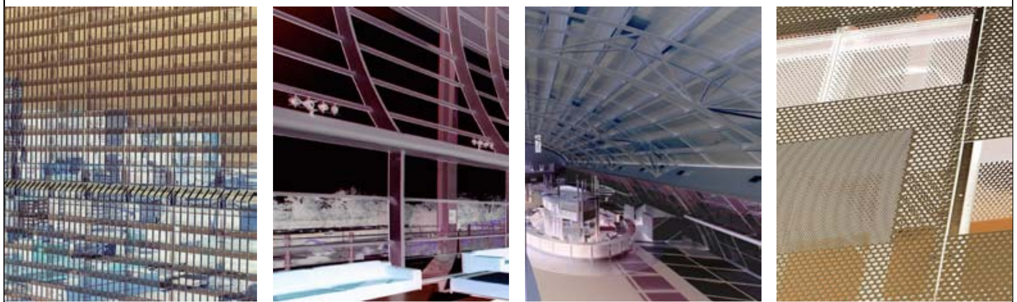

Full Year Results
17 August 2004

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Contents

- Results Overview
- Financials
- Operations Review
- Major Project Status
- Way Forward
- Attachments

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Slide 2

Welcome to OneSteel's fourth Annual results presentation.

I will provide you with a quick overview of what we see as the highlights of the results before passing over to OneSteel's Chief Financial Officer, Tony Reeves who will run through the financial highlights.

I will then review the operational outcomes, and spend some time on two projects that are vital to the future of OneSteel. Firstly a status report on the blast furnace reline and then Project Magnet, a very exciting project for OneSteel's future.

I will conclude with some comments on the way forward.

Given I will spend some time on Project Magnet, there are a number of slides which provide extra detail such as international market trends and other issues which we have supplied in the attachments to this presentation.

Overview - Highlights

- Record profit
- Overall performance good in extremely dynamic market
- Domestic market activity remained robust during the year
- Australian dollar appreciation affected mainly first six months trading
- International steel markets grew strongly on back on China demand
- Significant international steel price increases in the second half
  - Two impacts for OneSteel
    - Increased costs – scrap and hot rolled coil
    - Upward adjustment of domestic steel prices to reflect increased costs
- Midalia acquisition completed in February
- Blast furnace reline construction complete – in commissioning/ramp-up phase
- Project Magnet approved – early stages of project underway
- Final Dividend of 7.0 cents fully franked declared, up from 6.0 cents last year

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Slide 3

I have great pleasure in announcing that OneSteel again achieved a record profit, in what can only be described as an extremely turbulent year.

The first six months was impacted by a strongly appreciating Australian dollar providing a conducive environment for import growth which placed pressure on Australian steel prices and our margins.

The second six months saw international steel prices and hence raw material costs skyrocket to levels not seen in the last thirty years.

OneSteel had to adjust its business model considerably by accelerating its cost cutting program and adjusting prices to cover the increased cost of scrap steel and hot rolled coil.

Underlying this adjustment period, the Australian domestic market continued to grow. We acquired the Midalia Steels business in February 2004, significantly bolstering OneSteel's retail presence.

The blast furnace reline project is currently in commissioning and ramp-up phase and I will have some more comments to make about the project further into the presentation. As you are aware, the Project Magnet feasibility study was completed during the year and the OneSteel Board has approved its go ahead.

The Board declared a 7.0 cent fully franked final dividend, which compares to 6.0 cents last year.

Highlights – Detail

- Improved Market activity – up in OneSteel segments by 3. 5%
  - Three construction segments (60% of OneSteel revenue) up 5.0%
  - Residential was up but now slowing
- Business Performance
  - Sales margins held in difficult trading environment
  - Excellent performance across all businesses
- Business Improvement Program
  - Cost increases of $71 million
  - Cost reductions of $50 million
  - Revenue enhancements of $28 million
- Staff increased by 3.1% partly due to small “bolt-on” acquisitions
- Safety performance improved 10%. MTIFR of 14.2 lowest on record. LTIFR of 2.6 per million man hours worked, up from 1.7
- Adjusted tonnes (excl. special projects) dispatched up 5.0%
  - Domestic up 4.3%
  - Exports up 21% to 4.7% of total dispatches
- Underlying price per tonne (excl. special projects) increased 1.7%
  - Underlying domestic prices up 2.4%
  - Export prices down 12.6% in AUD

Slide 4

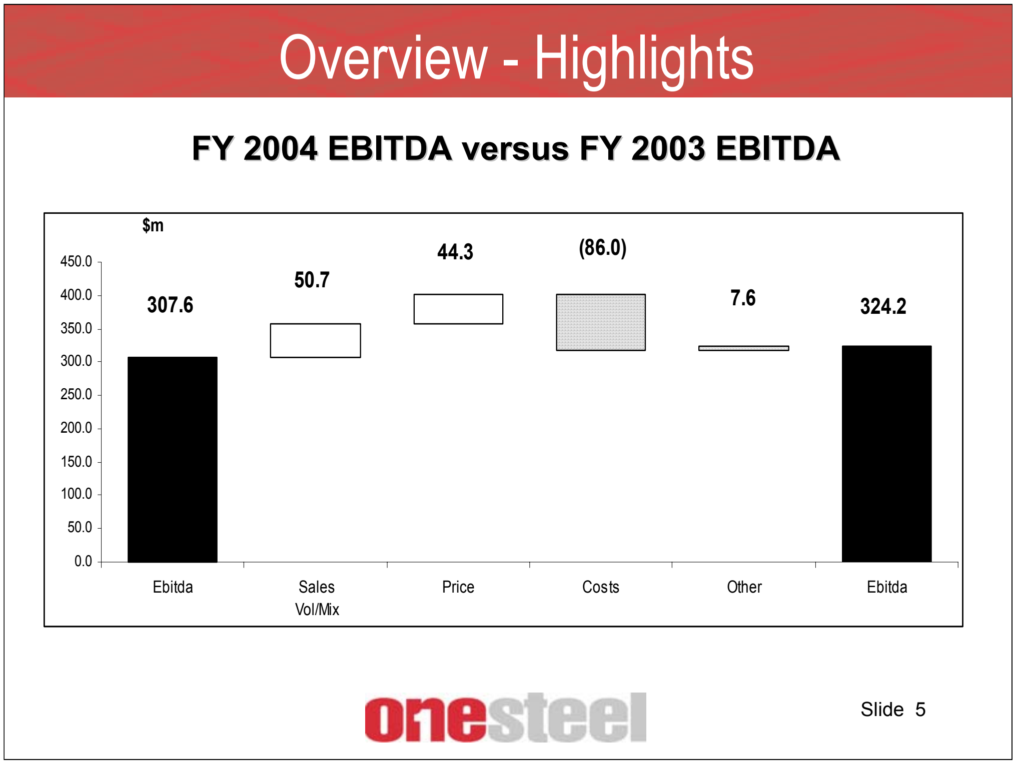
Market activity continues to grow from already high levels up 3.5% across the segments which drive OneSteel revenues. The construction sectors which account for around 60% of OneSteel revenues were up 5.0% despite residential demand moderating towards the end of the period.

Sales margins improved slightly in a difficult trading environment, with excellent performances across all businesses.

During the financial year, costs increased by $71 million stemming largely from higher raw material costs in the second half. In response, cost reductions of $50 million were achieved, $31 million in the second half. For the full year $28 million in revenue enhancements was achieved.

Staff increased by 3.1% as a result of small bolt on acquisitions, and an increase in casuals to manage increased market demand.

Underlying tonnes dispatched which are adjusted for special projects, increased 5.0% with domestic up 4.3% and exports up 21%. Associated price per tonne increased 1.7% in total, 2.4% domestically and a decrease of 12.6% for exports in Australian dollar terms.



I will let Tony Reeves deal with the detailed numbers however, I would like to highlight the main differences between the comparable result periods as represented on this chart.

As the chart indicates, volume and mix was the biggest component in terms of the positive addition followed by price. The $86 million negative represents increased raw material costs, mainly scrap and hot rolled coil, increased staffing costs associated with extra casuals to meet demand and to a lesser extent people associated with the Midalia acquisition.

Generally what the graph highlights is that it was a very big year in terms of the dynamics of the business.

Market Drivers - OneSteel Key Segments

Segment	% of OST Revenues	% Change June 03 – June 04
Non-Res Construction	26	6.2
Engineering	21	3.2
Residential	15	5.4
Other Manufacturing	12	3.4
Mining	11	-2.0
Agricultural	6	-1.5
Automotive	5	3.4
Total Weighted Change		3.5

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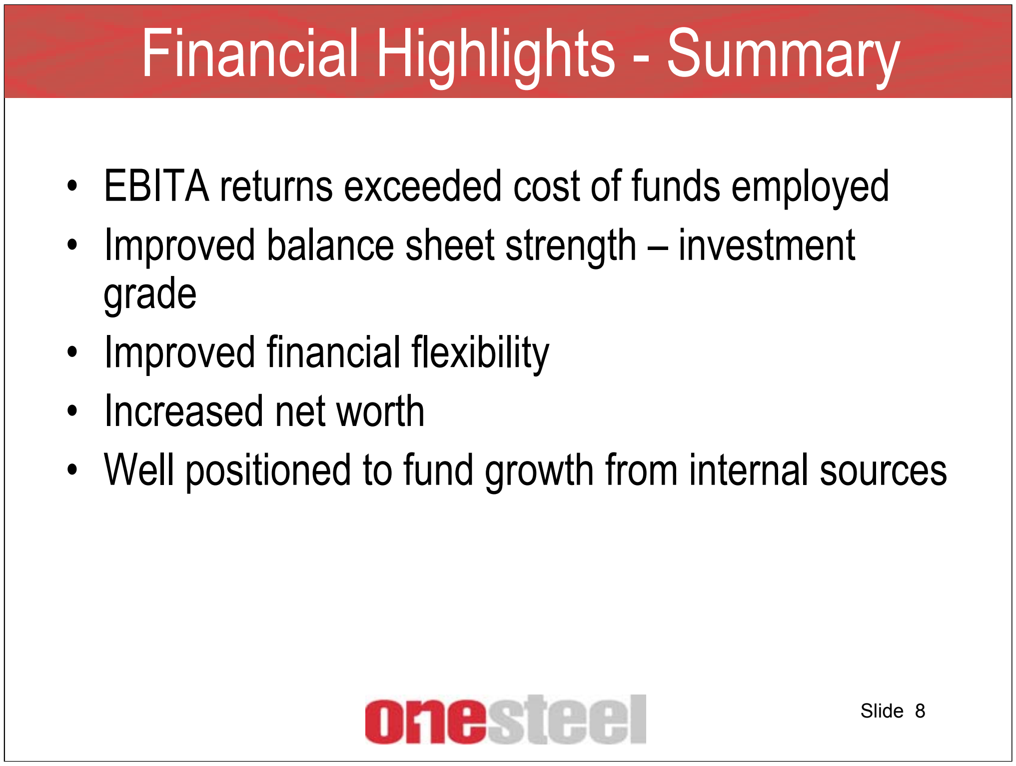
Slide 6

Graphs of historical activity in these sectors are included in the attachments to this presentation.

