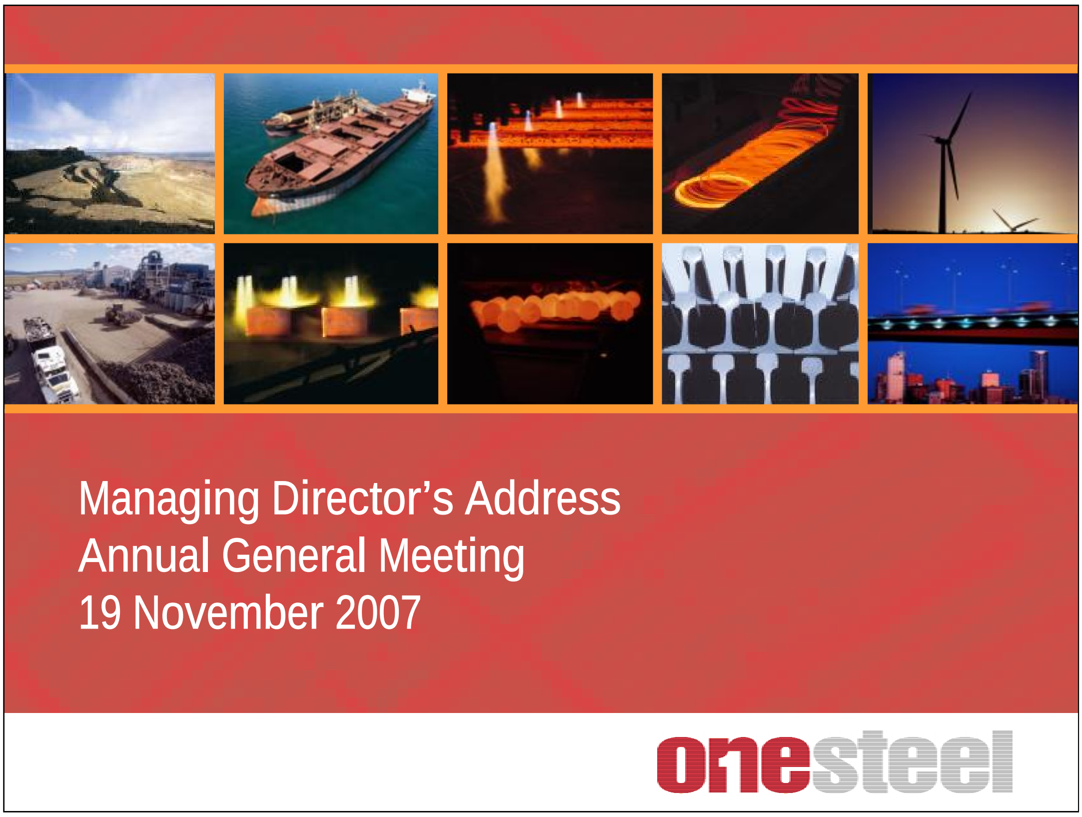

Thank you Peter.

Good afternoon Ladies and Gentlemen and welcome to OneSteel’s Annual General Meeting for 2007.

Following on from the Chairman’s review of the outcomes and events in the 2006/07 financial year I would like to talk to you about the latest developments in OneSteel’s two major growth projects.

I will start however with an overview of the last financial year and market conditions.

After updating you on OneSteel’s growth initiatives I will conclude with some comments on the outlook for the financial year underway.

The 2006/07 financial year represents a watershed period in OneSteel's development. The sixth improvement in profit result was complemented by substantial progress on OneSteel's two major growth initiatives – Project Magnet and the Smorgon Steel merger.

These two initiatives further transform OneSteel into a stronger and more sustainable business. Entering the 2007/08 financial year, OneSteel is a much larger, more diversified company with a number of unique characteristics that will help it to harness further growth opportunities and better equip it for future competitive challenges.

During the year we continued to build on the company's capabilities in the key strategic initiative areas of customer and market insight, supply chain transformation and operational excellence.

From a management perspective, the continued improvement in OneSteel's results was pleasing against a backdrop of tougher competition from imports that was exacerbated by a rising Australian dollar, and delays in some large construction and development projects as the Australian economy hit capacity constraints.

On balance though, underlying market conditions continued to be generally favourable.

