

Macquarie Bank Conference May 2007

onesteel

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OneSteel Profile

OneSteel is a uniquely integrated portfolio of complementary businesses, which leverages its value chain to make our customers more competitive and deliver reliable and sustainable returns to shareholders.

OneSteel has a very strong in-market capability with approximately 40% of its funds employed invested in end market and customer segments

OneSteel produces and markets resources, steel and metal products that are enablers of economic growth with approximately 60% of the business driven by the construction sector.

OneSteel capabilities include:

- Niche marketing and strong distribution network**
- Manufacturing steel products**
- Mining and exporting iron ore**

OneSteel Capabilities

- **Strong in-market capability (approximately 40% of funds employed)**
 - In excess of 150 distribution centres covering long and flat products
 - Many product lines have direct channels to market
 - Established and well known brands
- **OneSteel is long Iron Ore**
 - Magnetite reserves to 2027
 - Hematite - approximately 40 million tonnes for sale over ten years
- **Flexible long product production capability**
 - Integrated Route – 1.2 million tonnes
 - EAF route – 500k
 - Ability to produce slab steel from iron ore route as well as long products

**Fully
Integrated
Business**

7,700 Staff

\$4 billion sales

30,000 customers

40,000 skus

Value From Existing Businesses

	Restructuring	Investments
Resources	<ul style="list-style-type: none"> •Unlocking value from Magnetite Reserve 	<ul style="list-style-type: none"> •Ore Beneficiation Plant 2005/06 •Project Magnet 2006/08
Steel Production	<ul style="list-style-type: none"> •Record monthly production from Whyalla integrated steelworks achieved in 2006 •35% increased production from Mini Mill •30% reduction in grade sections 	<ul style="list-style-type: none"> •Blast Furnace reline 2004 •De-bottlenecking SSM 2004/07 •SSM Licence upgrade
Value Add Rolling Mills	<ul style="list-style-type: none"> •Closed Brisbane Bar Mill - 2001 •Exited export shift from Rod mill – 2003 •Increased output of Sydney Bar Mill •Centralised mesh manufacturing 2005 •Reinforcing restructure 2005 	<ul style="list-style-type: none"> •Galvanised fence post plant 2004 •Eight Strand Ropery 2005
Distribution	<ul style="list-style-type: none"> •Acquisition of Email Metals 2001 •Closed Pipe manufacturing line – 2002 •Sold Canadian Distribution Business 2002 •Pipe and Tube restructure 2005 	<ul style="list-style-type: none"> •Acquired Retail capability 2004 •Several small bolt acquisitions •Built Aluminium and stainless business
Sales and Marketing	<ul style="list-style-type: none"> •Combined sales and marketing 2000 •Strategic marketing & supply chain capability 2005 	<ul style="list-style-type: none"> •SAP Sales and Marketing system 2005
Capital Management	<ul style="list-style-type: none"> •Combined finance and administration 2000 •Equity Raising 2001 •Sales of surplus assets – eg Ardrossan 	<ul style="list-style-type: none"> •Gearing reduction from 50% to low 30s on net debt to net debt plus equity basis •Internal Funding of Project Magnet \$385 million
Organisational	<ul style="list-style-type: none"> •8 Business Units to 4 – 2001 •Centralised Sourcing – 2001 •Established shared services - 2003 •Annualised cost reductions of \$50 million •Streamlined finance function 2007 	<ul style="list-style-type: none"> •OneSteel/ Smorgon Steel Merger 2006/07 •Realigned incentive structure



Project Magnet – Magnetite Stream

An overview of the Magnet concentrator site.

Key pieces of equipment include high pressure grinding rolls, ball mill, thickener, magnetic separators and associated conveying systems are in position.

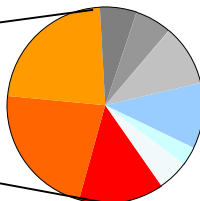
OneSteel Revenue Drivers vs Broader Economy's Drivers

Australian Gross Domestic Product



- Household Consumption 60%
- Residential 8%
- Non-residential & Engineering 5%
- Equipment Investment 8%
- Other Investment 6%
- Public Demand 18%