The only comment I would like to make here is although mining production is lower compared with the prior year, it is still at a high level and investment in this sector is growing. Agriculture is still weak and patchy reflecting the extended drought.

I will now hand over the Tony Reeves who will run through the financial highlights.



In terms of what I see as the main highlights:

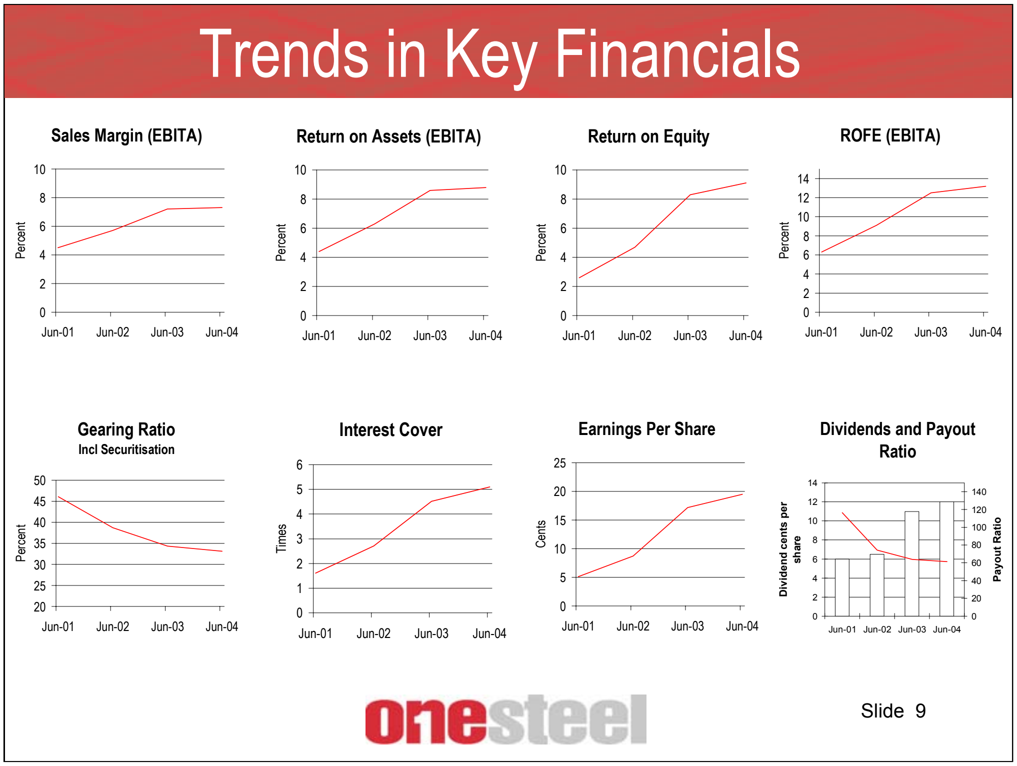
• EBITA return exceeded the cost of funds employed

• improved balance sheet strength, which was confirmed with a NAIC2 rating on US private debt placement

• improved financial flexibility example for bolt on acquisitions

• increased net worth through retained earnings and strong participation in dividend reinvestment plan

• positioned to fund growth, such as Project Magnet, from internal sources.



This slide highlights a number of key financial measures and ratios for OneSteel over the last four years. As the charts indicate, to date the company has been able to achieve improvements across all key measures through a mixture of good market conditions combined with a broad base of management actions.

Financial Highlights - Details

- Record net operating profit after tax of $108.1 million
- Total net profit after tax was $127.9 million after tax consolidations
- Earnings per Share grew from 17.2 cents to 19.5 cents
- Free Cash Flow of $43.9 million - $120.0 million excluding blast furnace reline associated expenditure
- Net debt held steady
- Gearing improved to 33.1% from 34.3% (including securitisation) and borrowing costs fell to $42.2 million from $44.5 million
- Interest cover of 5.1 times compared with 4.5 times a year ago
- Return on funds employed of 13.2%
- Full-year dividend of 12.0 cents

Slide 10

OneSteel achieved a record profit net operating profit after tax of $108.1 million, with an associated earnings per share increase from 17.2 to 19.5 cents per share.

After the tax consolidation adjustment is taken into account, the net profit after tax was $127.9 million.

Free cash flow was $43.9 million or $120 million when excluding expenditure associated with the blast furnace reline project.

We met our commitment to keep net debt at the June 2003 level, again despite the blast furnace project.

Gearing, including $200 million of securitisation, has improved from 34.3% to 33.1% with related borrowing costs down from $44.5 million to $42.2 million.

Interest cover has improved to 5.1 times from 4.5 a year ago.

Our return on funds employed also improved from 12.5% to 13.2%, slightly above our cost of capital.

The Board declared a final dividend of 7 cents, making the full year dividend 12 cents, up from 11 cents last year.

Financial Performance

$A Million	Statutory			Pro Forma	% chg 03/04
	2004	2003	2002	2001 excl prov	
Sales	3,269.2	3,060.6	2,906.0	2,637.7	6.8
EBITDA	324.2	307.6	251.0	202.6	5.4
Dep and Amort	108.1	106.3	103.1	99.2	1.7
EBITA	237.1	221.1	166.8	118.0	7.2
Borrowing Costs	42.2	44.5	54.4	61.8	(5.2)
Profit Before Tax	173.9	156.8	93.5	41.6	10.9
Tax	53.4	53.3	39.0	12.1	0.2
NOPAT	108.1	94.0	47.1	23.6	15.0
NPAT	127.9				36.1
EPS (cents)	19.5	17.2	8.7	5.1	
ROFE %	13.2	12.5	9.1	6.3	
Full Yr Dividend (cents/share)	12.0	11.0	6.5	6.0	

Slide 11

In terms of financial performance sales improved 6.8% to $3.269 billion reflecting buoyant market conditions and some price improvement.

This translated to a profit before tax improvement of 10.9% and a profit after tax increase of 15.0%.

Earnings per share improved to 19.5 cents per share while return on funds employed increased to 13.2%.

The Board declared a final dividend of 7 cents taking dividends for the year to 12 cents fully franked.

Non-Trading Items

Additions	Millions
• Profit/loss on sale of assets	$ 16.6
Subtractions	
• Restructuring costs	$ 5.8
• Profit in Stock Adjustment	$ 4.2
• Interest on SDL loan balance	$ 0.3
Total	$10.3
Net Benefit/(Loss)	$ 6.3

Blast furnace reline P&L impact neutral

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Slide 12

The above slide has been provided to show you the one-off items in the result. You will note profit on property sales was $16.6 million.

Major offsetting items to this profit were restructuring costs of $5.8 million and a negative profit in stock adjustment of $4.2 million.

Taking all positive and negative non-trading items into account the overall net position was a positive impact of $6.3 million.

In the past we have mentioned that the blast furnace reline would not have a material impact at the P&L level, and this was achieved by utilising annual leave provisions and proceeds from sales of non-steel products.

Financial Position

$A Million	Jun 2004	Jun 2003	Jun 2002	Jun 2001	% Chg 03/04
Total Assets	2,803.2	2,577.0	2,582.0	2,710.8	8.8
Liabilities	1,429.8	1,292.0	1,359.4	1,594.6	10.7
Net Assets	1,373.4	1,285.0	1,222.6	1,116.2	6.9
Net Debt	469.0	470.2	571.6	762.4	(0.3)
Inventory	704.6	591.0	574.1	540.3	19.2
Funds Employed	1,842.4	1,755.2	1,794.2	1,878.6	5.0
Gearing % (net debt/net debt plus equity)	25.7	26.8	31.9	40.6	
Gearing % (including securitisation)	33.1	34.3	38.7	46.3	
Interest Cover - times	5.1	4.5	2.7	1.6	
NTA /Share $	1.93	1.77	1.69	1.81	

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Slide 13

In terms of financial position, the things I would like to highlight include our slight reduction in net debt to $469 million reducing our gearing to 33.1% including $200 million of securitisation and our interest cover increasing to 5.1 from 4.5 times.

This means we have met our commitment to keep net debt at the same level as last year while funding the blast furnace project and higher value working capital stemming from price increases.

The 19.2% increase in inventory reflects the $59 million of stock associated with the blast furnace reline project and the increase in the value of stock on hand of $30 million as a result of price increases. In stock week terms, underlying stock turns have improved.

Cash Flow

$A Million	Statutory			Pro Forma
	Jun 2004	Jun 2003	Jun 2002	Jun 2001
Earnings before Tax	**156.9**	157.9	86.8	47.5
Dep. & Amort.	**108.1**	106.3	103.1	99.2
Capital and Inv Exp	**(151.4)**	(130.9)	(70.8)	(108.4)
Working Cap movement	**(46.2)**	17.5	(76.5)	183.2
Income Tax Payments	**(33.8)**	(24.0)	(20.8)	(39.6)
Asset Sales	**45.3**	16.7	56.2	116.8
Other (SDL Loan)	**6.0**	(1.0)	65.9	(128.6)
Operating Cash Flow	**84.9**	**142.5**	143.9	170.1
Free Cash Flow	**43.9**	**154.9**	28.5	220.8
Add back Blast Furnace	**76.1**			
Adj Free Cash Flow	**120.0**			

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Slide 14

Operating cash flow is $57.6 million lower as a result of increased inventory related to the blast furnace reline, higher cost of inventory associated with price increases and the purchase of Midalia Steel. If free cash flow is adjusted for the blast furnace project, underlying cash generation would have been $120 million.