The New OneSteel

From the 2007/08 financial year OneSteel is a fundamentally different company. OneSteel is one of only a handful of steel companies in the world with its own iron ore resources from which to manufacture its steel

- Following the merger with Smorgon Steel, the addition of a recycling business brings integration in scrap steel for OneSteel's three electric arc furnaces
- Product and service offering to customers is broadened
- Very few steel companies in the world have
  - OneSteel's range of product, services and capabilities
  - Relatively high levels of self-sufficiency in key steelmaking inputs
  - Both integrated steelmaking and scrap-based electric arc furnace steel production
  - Strong in market positions in key and niche products

In combination these factors make OneSteel truly unique in the world of steel

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Slide 3

From the 2007/08 financial year OneSteel will be a fundamentally different company. OneSteel is one of only a handful of steel companies in the world that has its own iron ore resources from which to manufacture its steel.

With the addition of a recycling business, this will extend our integration into scrap steel for our three electric arc furnaces. The recycling business has an international footprint and its activities include non-ferrous as well as ferrous metals recycling.

The merger will broaden OneSteel's product and service offering to customers through the addition of rail wheels and bogie axles to complement OneSteel's rails and steel sleepers. In the area of mining, grinding media will be added to products such as mining rope, pipes, valves and fittings and other mining consumables. In the construction segment we will have the ability to add LiteSteel™ beam to our offering of large structural beams, reinforcing steels and structural pipe and tube.

Very few steel companies in the world have the range of product, services and capabilities that OneSteel can now offer its customers, relatively high levels of self-sufficiency in key steelmaking inputs, both integrated steelmaking and scrap-based electric arc furnace steel production and strong in market positions in key and niche products.

In combination these factors make OneSteel truly unique in the world of steel.

Creating Value from the New OneSteel

OneSteel and Smorgon Steel Merger

- Combining the two businesses is a focus for management over 2007/08
- Integration teams are in place to:
  - Conduct detailed analysis of the combined business
  - Develop plans to achieve business improvements
  - Harness the wider product and service offering to customers
- Objectives of the integration plans are to:
  - Identify areas of overlap and reconfigure operations to lower the cost base
  - Maximise the benefits of the combined supply chains to provide more effective capital management
  - Improve customer delivery, service and safety outcomes during the restructuring process
  - Capitalise on the broader product and service offering
  - Harness the more diverse and international footprint to progress opportunities for growth

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Turning now to our major growth initiatives, the task of combining the OneSteel and Smorgon Steel businesses is a focus for management in this financial year. A number of integration teams have been established to conduct detailed analysis of the combined business and develop plans to achieve business improvements and to successfully harness the wider product and service offering to customers.

The objectives of the integration plans are to:

•Identify areas of overlap and reconfigure operations to lower the cost base

•Maximise the benefits of the combined supply chains of the businesses to provide more effective capital management

•Improve customer delivery, service and safety outcomes during the restructuring process

•Capitalise on the broader product and service offering

•Harness the more diverse and international footprint of the business to progress opportunities for growth.

Creating Value from the New OneSteel

OneSteel and Smorgon Steel Merger (continued)

- First major reconfiguration of operations was announced in August with the restructure of the Australian Tube Mills structural pipe and tube manufacturing operations
- Second major reconfiguration – closure of the Laverton Wire Mill announced in early November
- Other progress and areas of action
  - Product swaps between manufacturing facilities
  - Scrap utilisation benefits in electric arc furnaces via Recycling
  - Treasury and refinancing
  - Procurement
  - Workers Compensation/Self-insurance of ex-Smorgon businesses
  - Closure of Smorgon Steel corporate office

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Before reviewing progress to date I would note that management is aware it must remain focused on the day-to-day operations of the business to ensure the integration process is undertaken with minimal impact to OneSteel's operational outcomes.

During August the first major reconfiguration of operations was announced with the restructure of the Australian Tube Mills structural pipe and tube manufacturing operations. The restructure will involve the transfer of production from Newcastle in New South Wales to Acacia Ridge in Queensland and Somerton in Victoria. It will reduce the number of mills operating in Newcastle from three to one.

The second major announcement was made in early November with the closure of the Laverton Wire Mill. Excess production capacity at OneSteel's Geelong and Newcastle facilities will be utilised to meet customer requirements.