OneSteel Revenue Drivers



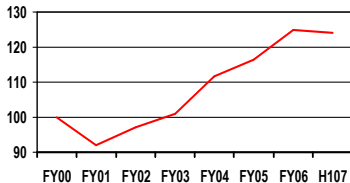
- Residential 14%
- Non-residential 21%
- Engineering 23%
- Agriculture 6%
- Auto 5%
- Mining 10%
- Other Manufacturing 10%
- Non-steel 9%
- Export steel 2%

Source: Australian Bureau of Statistics (GDP data for 2005 calendar year)
Data for year ended 30 June 2006

Source: OneSteel

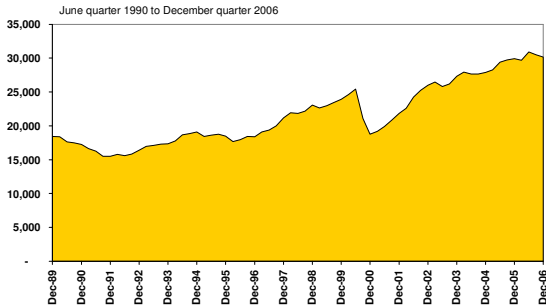
Domestic Market Drivers – Construction Still Strong

OneSteel Domestic Sales Revenue Drivers - Indexed



Total Construction (\$ millions 2004/05)

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

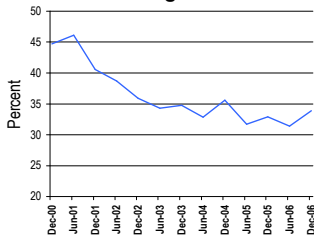


Project Magnet – Hematite Stream

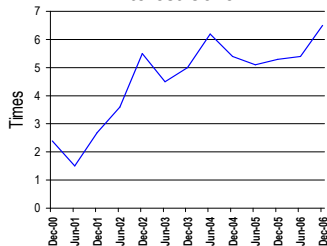
In April the first capesized vessel, the 'Cape Eagle', was loaded via the Floating Offshore Transfer, the 'Spencer Gulf' in April.

Trends in Key Financial Ratios

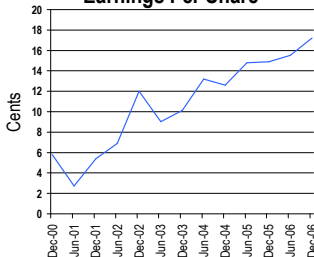
Gearing Ratio



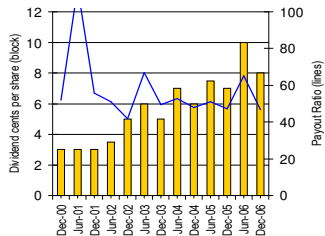
Interest Cover



Earnings Per Share

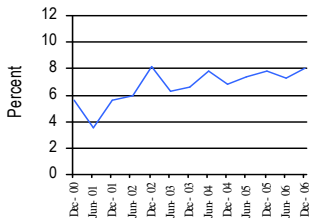


Dividends & Payout Ratio

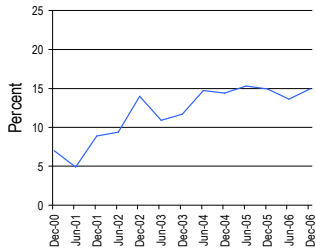


Trends in Key Operating Ratios

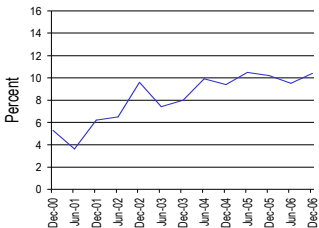
Sales Margin (EBIT)*



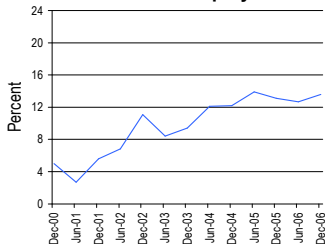
ROFE (EBIT)*



Return on Assets (EBIT)*



Return on Equity



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

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Growing & Diversifying Earnings



Project Magnet – Hematite Stream

One of the transfer barges that is 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 carry hematite lump and fines approximately 7.5 nautical miles to the Floating Offshore Transfer Terminal which facilitates loading of Cape-sized ships sitting in the Spencer Gulf.