Operations Review

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Slide 15

Australian Distribution – Results

$A Millions	2004	2003	2002	2001	% chg 03/04
Revenue	1,835.6	1,649.6	1,531.8	1,245.0	11.3
EBITDA	117.0	101.4	94.5	70.7	15.4
EBITA	99.1	84.7	77.7	54.6	17.0
Assets	1,094.6	998.0	999.0	926.4	9.7
Employees	2,712	2,501	2,446	2,531	8.4
Sales Margin %	5.4	5.1	5.1	4.4	5.9
ROFE %	12.7	10.9	10.3	7.6	16.5
Ext. Tonnes Dispatched	1,193,774	1,121,051	1,050,608	903,491	6.5

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Slide 16

Revenue from Distribution increased $186 million for a 17% lift in EBITA to $99.1 million while external tonnes dispatched were up 6.5%.

Effective working capital management and property divestments, combined with margin improvements, resulted in an increase in return on funds employed to 12.7%.

Selling prices were increased to maintain profitability as input costs rose to levels not seen in recent history. In this context the increase in sales margin from 5.1% to 5.4% is notable.

Australian Distribution – Highlights

Factors Influencing Result

- Strong underlying market, particularly construction sectors
- Sales margins maintained in difficult trading conditions
  - Delayed recovery of input cost increases
  - Some loss of market share to imports in first half
- Cost savings of $4.8 million
- Revenue enhancements of $13 million (vs $13.8m cost inc's)
- Purlin Supplies and Marner Steel & Mesh bedded down
- Acquisition of Midalia Steel – extension into smaller customer/retail channel

Outlook

- Residential slow down to be offset by non-residential and engineering construction pick up - other sectors relatively stable
- SAP roll out to remaining businesses and mesh rationalisation completion

Slide 17

Market activity continued to be healthy, with the three construction segments rising from the previous year. The rural sector improved although drought-affected areas of New South Wales and Victoria remained difficult. Leveraging the success of our strategic account program, a number of national preferred supplier agreements with key customers were secured.

The introduction of OneSteel's SAP systems platform was successfully completed in the Steel & Tube business in September 2003 and in Piping Systems in March 2004. The platform is being rolled out in the remaining Metaland and Sheet, Coil & Aluminium business and will be completed during this new financial year. Benefits are being realised in operational productivity, inventory management and customer service.

An important element of future earnings growth is the target entry into new markets or new products and services. Our February 2004 acquisition of Western Australia's Midalia Steel is consistent with this strategy, offering access into the smaller customer/retail channel. New expanded reinforcing mesh-making facilities are being commissioned in Sydney and will be fully operational by September 2004, at which point mesh-making in Melbourne will cease.

Market activity is expected to remain favourable over the next 12 months with a healthy project list providing confidence. The list is included in the attachments.

Manufacturing - Results

$A Million	2004	2003	2002	2001 exc prov	% chg 03/04
Revenue	1,841.9	1,753.8	1,727.9	1,555.8	5.0
EBITDA	202.3	193.0	148.8	127.2	4.8
EBITA	140.2	128.5	86.3	65.0	9.1
Assets	1,632.7	1,519.6	1,498.3	1,575.9	7.4
Employees	3,562	3,604	3,760	4,066	(1.2)
Sales Margin %	7.6	7.3	5.0	4.2	4.1
ROFE %	12.9	11.8	7.7	5.6	9.3
Tonnes Disp - External	965,762	1,103,088	1,125,805	1,221,582	(12.4)
Tonnes Disp - Internal	785,579	711,370	707,328	572,515	10.4
Steel Tonnes Produced	1,618,855	1,624,399	1,576,650	1,438,770	(0.003)

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Slide 18

Revenue from Manufacturing was up 5%, and EBITA increased 9.1%. Manufacturing improved its EBITA sales margin from 7.3% to 7.6% in the face of downward price pressure from imports and escalating input costs, key of which was scrap. Manufacturing continues to improve its return on funds employed, achieving a 12.9% return compared with 11.8% in the previous financial year.

Tonnes of steel produced were down marginally, reflecting the impact of the blast furnace reline, with tonnes dispatched externally falling by 12.4%, reflecting the diversion of tonnes from the Alice Springs to Darwin rail project completed in August 2003, to building inventory for the blast furnace reline. Internal dispatches were up 10.4% reflecting strong domestic demand.

Manufacturing – Highlights

Factors Influencing Result

- All operations performed well
- Blast furnace operated successfully up to reline
- Continued focus on operational excellence
- Cost reductions of $26.9 million and $34.7 million in revenue enhancements offsetting $52.4 million in cost increases
- Significant adjustment to changing market conditions
- Flexible shift patterns at Newcastle Mills
- New fence post plant

Outlook

- Construction activity will remain strong
- Blast Furnace ramp-up to be completed
- Project Magnet commencing
- Eight-strand ropery under construction

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Slide 19

In manufacturing all operations performed well with the run-up to the blast furnace project completed successfully and enough inventory built to cover the shut down period. There has been a continued emphasis on operational excellence with yield improvements across a number of OneSteel operations including the rod and bar mills and the pipe and tube business. Cost reductions and revenue enhancements more than offset cost increases as significant adjustments had to be made to changing market conditions.

Flexible shift patterns were introduced into key mills in Newcastle providing higher variable cost operations. A new fence post plant was commissioned again in Newcastle, producing a new GalStar range of star posts that replaced the old black star posts, a product that has been around for decades.

Looking ahead, market activity will remain strong, and with the blast furnace ramp-up to be completed in the first quarter, OneSteel can get back to full production.

The Board has approved the commencement of the magnetite project and the new eight strand ropery to service the mining sector is currently under construction in Newcastle.

International Distribution – Results

$A Million	2004	2003	2002	2001	% chg 03/04
Sales	340.3	290.8	289.2	312.2	17.0
EBITDA	47.6	36.6	30.7	29.3	30.1
EBITA	42.7	32.0	26.1	23.8	33.4
Assets	172.2	156.1	133.1	174.0	10.3
Employees	793	765	620	700	3.7
Sales Margins %	12.5	11.0	9.0	7.6	13.6
ROFE %	31.7	27.0	20.5	16.2	17.4

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Slide 20

Steel & Tube Holdings benefited from strong economic growth that resulted in robust consumer spending and record demand in the construction sector. Net profit after tax in NZ$ terms rose by 32%, or NZ$6.94 million, to NZ$28.46 million. Full-year earnings from Hurricane Wire are included in the year's result compared with a three-month contribution in the previous financial year. Earnings per share was up 32% to 32 cents per share.

International Distribution – Highlights

Factors Influencing Result

- Overall market conditions strong driven by stronger than expected economic growth of 5%
- Record demand from construction sector
- Full-year benefit of the April 2003 acquisition of Hurricane Wire Products
- Low import prices due to strengthening currency adversely affected selling prices in first three quarters
- Volumes and margins increased in the second half of the year

Outlook

- Any downturn in housing from lower net migrant growth will be offset by rising momentum in commercial construction and infrastructure
- Rural sector to benefit from higher commodity prices and lower exchange rate, with manufacturing sector also better able to compete against imports
- New Zealand economy to continue to grow but at slower rate than FY2004

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Slide 21

The demand for Steel Distribution and Processing's goods and services was relatively steady, with the volume of steel sold increasing slightly from the previous year. However total sales revenue was adversely affected as the strong New Zealand dollar reduced the cost of imports, resulting in lower average selling prices of steel products in the first three quarters of the year. However due to an increase in volume and margins in the second half of the year, earnings improved substantially compared with the previous year.

Roofing Operations benefited from increased demand for new housing, boosted by growth in net migrant, while Reinforcing and Fabrication improved results helped by growing infrastructure spending and a favourable mix of contracts.

Similarly, there was strong demand from the construction and rural sectors for Hurricane Wire Products' core products. This combined with obtaining synergy benefits from other members of the group lifted this business' results.

Turning to the outlook, the New Zealand economy is expected to continue to grow but at a slightly slower rate than in the 2004 financial year.

Major Project Status

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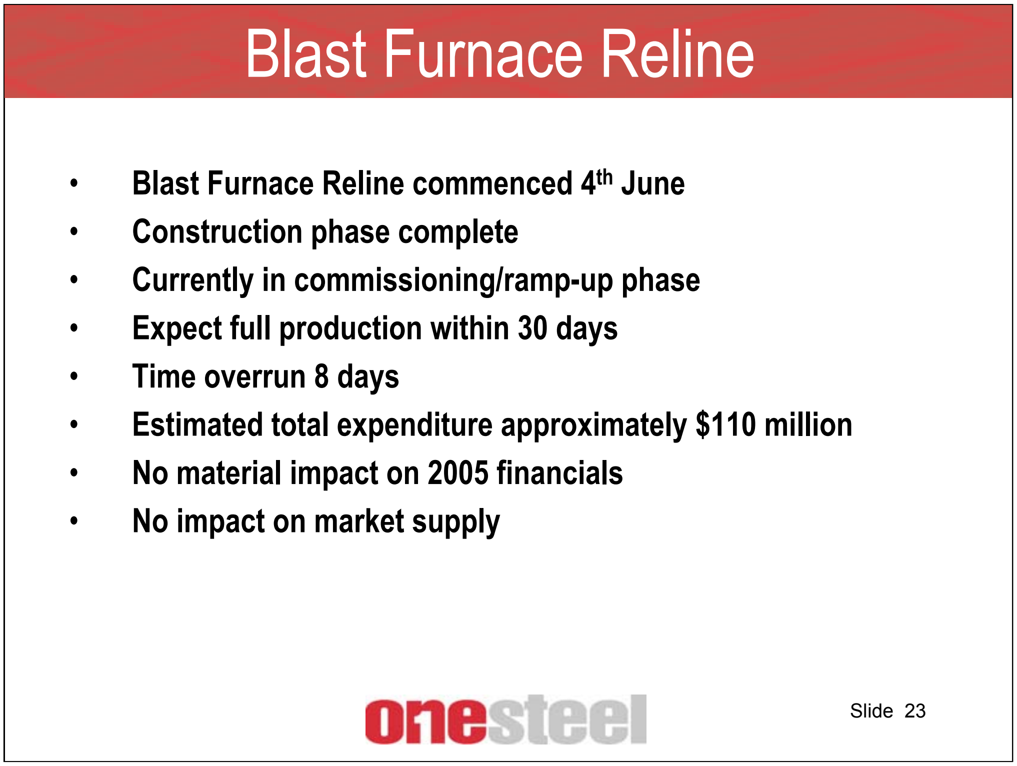
Slide 22



The blast furnace reline project commenced on the 4th June and the construction phase is complete and we are in the commissioning and ramp-up phase. Operations are due to be back to full production over the next 30 days. The reline component, which was originally scheduled to take 65 days, took 74 days to complete.