Work is progressing on a wide range of integration activities including shifting production to optimise mill loading and reduce freight between manufacturing facilities and scrap utilisation benefits in the electric arc furnaces via the Recycling business. We have also made good progress in the areas of Treasury and refinancing, procurement, and in workers compensation self-insurance of the ex-Smorgon Steel businesses. The Smorgon Steel corporate office closure will be complete by the end of next month.

Creating Value from the New OneSteel

- Encouraged by progress to date
- Customer retention focus
- Costs associated with attaining synergies are expensed prior to benefits occurring

Estimated synergies and associated costs for first year	As at Aug. 2007	Current Estimate
EBITDA synergies	$25m	$39m
EBITDA impact of costs of achieving synergies	($35m)	($39m)

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In terms of progress against the synergy targets, the current estimate for synergy benefits in Year 1 is $39 million, above the targeted first full year benefit of $25 million.

The estimated cost of attaining the benefits is also higher at $39 million against a first full year target of $35 million.

We are encouraged with progress to date with the acceleration of net synergy benefits. Costs associated with attaining the synergy benefits are by their nature often expensed prior to the benefits accruing.

Management has focused strongly on customer retention, and as yet it is too early to assess our success in this key area.

Creating Value from the New OneSteel

Project Magnet – Hematite Stream

- Sale of hematite ore at a rate of 4 million tonnes per annum for 10 years
  - Met all major milestones during the 2006/07 financial year
  - 1.8 million tonnes of ore was exported in 2006/07 financial year, exceeding the ramp-up plan target of 1.5 million tonnes
  - Six shipments of iron ore were made on Cape-sized ships in the second half of 2006/07
  - Four ore export contracts were signed during 2007 which means the majority of export ore sales are under contract
  - Confident 4 million tonnes of ore sales will be achieved in 2007/08

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Our other major growth initiative underway is Project Magnet. The project has two main streams, one of which is the sale of hematite ore at a rate of four million tonnes per annum for approximately 10 years. This stream of work met all major milestones during the year with six shipments of ore on Cape-sized ships achieved in the second half. Since 1 July there have been an additional 6 Cape- sized shipments.

During the last financial year 1.8 million tonnes of ore was exported, exceeding the ramp up target of 1.5 million tonnes. We have now signed four long-term export contracts which means the majority of our export ore sales are now under contract.

We are confident of achieving the target of a total of 4 million tonnes of iron ore sales in the 2008 financial year.

Creating Value from the New OneSteel

Project Magnet – Magnetite Stream

- Converting Whyalla Steelworks from hematite iron ore based steel production to magnetite ore based steel production
  - Capital construction was effectively completed during the 2006/07 financial year
  - All major equipment for the transition to magnetite feed is in place and undergoing commissioning and ramp up
  - Pellet plant modification and final engineering changes completed over the last week
  - Cutover to magnetite feed is targeted to commence around the end of November – commissioning program has slipped by a quarter
- Project Magnet is a ~ $395 million investment that adds significant value to OneSteel
- When complete Project Magnet will bring to a close five years of planning and significant capital programs

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The second stream is around the conversion of the Whyalla Steelworks from hematite iron ore based steel production to magnetite based steel production. Capital construction work for this stream was effectively completed during the 2006/07 financial year. All major equipment for the transition to magnetite feed for use in our own blast furnace is in place and undergoing commissioning.

Pellet plant modifications and final engineering changes have been completed over the last week.

Following a rigorous and comprehensive commission phase, Whyalla Steelworks is targeted to commence the cutover to magnetite feed into the pellet plant around the end of November.

This will result in magnetite feed being processed through the pellet plant on a continuous basis from that time and allow us to then progressively change the feed into the blast furnace.

Project Magnet adds significant value to OneSteel. When complete it will bring to a close five years of planning and significant capital programs.

Areas of Focus in 2007/08

- Management will continue to focus on its strategic framework
  - Improve returns from existing businesses
  - Achieve strong cash generation
  - Grow and diversify earnings
  - Build organisational capability
- Challenges for the 2007/08 financial year
  - Successfully complete the conversion to magnetite steelmaking and sell 4 million tonnes of iron ore
  - Capture the synergies and other benefits available to the business from the Smorgon Steel merger
    - Continue to deliver results as the integration and synergy process is implemented

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In the financial year now underway, management will also continue to focus on the four key components of our strategic framework, these being

•Build organisational capability

•Improving returns from existing businesses

•Achieving strong cash generation

•Growing and diversifying earnings

In terms of growing and diversifying earnings, a key milestone ahead of us for the 2007/08 financial year is to successfully complete the conversion to magnetite steelmaking and to sell four million tonnes of iron ore in line with our plans for Project Magnet.