OneSteel Strategic Framework

- **Improve returns from Existing Businesses**
 - Productivity at least equal to inflationary costs
 - Manage margin to offset raw material input costs
- **Achieve Strong cash generation**
 - Convert solid profit outcomes to solid cash outcomes
- **Growing and Diversifying Earnings**
 - Project magnet
 - Smorgon Transaction
- **Building Organisational Capability**
 - Customer Market Insight
 - Supply Chain Transformation
 - Operational Excellence

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 - Status as at 31/12

- **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
- 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 – 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**
 - **First cape-sized vessel loaded in April**
 - **First long-term export iron ore contract signed in April with a Chinese steelmaker**
- **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**
 - **Pellet plant in 21-day shutdown in preparation for move to magnetite ore feed**

Project Magnet – Next Steps

- **Focus remainder of 2006/07**
 - Complete capital works program
 - Commissioning, transition and ramp-up phases begin
 - Marketing of ore – securing further 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
 - Commence ramp up of additional steel production and value-in-use cost benefits

Smorgon Steel Transaction Summary

The proposed transaction is expected to create significant benefits

It is the next step in the streamlining of the Australian steel industry

A stronger company is established

Increased ability to service customers

Improved security of raw material supply

Growth opportunities through new revenue streams

-
- Net EBITDA synergies expected to be \$70 million pa
 - Sale of Smorgon Distribution to BlueScope Steel for \$700 million
 - Significant premium to Smorgon Steel shareholders
-

- Provides a stronger platform to compete domestically and internationally
-

- Revenues in excess of \$5.5 billion¹, EBITDA in excess of \$700 million¹, over 10,000 employees and 200 sites across Australia and over 10 offshore with greater diversification
-

- Wider product range, more extensive geographical manufacturing footing, streamlined supply chain management
-

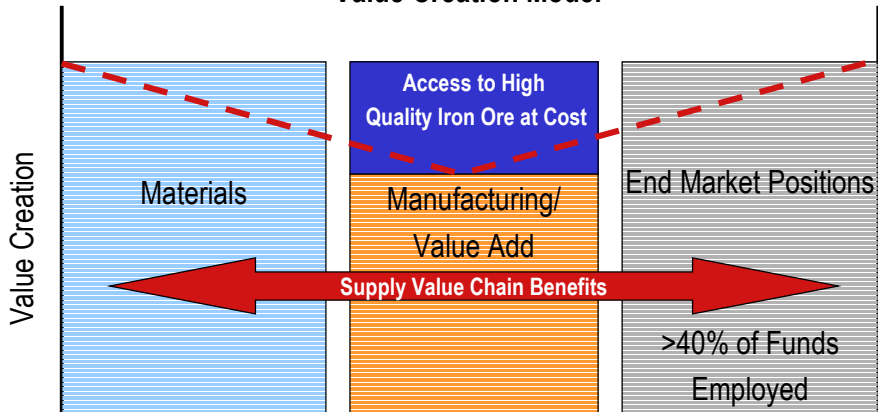
- The addition of a scrap recycling business alongside OneSteel's iron ore business
-

- 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.

Current OneSteel Business Model

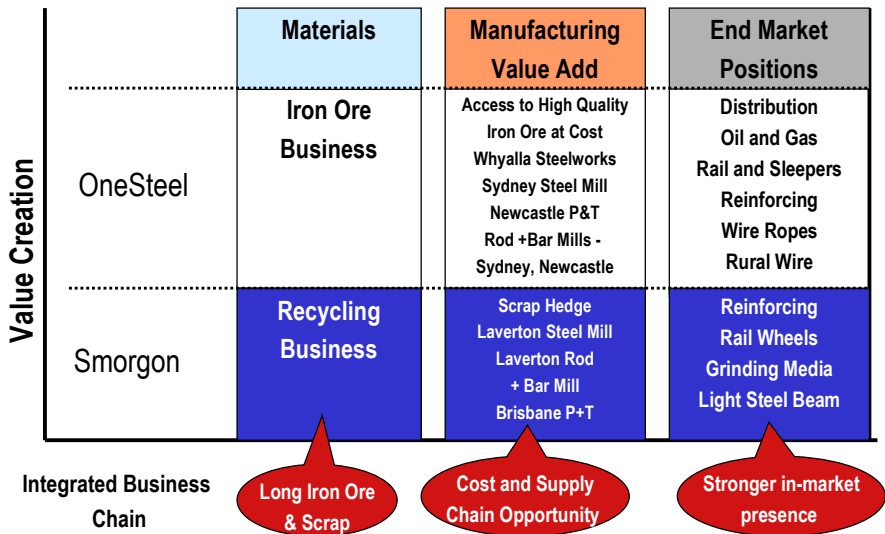
Value Creation Model



Integrated Business Chain

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Merged OneSteel Business Model