This will mean the total costs of the project (capital and cash) whilst not finalised will be approximately $110 million. This will not be material on OneSteel's profit or cash performance in the 2004/05 financial year, or on the company's ability to meet market demand.

The second major project on we have underway is Project Magnet.

Project Magnet - Overview

- Project Magnet
  - Develop and use magnetite (Fe_3O_4) resource to feed the steelworks
  - Frees incremental (~30M t) hematite (Fe_2O_3) reserve for export
- Benefits
  - Extends life of Whyalla well past 2020 to at least 2027
  - Margin improved from lower cost of steel production
  - Revenue improved from new “near core” business in hematite export sales
  - Environmental improvements – dust reduction
- Timing fully operational 2006/07
- Cost – total expenditure including mine stripping approximately $250 million

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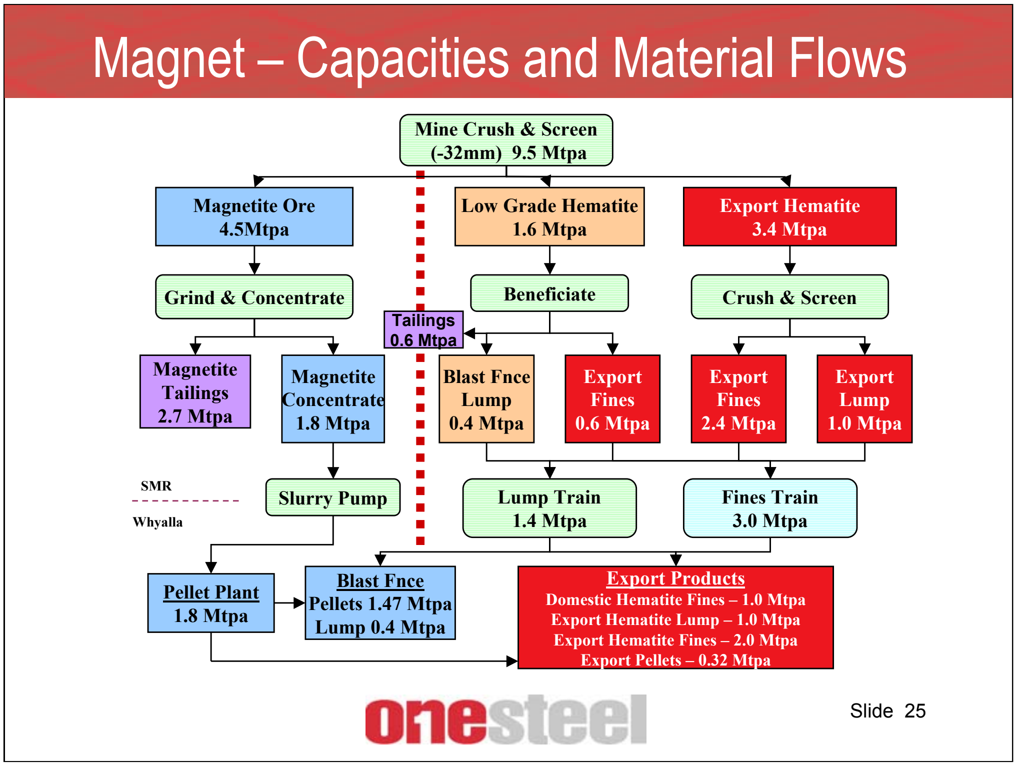
Slide 24

Project Magnet has two components, converting the Whyalla steelworks to a magnetite feed from the existing hematite feed and exporting hematite. The main benefits of the project include the extension of the life of Whyalla from the current 2020 to beyond 2027. We will secure cost savings per tonne of steel by using magnetite instead of hematite ore. We will gain extra revenue from selling approximately 3 million tonnes of hematite ore per annum above current sales, approximately 320,000 tonnes per annum of pellets and a further 100,000 tonnes per annum of slab steel.

A further benefit is the environmental improvements Whyalla will gain from converting pellet production from a dry to a wet process.

The project is expected to be up and running in 2006/07 with a total cost including mine strip-back of approximately $250 million.



This chart represents a flow diagram of how project Magnet will work.

OneSteel's annual iron ore mining and processing requirements will rise from 3Mt to 9.5Mt. By around mid 2006, when Project Magnet is scheduled to be up and running, OneSteel will have estimated hematite reserves of 31Mt plus approximately 13Mt of lower grade ore, for a total of 44Mt.

Assuming the continued sale of 1Mt pa for 10 years uses 10Mt of the 44Mt of hematite, annual sales of 3Mt pa on the export market for 10 years uses a further 30Mt so that 40Mt of the 44Mt hematite is used, leaving 4Mt that will be used to feed the Whyalla blast furnace in lump form, for around 10 years at an annual rate of 0.4Mt.

The initial pit model from the feasibility study and associated drilling, indicates a probable reserve that will produce 31Mt of magnetite concentrate and an inferred resource leading to 11 Mt of concentrate, sufficient to feed the blast furnace at Whyalla until at least 2027. This assumes that the 0.4Mt of hematite lump is supplemented by 1.8Mt pa of magnetite concentrate.

Value in Use of Magnetite Feed

- Improves margin by lowering the cost of steel production by up to 5%:
  - Higher Fe content of pellets (increase from 60% currently to 65%)
  - Lower Pelletising energy demand
  - Lower blast furnace flux additions ∴ lower slag volume
  - Lower steelmaking costs
    - Lower phosphorous
    - Reduced flux additions
    - Improved metallic yield
  - Offsets include magnetite ore beneficiation and desulphurisation

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Slide 26

As mentioned there is value in use of using magnetite ore in the vicinity of net benefit of up to 5% in the production of crude steel. The reasons for this are because of lower energy requirement to make pellets, lower pellet and blast furnace flux additions and hence lower slag volume and lower steel making cost as the magnetite ore is lower in phosphorous, again requiring less flux additions and providing improved metallic yield.

Partially offsetting these benefits are the beneficiation of magnetite at the mine and the requirement for desulphurisation.

Project Magnet – Revenue

- Hematite ore, pellet and incremental slab sales over 10 years generate revenues in excess of $1 billion – approximately
  - 30 Mt hematite
  - 3.2 Mt pellets
  - 1 Mt slab
- Revenue based on JSM benchmarks
- Assumed a conservative forward price curve

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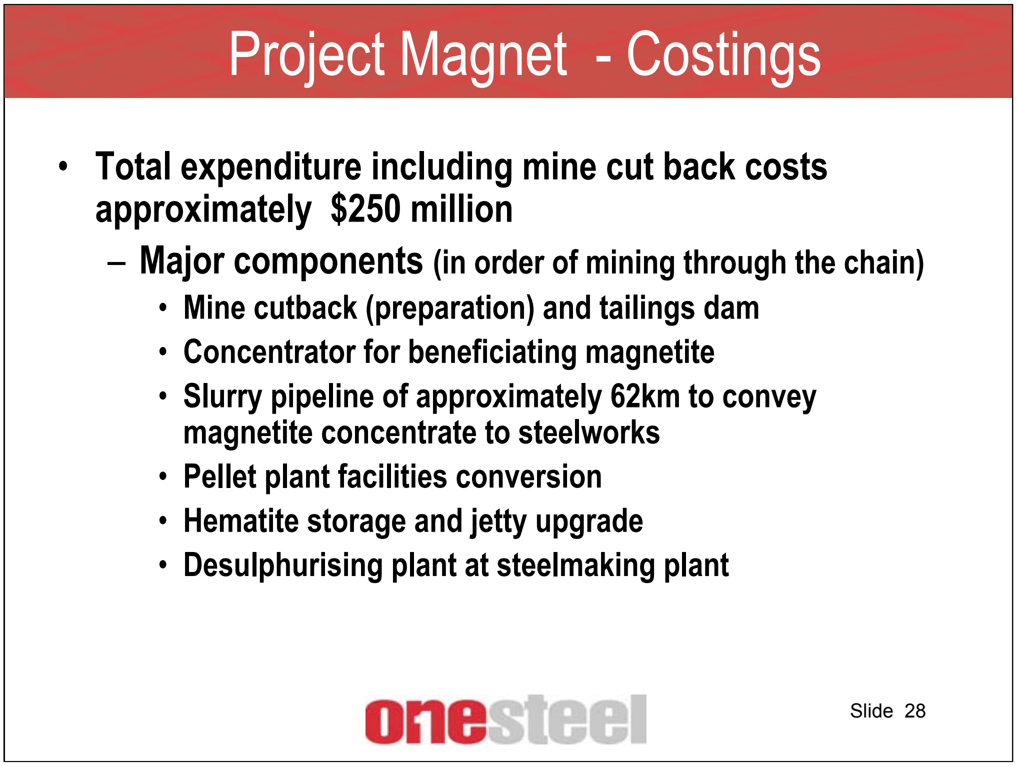
Slide 27

The project is expected to be up and running sometime in calendar year 2006 with the first full year of benefit in FY2007.

