue

7.4% year-on-year increase in value of activity

Source: NIEIR

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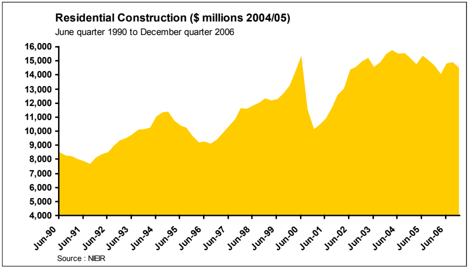
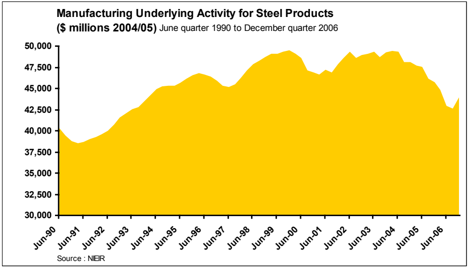
OneSteel Key Segments



Residential construction represents 14% of OneSteel sales revenue

0.9% year-on-year decrease in value of activity

Overall weighted year-on-year increase in value of construction activity 3.5%

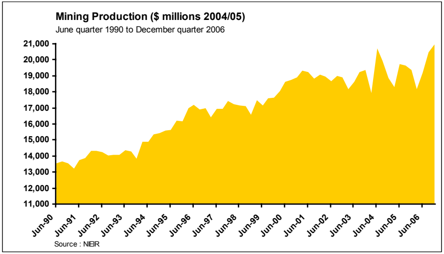


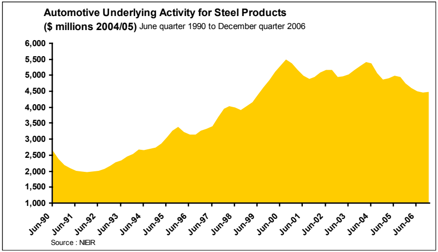
Manufacturing represents 10% of OneSteel sales revenue

5.8% year-on-year decrease in value of activity

Source: NIEIR

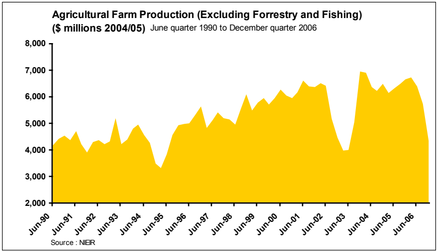
Overall Increase In OneSteel Key Segments 0.3%*





Mining: 10% of OneSteel sales revenue
6.2% increase year-on-year

Auto: 5% of OneSteel sales revenue
7.7% decrease year-on-year



Agricultural: 6% of OneSteel sales revenue
23.2% decrease year-on-year

Source: NIEIR

- **Excludes export steel (2%) and non-steel products (9%) which drive the remaining 11% of OneSteel's sales revenue**

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Major Project Flow

Won/Awarded

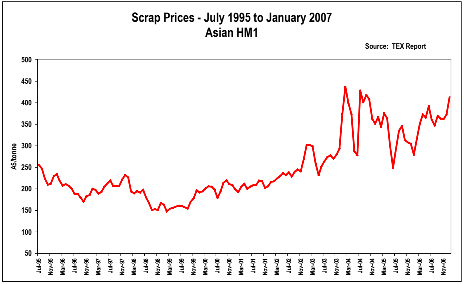
- OneSteel Project Magnet, Whyalla, SA
- Connect East, East Melbourne Motorway, VIC
- Newcrest Boddington Gold Mine, Boddington, WA
- Rio-Tinto Parker Point Upgrade (Dampier Wharf), WA
- Rio Tinto Yandi Upgrade, WA
- BHP Billiton, Dampier Port Development JV, WA
- Abbot Point Coal Terminal Expansion, QLD
- Hay Point Expansions, QLD
- Woodside Angel Project, Topsides, NW Shelf, WA
- Santos DPCU Project, Perth, WA
- Comalco WEIPA Refinery, QLD
- QNI Yabulu Expansion, Brisbane, QLD
- Hartley Mine, Lithgow, NSW
- Coles Myer Distribution, Goulburn, NSW
- Coles Myer, Erskine Park, NSW
- Coles Myer Distribution Centre, Adelaide, SA
- Woolworths Minchinbury, NSW
- BlueScope Steel's Erskine Park Coating Line, Sydney, NSW
- AXA Building, Melbourne, VIC
- Epping Plaza, Epping, Sydney, NSW
- ABB Grain Silos, SA
- Franklin Bus Terminal, Adelaide, SA
- "Northern Link" north/south Bypass Tunnel, Brisbane, QLD
- Woodside Train 5 (S&T Structural), NW Shelf, WA
- Woodside Train 5 Stick Built, WA
- Lake Lindsay Dragline (Bucyrus), Bowen Basin QLD