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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**
 - ACCC review (determination due 23 May) and Taxation rulings
 - Despatch documentation to Smorgon Shareholders - Meeting of Smorgon shareholders to approve transaction
- **Pipe and Tube Joint Venture Implemented on 2/3/07**

Summary

- Continued improvement in key financial ratios
- Overall level of domestic activity and demand remain strong
- International steel market and pricing expected to remain fluid
 - Scrap steel cost impact prior to price recovery
- Project Magnet progressing well
- Smorgon Steel transaction awaiting ACCC decision
- Priorities:
 - continue to improve returns from existing businesses
 - completion of Magnet and delivery of its value
 - to complete and effectively integrate the Smorgon Steel transaction

Attachments

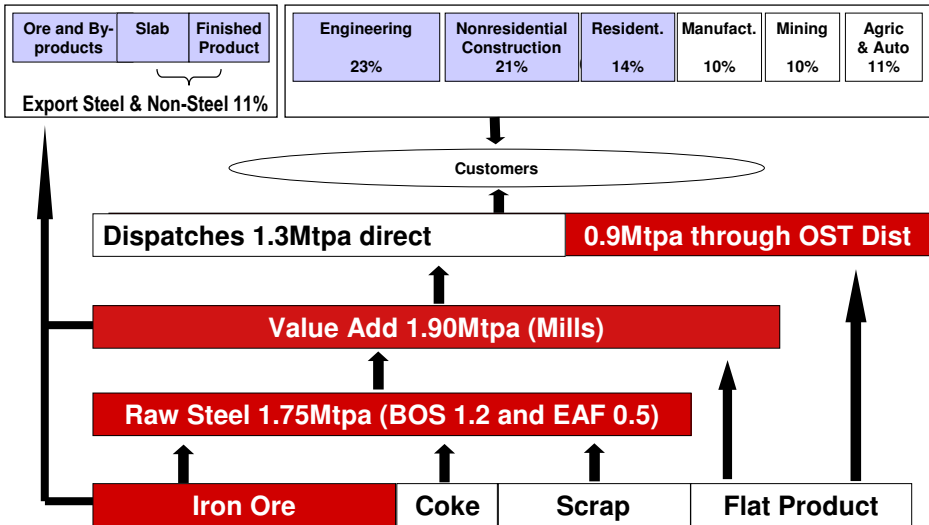


Project Magnet – Hematite Stream

The export storage facility preparing iron ore for export shipment.

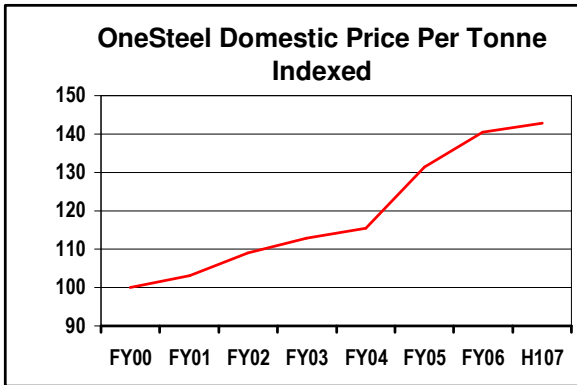
Over one million tonnes has now been moved through this facility.

OneSteel Product Flow



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.



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

Financial Highlights of 6-months to Dec 2006

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 (6m to Dec 2006)

- **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

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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Slide 29

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	2006	2005	2004	2003	2002	2001	% Chg
A\$ Million	AIFRS	AIFRS	AIFRS	AGAAP	AGAAP	AGAAP	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

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	AIFRS	AIFRS	AIFRS					% chg
Six months to Dec	2006	2005	2004	2003	2002	2001	2000	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.