The annual export of 3Mt of hematite ore, 320,000 tonnes of ore pellets and incremental slab sales of up to 100,000 tonnes is forecast to generate additional revenue in excess of $1 billion over ten years.

In the meantime there will be some incremental increases in hematite ore sales over and above the existing 1Mt per annum of sales which will help to fund the cost of the project.

In terms of modelling the project, we have utilised JSM benchmarks in setting the iron ore price, and we have also utilised a conservative forward price curve.



Prior estimates of the capital component of the costs were in the range of $100 million to $200 million. Capital costs will exceed $200 million mainly as a result of larger scale of the project and increased labour costs than initial estimates undertaken two years ago. The other major non-capital expenditure includes the mine cut back costs which are estimated to be approximately $20 million to $30 million and will be capitalised at the start and amortised over the life of the mine.

It was originally planned to sell the hematite over a 15 year period. Given the increased demand in China, we believe there is an opportunity to sell the hematite over a 10 year period, hence the larger scale of the project.

Looking at the major components of the costs from the mine to the port they are:

•Mining cutback and tailing dam

•Concentrator for beneficiating magnetite

•The construction of a slurry pipeline to convey magnetite concentrate to the steelworks.

• Pellet plant conversion from a dry process to a wet process

• A hematite storage and jetty upgrade

Project Magnet - Next Steps Include

- **Board has approved commencement and committed $30 million to progress the project**
- **Initiate implementation program**
- **Board Approval required for:**
  - **construction contract**
  - **appoint a marketing agent**
  - **finalise transhipping arrangements**
- **Board Review**
  - **government approvals**

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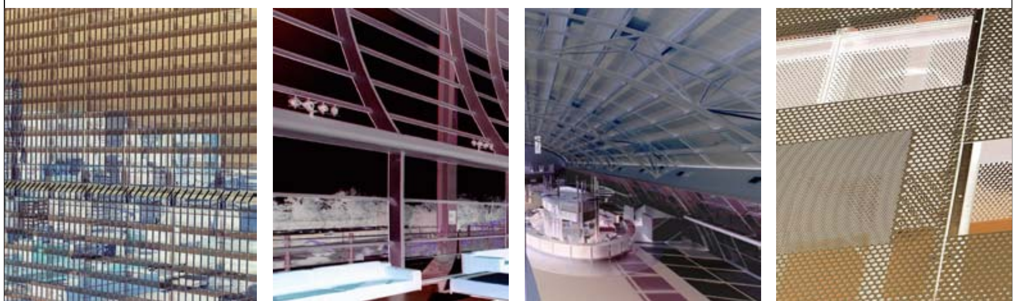
Slide 29

The OneSteel Board has approved the commencement of the project with an initial commitment for $30 million covering initiation of detailed design work, mobilising key engineering resources, securing long-lead time items, some further drilling and test work and preparation and initiation of mine cut back.

During this phase there will be a number of matters, which will require Board approval including the construction and marketing contracts. There will also be a number regulatory approvals required. Further announcements will be made over the coming year on project progress.

In terms of the financial benefits of the project to OneSteel, to date we have said that Project Magnet will generate revenues in excess of $100 million per annum for 10 years, and in profit terms it will be material at the EBITDA line, that is greater than $30 million per annum. Some investment analysts have come up with estimates of EBITDA contributions of between $40 million and $65 million. Based on our assumptions, we believe the project will deliver benefits within this range.

Way Forward



Slide 30

Strategy & Opportunities

- Continue to improve business performance
- Main Priorities
  - Managing costs down, cash generation, improving working capital management
  - Manage Major Projects to Successful Outcomes
    - Blast furnace ramp-up
    - Project Magnet
- Longer term strategic growth options
  - Organic or "step change" nature

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Slide 31

Notwithstanding the extremely dynamic international steel markets, the strategy for the future remains unchanged, namely to continue to improve the performance of the business. This will be done by continuing to manage costs down, generating cash, improving working capital management and improving profitability. Given the company is embarking on the single largest project since listing, we will increase our focus on managing working capital and cash over the next 2 years.

We believe that in the current environment Project Magnet provides the best opportunity for providing a growth platform for the company, but having said that, we will not ease our discipline in terms of managing our existing business.

Summary and Outlook

- Overall construction activity remains strong
- International markets remain very dynamic
- Continued performance improvement from OneSteel initiatives
- Company in good financial position
- Complete blast furnace commissioning and ramp-up
- Delivering Project Magnet major focus over the next two years

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Slide 32

In summary, looking ahead, all indications are that we are still in a strong construction cycle and we expect this to continue into this current financial year. International steel and currency markets remain extremely dynamic and will play a role in terms of imports into Australia, and more importantly the prices at which imports enter Australia.

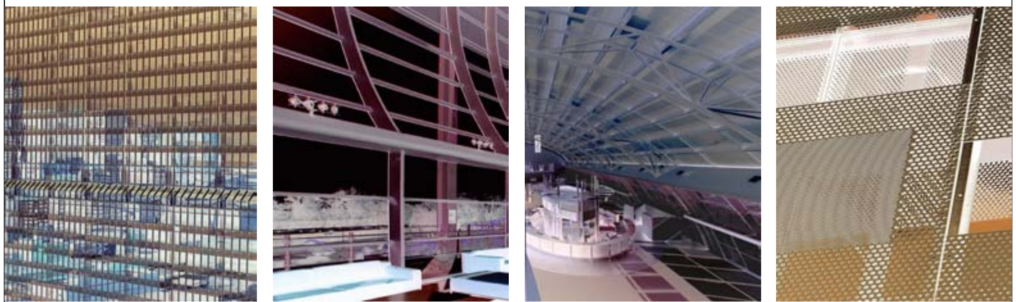
Should international prices increase to the extent that through a mix of raw material costs and currency movements OneSteel's cost base increases, we will continue to make adjustments through cost reductions and price increases. We have been very firm in this area and we will continue to be disciplined.

The company is in a strong financial position having met the target of not increasing net debt over the 2003/04 financial year by funding the blast furnace project and increased working capital associated with cost and price increases from cash generated during the year.

Cash generation over the 2004/05 year will be used to fund Project Magnet and the impact of price increases leading to a higher working capital requirment.

Delivering Project Magnet will be a major focus for the company over the next two years.

Ladies and gentlemen, thank you for your time today and for your interest in OneSteel.



Full Year Results
17 August 2004

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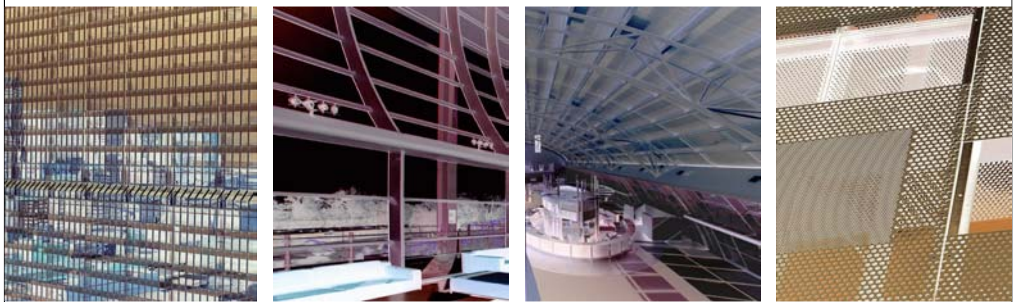

Attachments Key Financials

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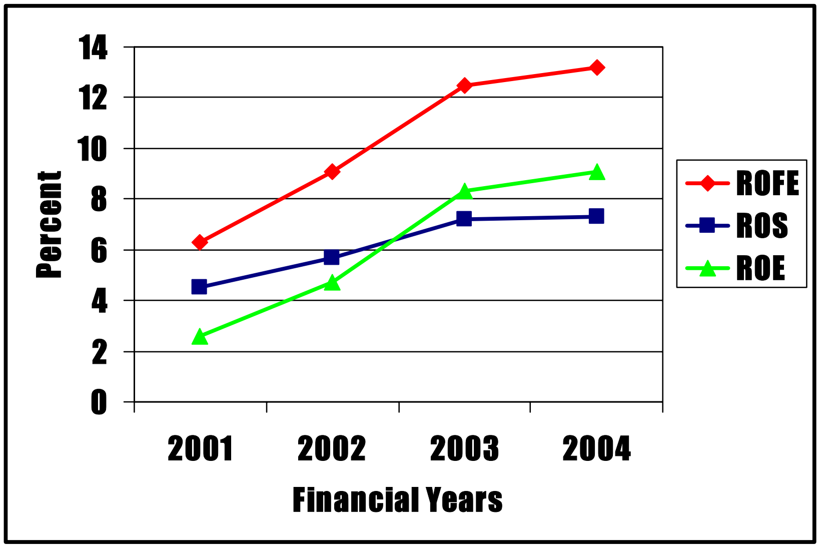
Key Financial Ratios



Slide 35

Cash Flow Reconciliation

$A Million	Jun 2004	Jun 2003	Jun 2002	Pro Forma Jun 2001
		Statutory		
EBITDA (Adj for Profit on Asset Sales)	307.6	307.6	251.0	181.7
Interest	(42.2)	(44.5)	(54.4)	(61.8)
Tax	(33.8)	(24.0)	(20.8)	(39.6)
Capital Expenditure	(141.5)	(101.5)	(70.8)	(42.7)
Working Cap (adj SDL Loan)	(46.2)	17.3	(76.5)	183.2
Free Cash Flow	43.9	154.9	28.5	220.8
- Less Investments	(9.9)	(29.4)	0	(65.7)
- Plus Asset Sales	45.3	16.7	56.2	116.8
- Other	5.6	0.3	59.2	(101.8)
Operating Cash Flow	84.9	142.5	143.9	170.1

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Slide 36

Tax Consolidation Impact

Entry into the tax consolidation regime has allowed OneSteel to gain an uplift in the tax base of assets using the Allocable Cost Amount method (ACA). The adjustment to the deferred tax liability of $19.8m has been booked in the year as a reduction to tax expense. This amount is a real cash benefit to OneSteel as it will be recovered over the remaining life of the assets via increased tax depreciation.