The other key challenge in this area is to ensure we capture the synergies and other benefits available to the business from the Smorgon Steel merger in line with our plan.

As the integration and synergy process is implemented, we must continue to deliver results and achieve strong cash generation.

I will now turn to some comments on OneSteel's market drivers and current trading conditions.

Current Domestic Market Environment

Domestic demand continues to be mixed by segment & by region

- Activity in non-residential and engineering construction remains at high levels
  - Some delays in projects
    - Capacity constraints e.g. labour
  - Fundamentals remain strong – delay not a downturn
- Residential construction
  - Varies by region, NSW still soft
- Resources/mining sector exhibiting continued strength
- Manufacturing
  - Weaker and adversely impacted by stronger Australian dollar
- Auto
  - Continues to struggle to compete with exports
- Agriculture
  - Generally areas still drought affected

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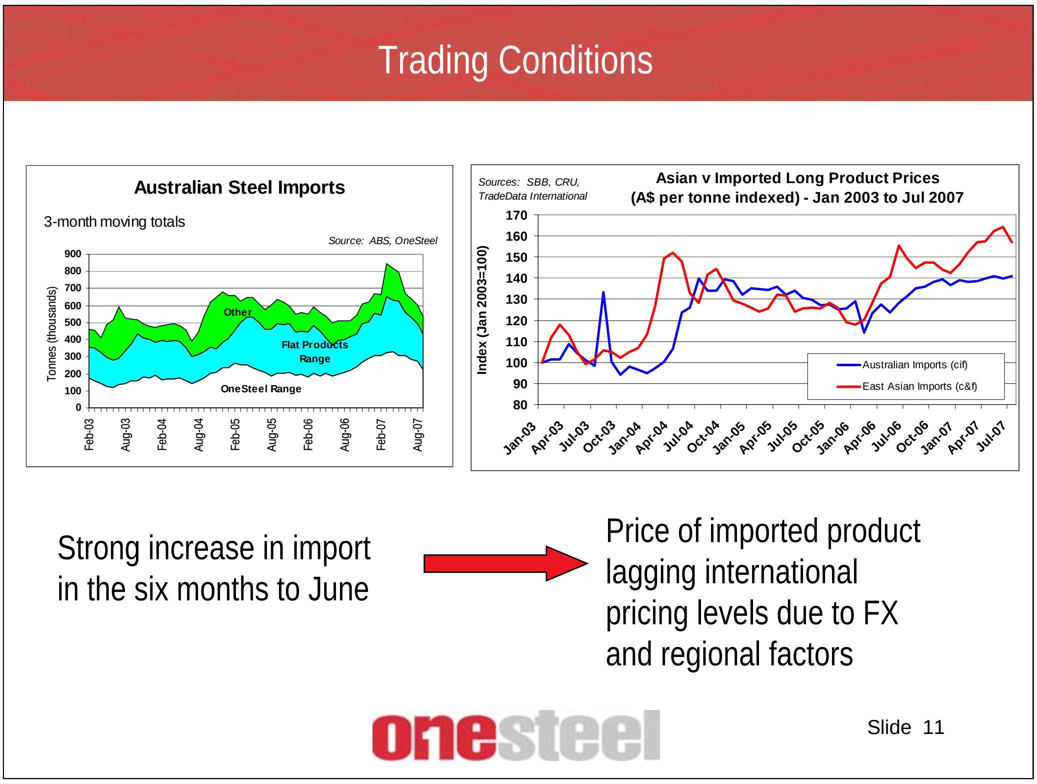
The domestic market drivers of OneSteel's business continue to be mixed with strength in the non-residential and engineering construction segments contrasting with softness in the residential market and weakness in the manufacturing and automotive sectors. The rural sector continues to be impacted by the drought while the resource/mining sector continues to grow.

Overall the domestic market continues to be generally strong.



Against this backdrop of favourable domestic demand, there was a run up in imports of steel products within the OneSteel range during 2007 which are still moving through the market.