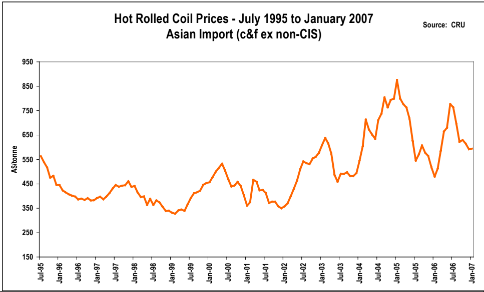
Projects highlighted in red denote additions to list

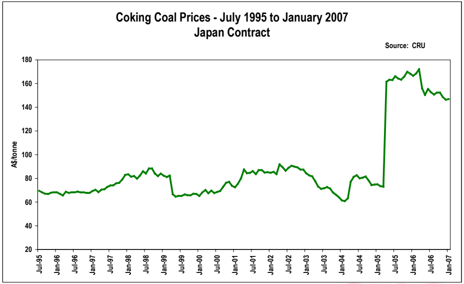
Potential/Upcoming

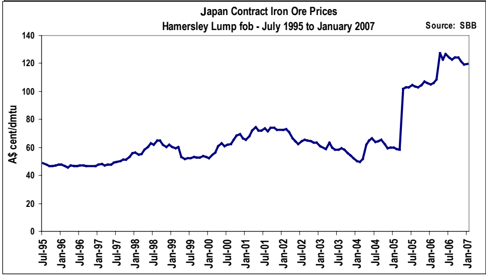
- Gorgon LNG – Chevron/Texaco, NW Shelf, WA (comes into Australia at Karratha)
- Alcoa Wagerup Stage III, WA
- Convention Centre, Melbourne CBD, VIC
- Gladstone Nickel Project, Yarwun, QLD
- Natural Fuels Australia – Bio Processing Plant, East Arm, NT
- ADO Air Warfare Destroyers, Adelaide, SA
- Westfield Liverpool, NSW
- Sydney International Car Park, Sydney, NSW
- Vopak Botany Terminal, Sydney, NSW
- BHP Billiton Olympic Dam Expansion, SA
- Rio Tinto Hope Downs Development, WA
- Linfox Warehouse, WA
- Oxiana Prominent Hill Development North SA
- Worsley Alumina Refinery Upgrade, Worsley, WA
- Comalco Refinery (Phase 2), Gladstone, QLD
- Tyco, Water Pipe Racks, WA
- Worsley Alumina DCP Expansion, Collie, WA
- McArthur Coal, Fitzroy, QLD
- Goonyella Broadside Coal Mine Expansion, QLD
- Swanbank Paper, QLD
- Dalrymple Bay Coal Terminal, Dalrymple, QLD
- Gateway Bridge Upgrade, Brisbane, QLD
- Westfield Centrepoint, Sydney, NSW
- BLL Headquarters, Melbourne, VIC
- Water Front City, Melbourne, VIC
- Worsley Alumina LNG Plant, Dampier WA
- BHP Billiton RGP4, WA
- Dawson South Stage Two Project, Theodore QLD
- Seqwater Recycled Water Scheme, Bundamba QLD
- Seqwater Recycled Water Scheme East Pipeline, Brisbane QLD