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Slide 37

International Financial Reporting Standards

Major impacts are

- Goodwill
  - No Amortisation
  - Subject to annual impairment testing, including revised definitions of "cash generating units" and applicable discount rates
- Financial instruments
  - Hedge accounting may not apply in some areas
  - Increased volatility in earnings via fair valuing of all financial instruments
  - Securitisation may come back on balance sheet
- Defined benefit superannuation fund
  - Surplus/deficit to be recognised in OneSteel's balance sheet
- Business Combinations
  - Restricted ability to create restructuring provisions for acquisitions
- Further information refer to Note 33 to the Statutory Accounts

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Slide 38

Superannuation – Defined Benefit Fund

Current Policy

- Surpluses/Deficits maintained in the fund
- Adjust Contribution rates to manage surpluses/deficits
- Regular audits undertaken

Current Position

- Fund Value $291.7 million
- Small Surplus

Future Position

- Surplus/deficit to be brought to account in 2005 under International Accounting Standards

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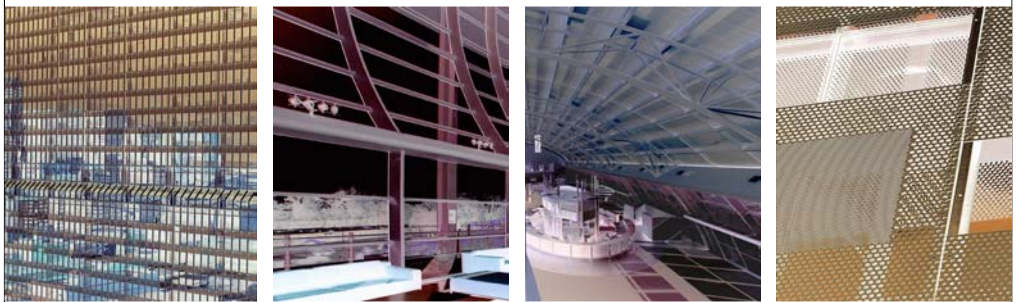
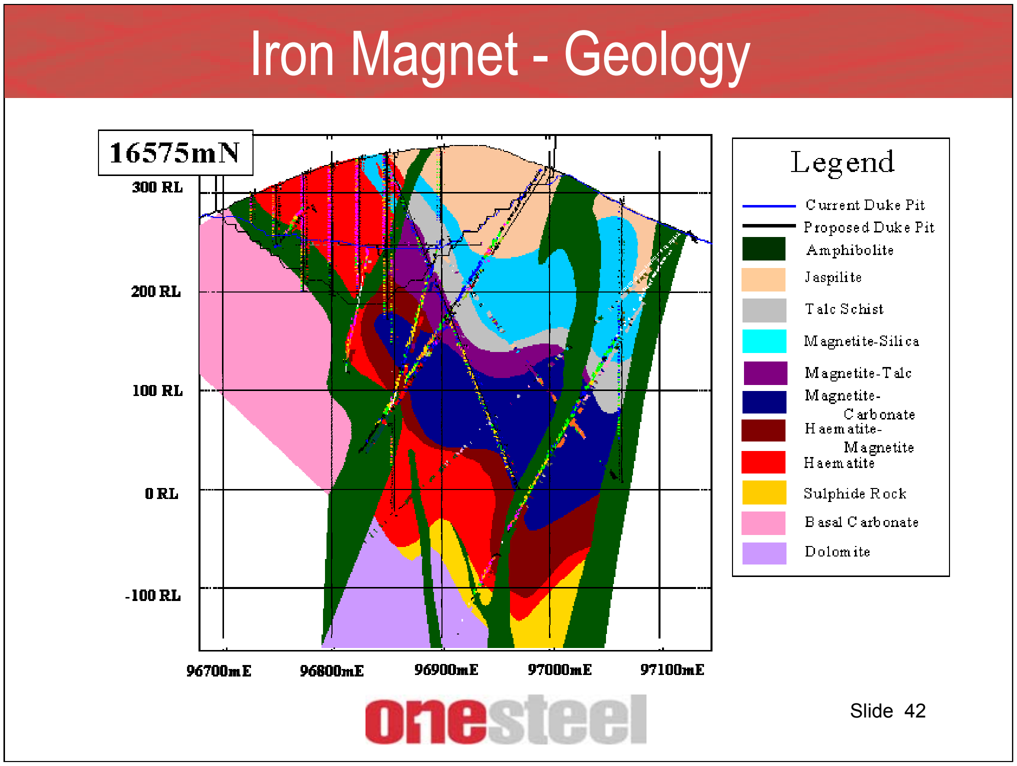


Attachments Project Magnet

Project Magnet – Resource Location



This cross section of the geology shows a "representative" slice through the northern end of Iron Duke. It is emphasised that is representative only because the sketch is based on just one section of the mine. In reality each cross-section is different.

Items of note are;

•The blue line indicating current Iron Duke pit profile

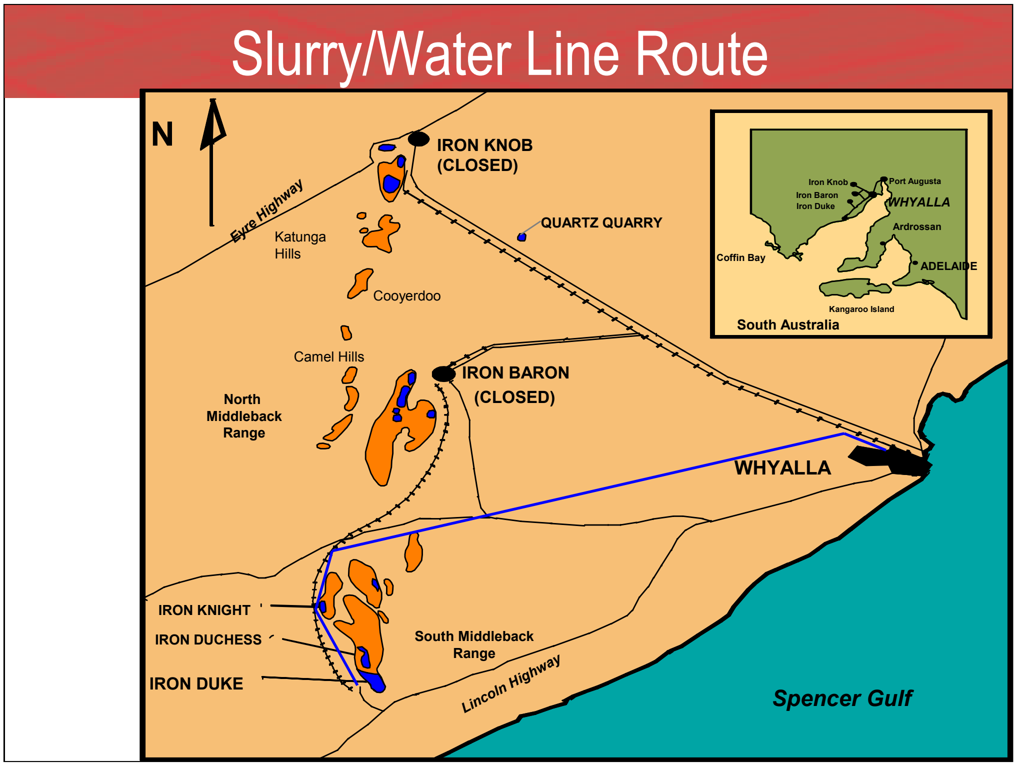
•The black line indicating the expected final Iron Duke pit profile

•The red area designating hematite ore

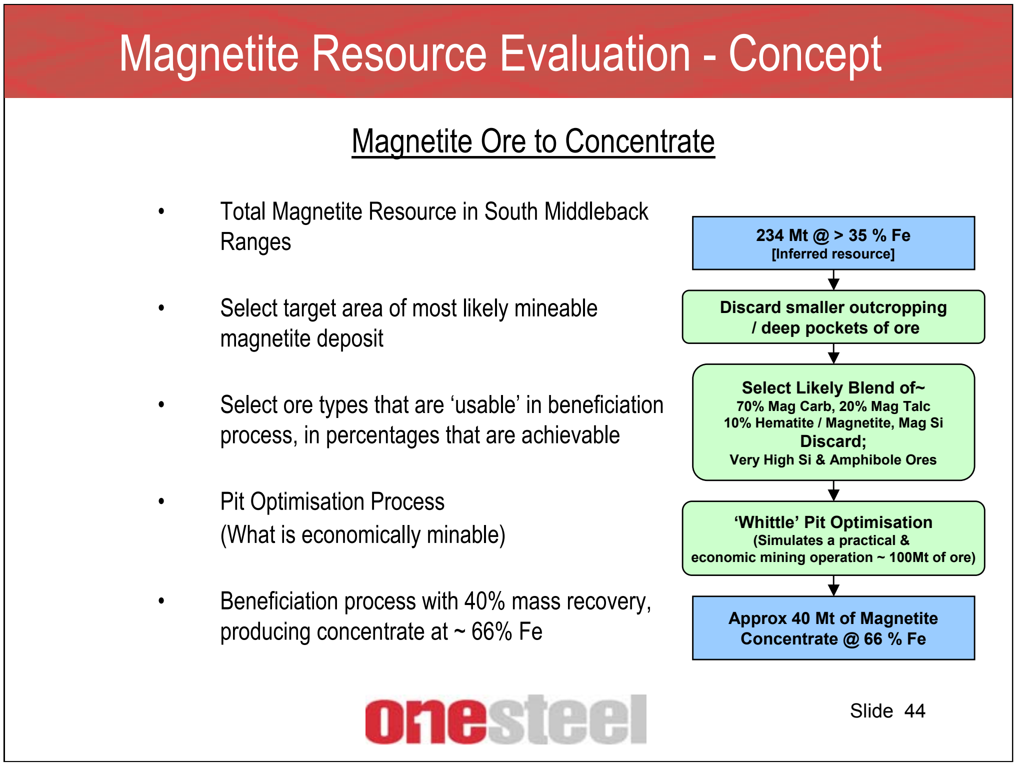
•The dark blue area designating Magnetite Carbonate Ore

•The brownish area designating Hematite Magnetite Ore

•The purple area designating Magnetite Talc Ore



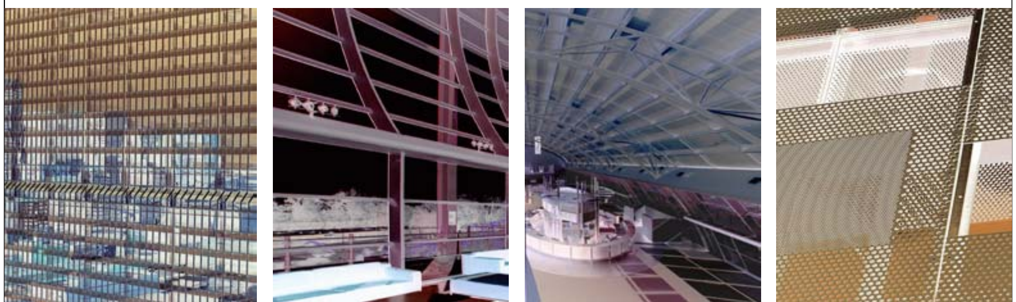
This slide shows the probable route for the water & slurry pipelines. The pipeline is approximately 62 kms in length and follows a power corridor for most of the distance.