This run up in imports was caused by many factors including the Chinese government's abolition of export incentives across a wide range of products that came into effect 1 July 2007. There was also a significant increase in imports of a speculative nature. These cheaper imports have made it difficult to pursue price increases to recover increases in raw material input costs such as scrap and hot rolled coil.

As the second chart shows the price of imported long products within the OneSteel range has not kept pace with international pricing for the same basket of goods.

Since July, there has been a reduction in imports however there is still an overhang of surplus inventory in Australia which is now passing through the through the market.

In the scrap recycling business, ferrous scrap has experienced a very competitive collections market, while non-ferrous pricing has seen a dramatic decline over the first quarter reflecting particularly the decrease in nickel prices.

Outlook

- Current Investment analyst range for OneSteel earnings at the EBITDA level is between approximately $700 and $850 million
- OneSteel's internal forecast for the combined business is $710 million to $780 million EBITDA
- This compares with $650 million EBITDA in proforma 2007 earnings of a combined OneSteel and Smorgon business
- Work is still underway on the asset uplift for Smorgon Steel's assets that is required to determine depreciation and amortisation position
- OneSteel merged company opening debt position is $2.1 billion

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Further to the release of proforma merged company accounts for the 2007 financial year on 25 October, OneSteel can provide the following clarification in regards to earnings guidance and outlook for the current financial year.

The current investment analysts' range for OneSteel earnings for the 2008 financial year at the EBITDA level is between approximately $700 million and $850 million. Based on our current forecast for the merged company, the range at the EBITDA level is between $710 million to $780 million.

This compares with comparable proforma earnings for 2007 of $650 million at the EBITDA level if OneSteel and Smorgon were a combined business for that year.

OneSteel is in the process of determining asset uplift values for the Smorgon Steel assets for the purpose of depreciation adjustments.

The opening debt position of the combined business at the time of the completion of the merger was $2.1 billion.

Outlook

- Confluence of factors putting pressure on margins in first half
  - Run up in imports during 2007
  - Imported steel prices lagging international long product prices
  - Negative impact of rapidly increasing Australian dollar
  - Higher raw material input costs
- Earnings strongly skewed towards H208
  - Full six-month contribution from the acquired businesses
  - Import levels since July 2007 have been decreasing
  - Import prices are beginning to adjust upwards
  - Higher level of ore exports in the second half compared to the first
  - Project Magnet will be completed during first half
  - Smorgon Steel merger synergy benefits will begin to flow in the second half

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There will be a strongly skewed split in earnings towards the second half. The main factors underlying the change in earnings between the two halves are:

•There will be a full six month contribution from the Smorgon Steel business in the second half.

•Pricing environment will be more favourable. The trading and underlying market environment is becoming more aligned

•There will be a higher proportion of iron ore exports in the second half

•Project Magnet is due to be fully operational entering the second half with greater benefits accruing to that half

•Smorgon Steel merger benefits will begin to flow in the second half.

Despite margin pressure in the first half, cash generation in the first half remains strong.

Summary

- A further year of improvement
- Domestic demand remains generally strong albeit mixed
- International steel market remains volatile
- Uncertainty around rapid currency appreciation
- Confluence of factors putting pressure on margins in H108
- Earnings will be skewed towards second half
- Management's priorities:
  - Successful integration of the two businesses and delivering the synergies and benefits
  - Meeting the ramp-up plan of 4mt iron ore sales FY08
  - Successful transition of Whyalla Steelworks to magnetite ore feed
  - Improve returns from existing businesses
  - Strong cash generation with Project Magnet capex complete

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In summary 2006/07 was another year of improved results. However, subsequent to year end, it saddens me to have to advise that one of our workers in Brisbane died through a work related accident. It is a tragic departure from the steady improvement in our safety performance. We express our deep sorrow to the family and friends concerned, and we are working vigorously across the company to do all we can to prevent a reoccurrence .

In terms of the current financial year underlying domestic demand remains generally strong albeit mixed across regions and sectors, while international steel market conditions remain volatile and there is some uncertainty as a result of the rapid appreciation in the Australian currency against the US dollar.

A number of factors have combined to place pressure on margins in the first half of the year so we expect earnings to be skewed towards the second half. Despite this we expect cash generation over the first half to remain strong.

Management attention will be focused on successfully completing Project Magnet, securing the synergy benefits from the Smorgon Steel merger.