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International Distribution – Historical Data

\$A Million	AIFRS	AIFRS	AIFRS					% chg
6 months to Dec	2006	2005	2004	2003	2002	2001	2000	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	

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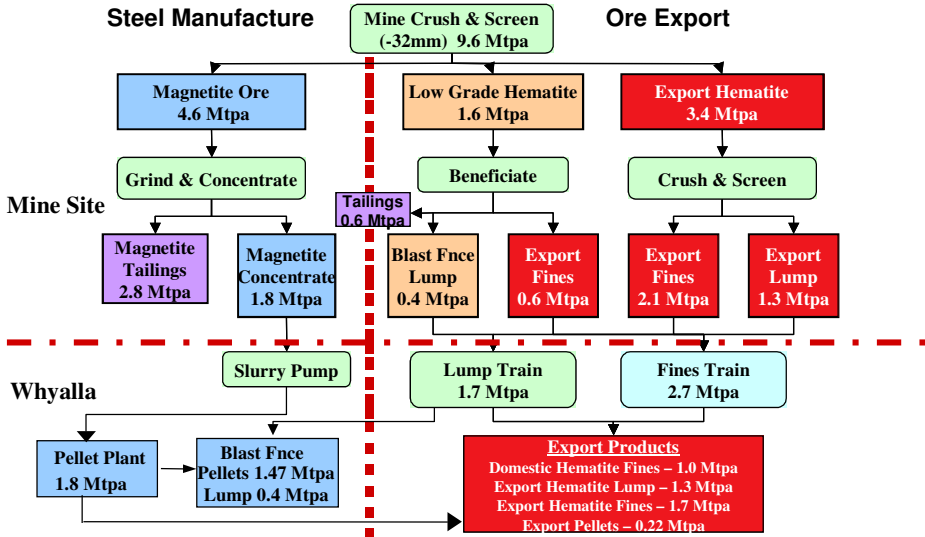
Attachments – Growing & Diversifying Earnings



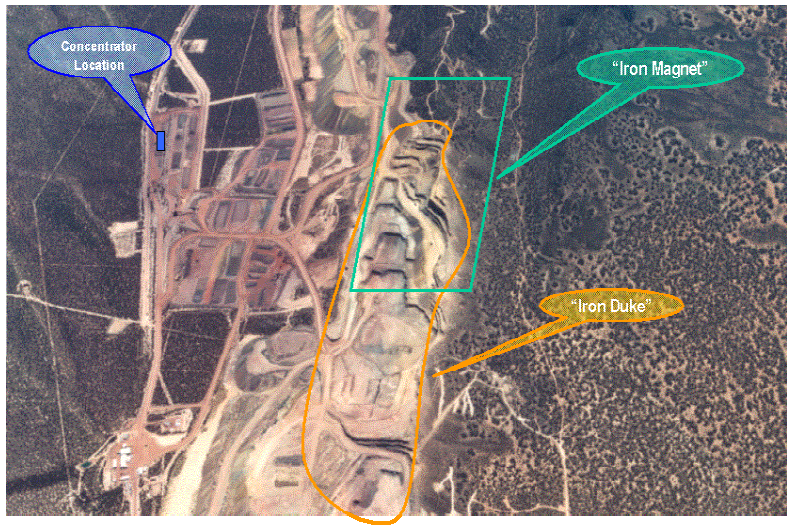
Project Magnet – Hematite Stream

The two transfer barges that are 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.

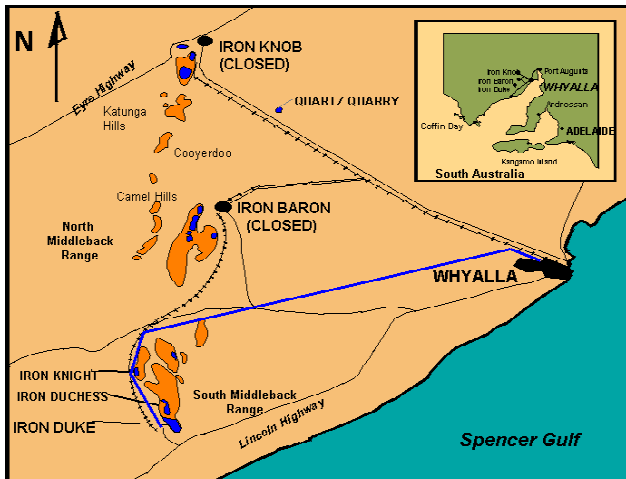
Project Magnet - Capacities and Material Flows



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 billion¹, EBITDA in excess of \$700 million¹ 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.