This slide is included to help explain how the inferred resource is expected to yield magnetite concentrate. The numbers provided are for example only, to illustrate the concept.

1. **Total resource of 234 Mt is based on an extensive magnetite ore body lying under both the Iron Duke & Iron Duchess hematite pits. It extends from 16,200mN to 19,000mN.**
2. **Of this total resource, the area from 16,200mN to 17,300mN has been defined as the prime target area, being the centroid of the deposit and containing the bulk of the Magnetite Carbonate ore. Total resource is now ~ 141 Mt**
3. **Select an 'optimum' blend of usable ore types (Predominantly Magnetite Carbonate, with some Magnetite Talc, Hematite / Magnetite, and Magnetite Silica Ores. Discard the High Si Magnetite and Amphibolites**
4. **Conduct a 'Whittle' pit optimisation, which effectively minimises the stripping and waste to ore ratio of the mine by maximising the theoretical NPV of the mining operation. This is then turned into a mining schedule, which considers the practical aspects of mining, such as pit wall slopes, ramp & dump locations etc.**
5. **This gives a Resource of around 100 Mt, which when concentrated (at 40% mass recovery) would supply ~ 40 Mt of Magnetite Concentrate at a final grade of 66% Fe**

Current Steel Market Trends



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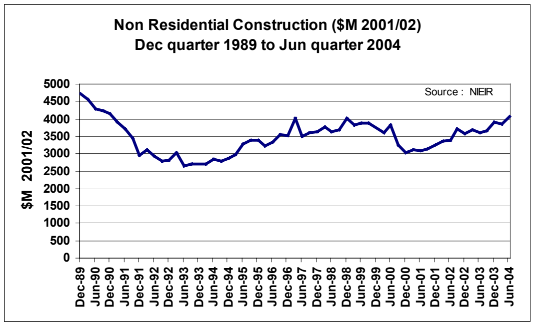
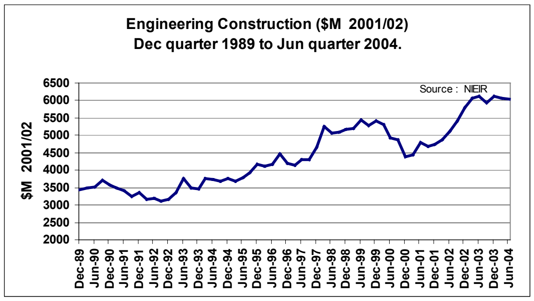
Slide 45

OneSteel Key Segments



Represents 26% of OneSteel Activity

6.2% year on year increase in value of work

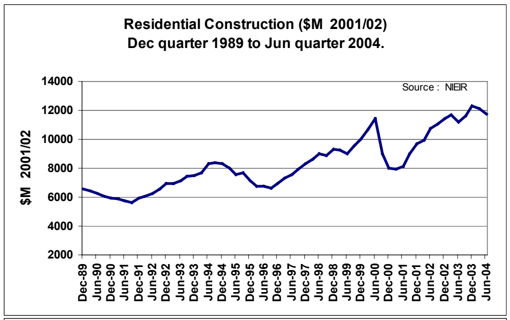


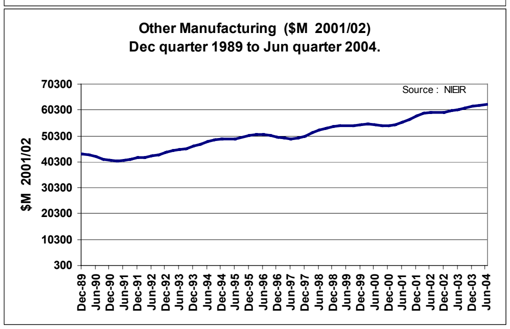
Represents 21% of OneSteel Activity

3.2% year on year increase in value of work

Slide 46

OneSteel Key Segments





Represents 15% of OneSteel Activity

5.4% year on year increase in value of work

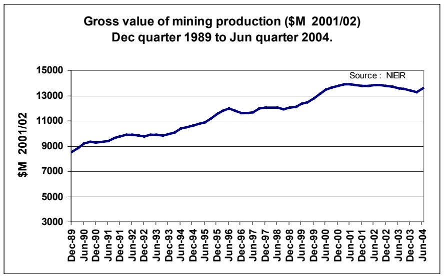
Overall construction segment (62% of OneSteel revenue) up 5.0%

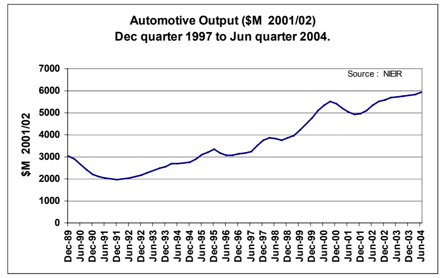
Represents 12% of OneSteel Activity

3.4% year on year increase in value of work

Slide 47

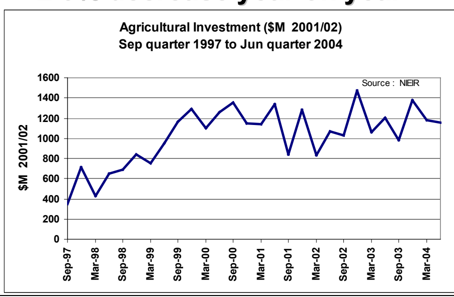
Overall Increase In OneSteel Key Segments 3.5%





11% of OneSteel Activity
2.0% decrease year on year

5% of OneSteel Activity
3.4% increase year on year



6% of OneSteel Activity
1.5% decrease year on year

Slide 48

Major Project Flow

Current
- Chatswood to Epping Rail Link
- Telfer Mine expansion
- Darwin LNG
- Darling Island
- The Village Meriton - George Street
- Hi-Smelt
- Comalco WEIPA Refinery
- M7 Western Orbital – Sydney
- Sydney CBD Cross-City Tunnel
- Rhodes Shopping Centre (Stage 2)
- Eureka Building – Melbourne
- Herald Weekly Times Tower – Melbourne
- Aurora Tower – Brisbane
- Melbourne Cricket Ground
- Perth-Mandurah Rail Link
- Brighton on Broadwater – Gold Coast
- Ephrim Island – Gold Coast
- Spencer Street Station
- Adelaide Airport
- Conder Docklands Melbourne
- Minerva Gas – Victoria
- Burrup Fertiliser
- Alcoa Pinjarra Upgrade – WA
- Brisbane Airport Carpark
- Albany Grain Terminal

Upcoming
- Ravensthorpe Nickel – WA
- Yabulu Refinery
- BHP Billiton Area C
- Alcan Gove Expansion
- Falcan Bridge (New Caledonia)
- Brisbane Water Treatment Plant
- Apache Gas field development
- Comet Coal – Blackwater Queensland
- Amcor – SA
- Lane Cove Tunnel
- GABBA – Brisbane - extension
- Worsley Alumina Refinery Upgrade
- Comalco Refinery SE Qld
- Alcoa Wagerup
- Woodside modules
- Woodside Train 5
- Otway Gas – Victoria
- Scoresby Bypass

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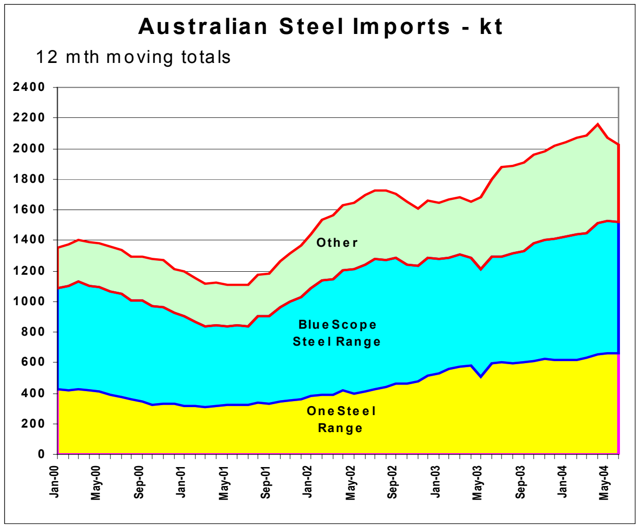
Slide 49