Long Products Raw Material Inputs









Market Drivers – International Traded Prices*

Raw Material/Input International Traded Prices*	Jul-Dec 2006	Jul-Dec 2005
A$ Scrap prices* - average in the 6m period	$363 (range $347-$373)	Up from $317
A$ HRC prices* – average in the 6m period	$653 (range $592-$764)	Up from $564
US$ Coking coal – contract price	$115	Down from $125
Revenue Drivers International Traded Prices*		
US$ Iron ore – contract price (Hamersley lump, export FOB, US cent/dmtu)	93.74	Up from 78.77
Iron ore – spot price* – average in 6m period (India into China, $/t, cif, fines 63.5% Fe)	A$97.1 US$74.2	Up from A$90.6 Up from $68.2
Long products international prices*	Average price up over A$50 from pcp	

* Prices quoted are traded international prices, and are not OneSteel's realised prices.

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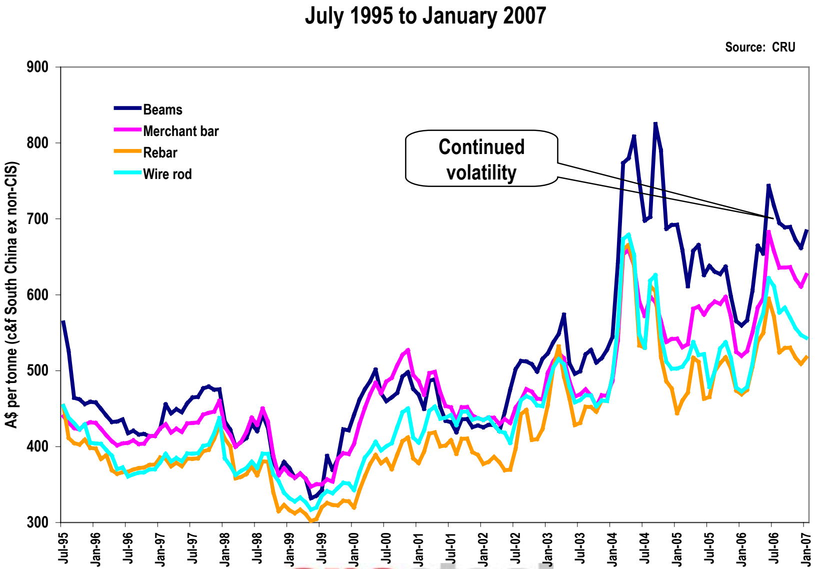
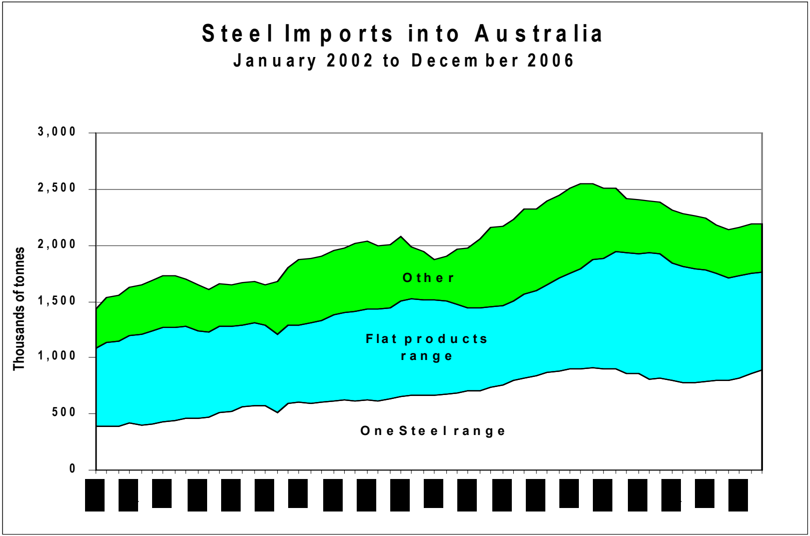
International Long Products Prices



Imports into Australia



Source: ABS and OneSteel data, 12-month moving average
The data include approximately 90,000 tonnes of OneSteel imports of finished and semi-finished product associated with production disruptions at the Whyalla Steelworks blast furnace in the latter part of 2004 calendar year.

OneSteel Overview

9 Major Manufacturing sites

Over 150 Distribution Sites