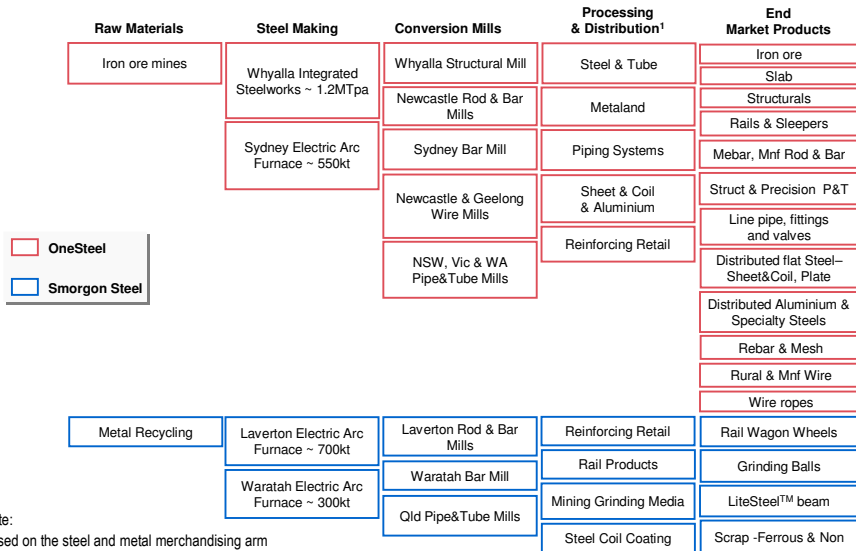
Benefits of proposed Smorgon Steel merger

- 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

Businesses are Complementary



OneSteel

Smorgon Steel

Note:

Based on the steel and metal merchandising arm of the Smorgon Steel distribution businesses being sold to BlueScope Limited

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Slide 44

Customer Benefits – New Revenue Streams

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

OneSteel product and service range

- Rail – rail line, sleepers, clips with
- Mining – mine mesh, rail, product used in strata control systems, pipes valves and fittings, mining rope, general steel supply
- Construction - reinforcing steel, structural sections, merchant bar, pipe and tube
- Manufacturing – rod and bar, wire, pipe and tube
- Steel making raw materials – iron ore
- International trading – iron ore, slab, steel products

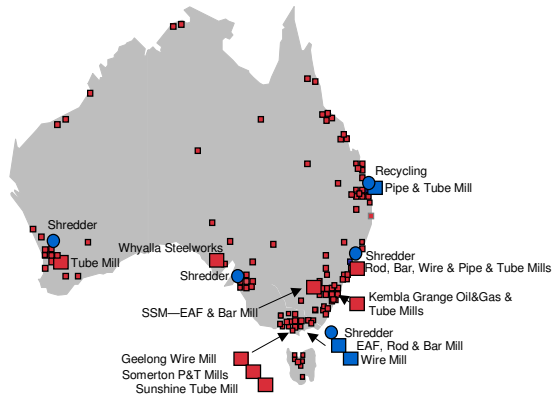
Smorgon Additional Product Offerings

- Rail - rail wheels and axles
- Mining – grinding media
- Construction - Lite Steel Beam
- Coil Color Coating business
- Ferrous and non-ferrous scrap recycling
- 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

OneSteel

- 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

Attachments – Market Conditions



Project Magnet – Magnetite Stream

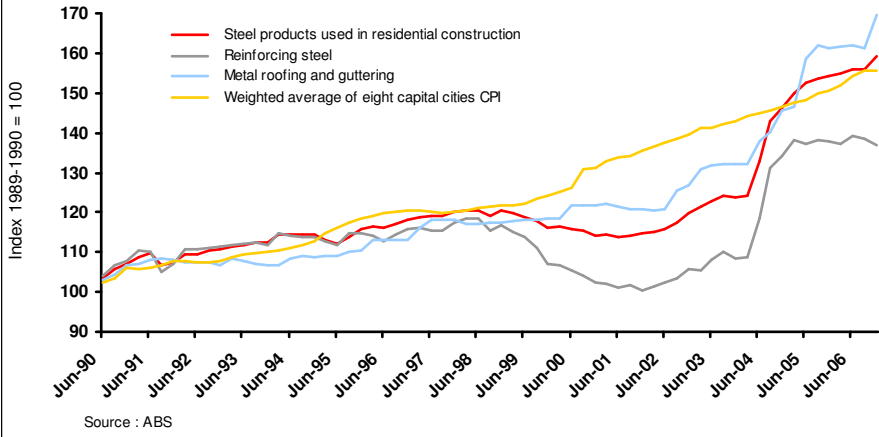
**An overview of the
Magnet concentrator site.**