Imports into Australia



Source: Australian Bureau of Statistics and OST data

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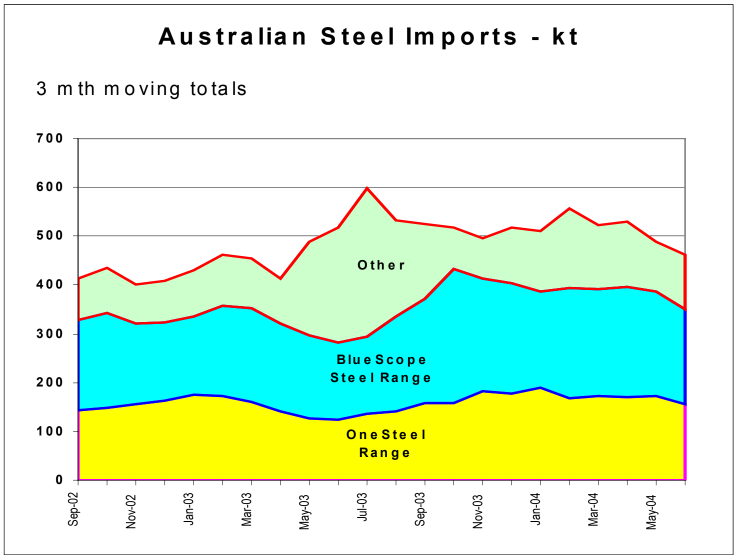
Slide 50

Imports into Australia



Source: Australian Bureau of Statistics and OST data

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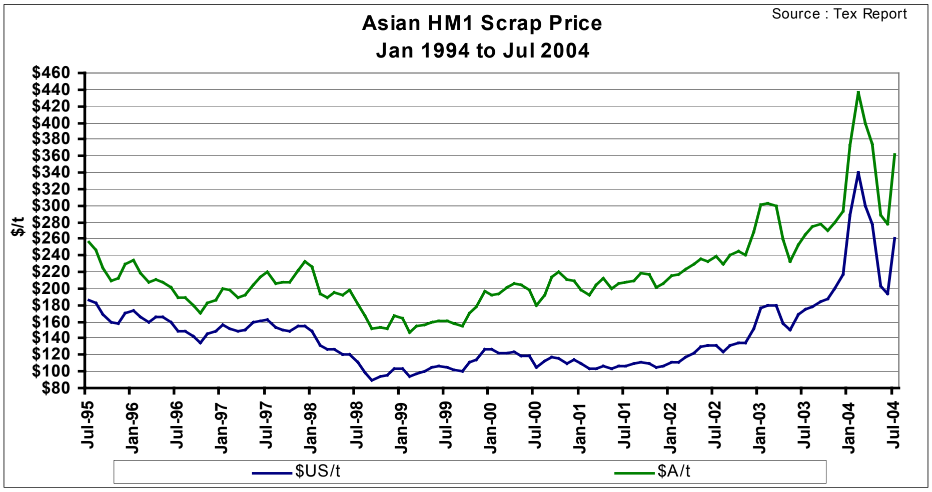
Slide 51

Some signs of a moderation in import volumes can be seen when the previous graph is converted from 12-month moving averages to 3-month moving averages.

Scrap Prices



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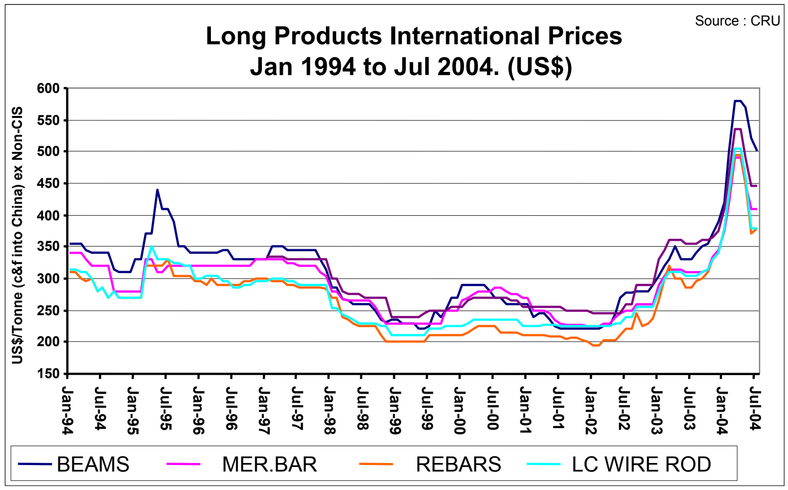
Slide 52

Trends in International Long Product Steel Prices



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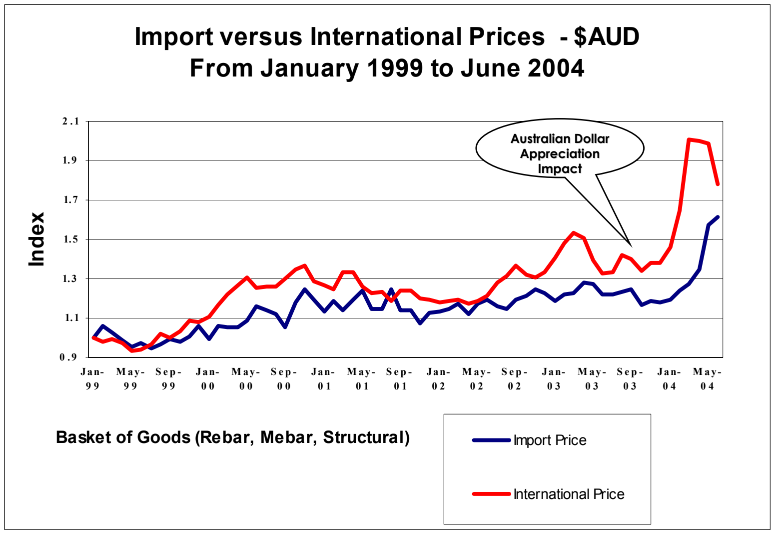
Slide 53

Import versus International Prices



Source: Australian Bureau of Statistics and OST data

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Slide 54

OneSteel Price Increases

- Price increases since January 2004:
  - SIC - 4% Feb 04+ 6% Apr 04 + 16% rebar May 04
  - Whyalla Structurals – 7% April 04
  - Merchant Bar – 10% March 2004
  - Manufacturers Wires – 4% March 04
  - Structural Pipe & RHS – 6.5% April 04
  - Rural Wire – 5% May 04
  - Fence Posts – 8% April 04
- Announced Price Increases:
  - Whyalla Structurals – 10% July 04
  - Structural Pipe & RHS – 9.3% July 04

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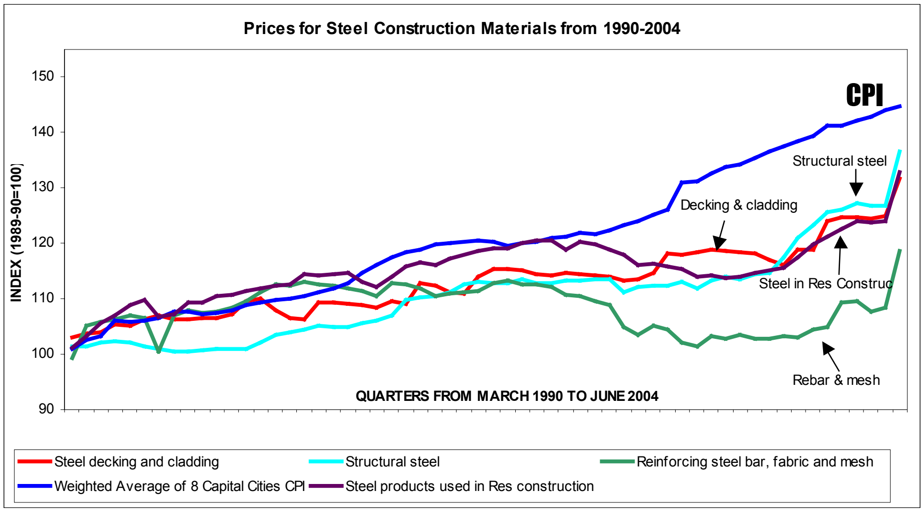
Slide 55

Australian Steel Price Index



Source: Australian Bureau of Statistics

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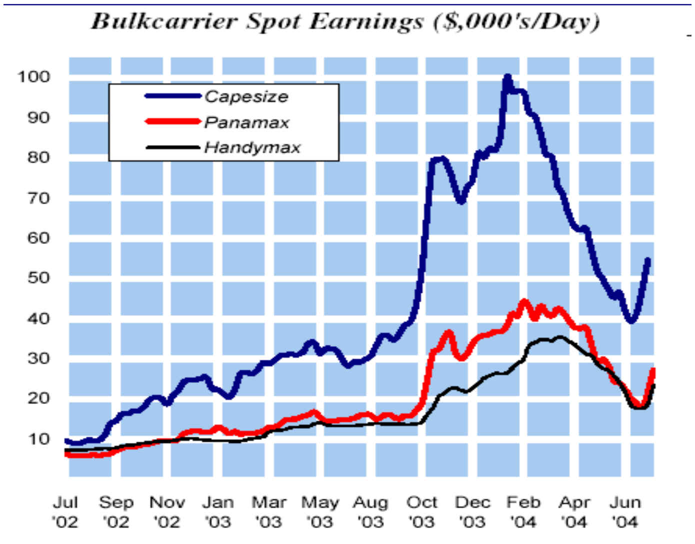
Slide 56

International Freight Rates



Source: Clarkson Research Studies

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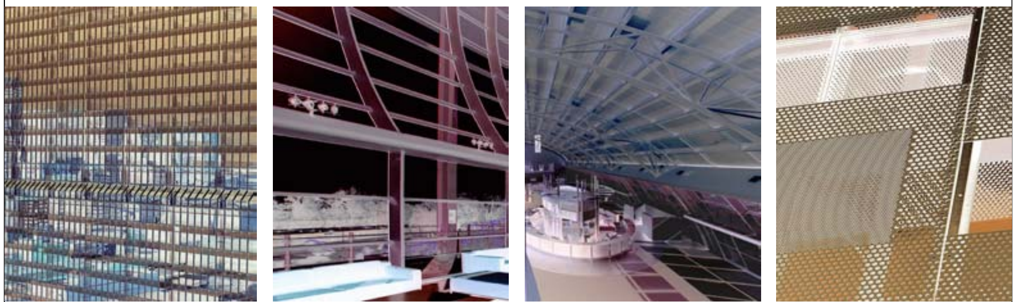
Slide 57



Full Year Results
17 August 2004

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