**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

Prices for Steel Residential Construction Materials

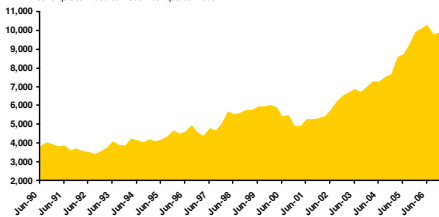
June quarter 1990 to December quarter 2006



OneSteel Key Segments

Engineering Construction (\$ millions 2004/05)

June quarter 1990 to December quarter 2006

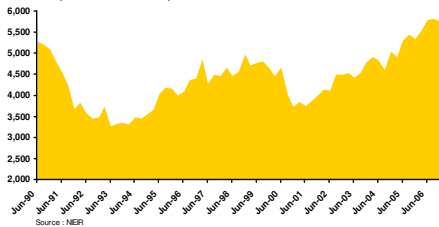


Engineering construction represents 23% of OneSteel's sales revenue

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

Non-Residential Construction (\$ millions 2004/05)

June quarter 1990 to December quarter 2006



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

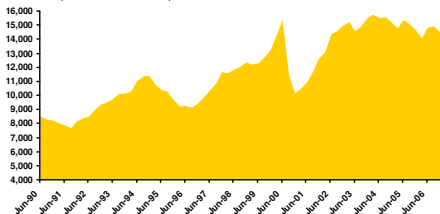
7.4% year-on-year increase in value of activity

Source: NIEIR

OneSteel Key Segments

Residential Construction (\$ millions 2004/05)

June quarter 1990 to December quarter 2006



Source : NIEIR

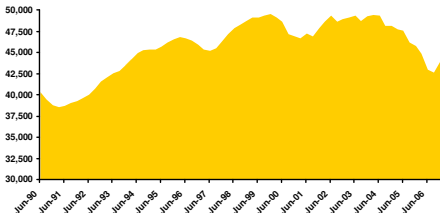
Residential construction represents 14% of OneSteel sales revenue

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

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

Manufacturing Underlying Activity for Steel Products

(\$ millions 2004/05) June quarter 1990 to December quarter 2006



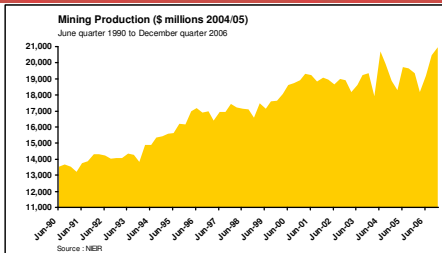
Source : NIEIR

Manufacturing represents 10% of OneSteel sales revenue

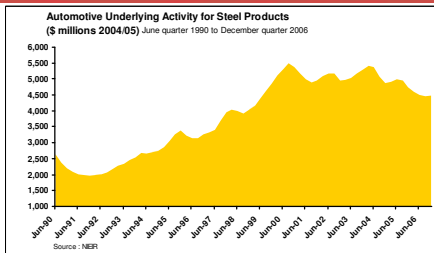
5.8% year-on-year decrease in value of activity

Source: NIEIR

Overall Increase In OneSteel Key Segments 0.3%*



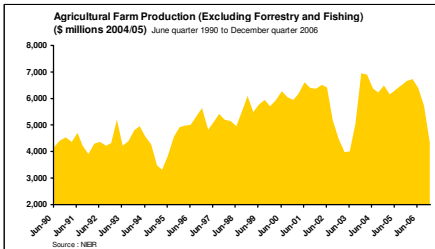
Mining: 10% of OneSteel sales revenue
6.2% increase year-on-year



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

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

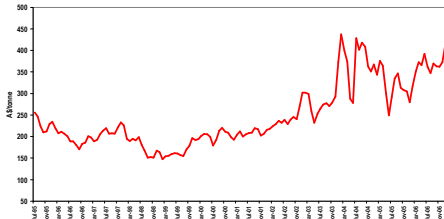
Potential/Upcoming

- 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

Scrap Prices - July 1995 to January 2007
Asian HM1

Source: TEX Report



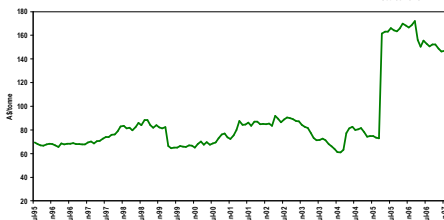
Hot Rolled Coil Prices - July 1995 to January 2007
Asian Import (c&f ex non-CIS)

Source: CRU



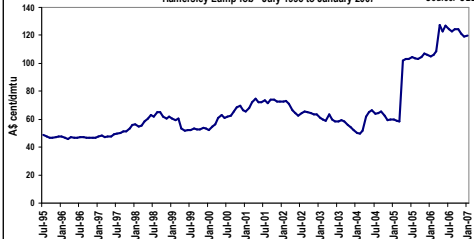
Coking Coal Prices - July 1995 to January 2007
Japan Contract

Source: CRU



Japan Contract Iron Ore Prices
Hamersley Lump fob - July 1995 to January 2007

Source: SBB



Market Drivers – International Traded Prices*

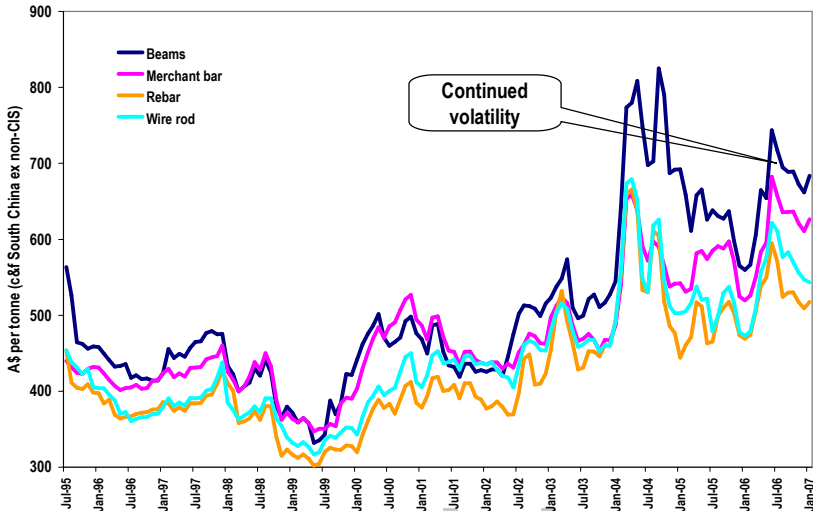
Raw Material/Input International Traded Prices*	Jul-Dec 2006	Jul-Dec 2005
A\$ Scrap prices* - average in the 6m period	\$363 (range \$347-\$373)	Up from \$317
A\$ HRC prices* – average in the 6m period	\$653 (range \$592-\$764)	Up from \$564
US\$ Coking coal – contract price	\$115	Down from \$125
Revenue 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.

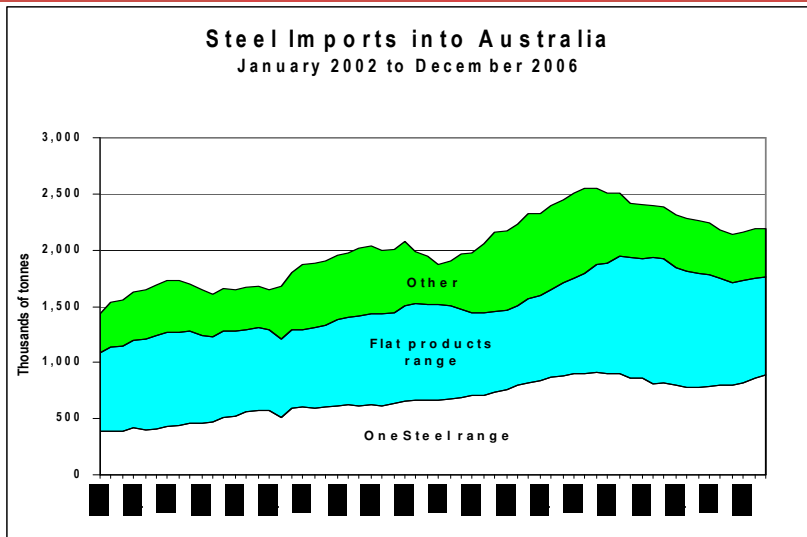
International Long Products Prices

July 1995 to January 2007

Source: CRU



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.

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OneSteel Overview



9 Major Manufacturing sites
Over 150 Distribution Sites