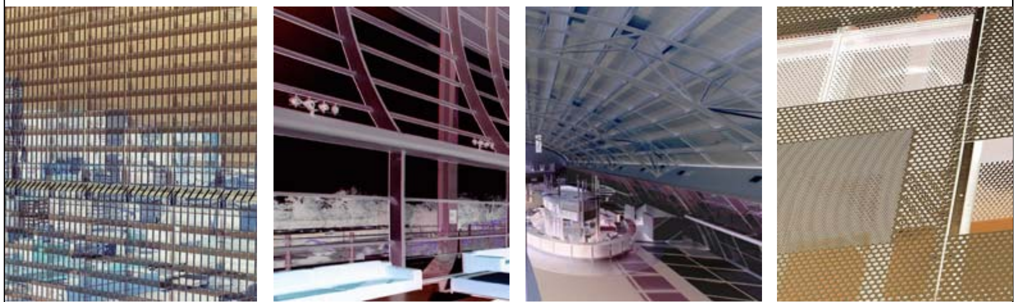

Interim Results
21 February 2006

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Contents

- Results Overview
- Market Conditions
- Review of Financials
- Project Update
- Summary and Outlook
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Slide 2

Good morning. I'm Geoff Plummer, Managing Director and CEO of OneSteel, and I would like to welcome you all to OneSteel's interim results announcement for the 2006 financial year.

I will start this morning's presentation with an overview of the highlights of the results and a description of the market conditions and then pass over to OneSteel's Chief Financial Officer, Tony Reeves, who will run through the financial highlights.

I will then provide a Project update before concluding with a summary and some comments on the outlook for the remainder of the financial year.

Note Regarding AIFRS

OneSteel has adopted Australian Equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2004 and has restated the June 2005 and December 2004 comparative periods on a consistent basis. The differences to previous AGAAP are set out in Note 8 of the Interim Financial Report and include:

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

The financial information presented for the years 2000 – 2003 has been prepared under previous AGAAP.

Before proceeding though I would like to note that the financial information for the six-month period to December 2004 has been restated under the Australian equivalents to International Financial Reporting Standards. Tony will cover the impact of AIFRS in his part of the presentation and the attachments contain a summary of the major impacts of the change in accounting standards.

Overview - Financial

• Interim profit of $84.1 million	up	19.6%
• Earnings per share of 14.9c, up from 12.6c	up	18.4%
• Improved return on funds employed up from 14.7%	to	15.1%
• Improved return on equity from 12.6%	to	13.1%
• Sales margin improves from 6.8%	to	7.8%
• Operating cash flow of over $40 million after adjusting for capital expenditure on Project Magnet		
• Net debt steady		
• Gearing down from 35.6%	to	33.0%
• Fully franked interim dividend	7.0 cents	
• 6.0 cents in prior corresponding period		

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Slide 4

In terms of financial highlights:

• The $84.1 million net profit after tax and minorities is a 19.6% increase from the previous corresponding period, with a corresponding increase in earnings per share of 18.4% to 14.9 cents.

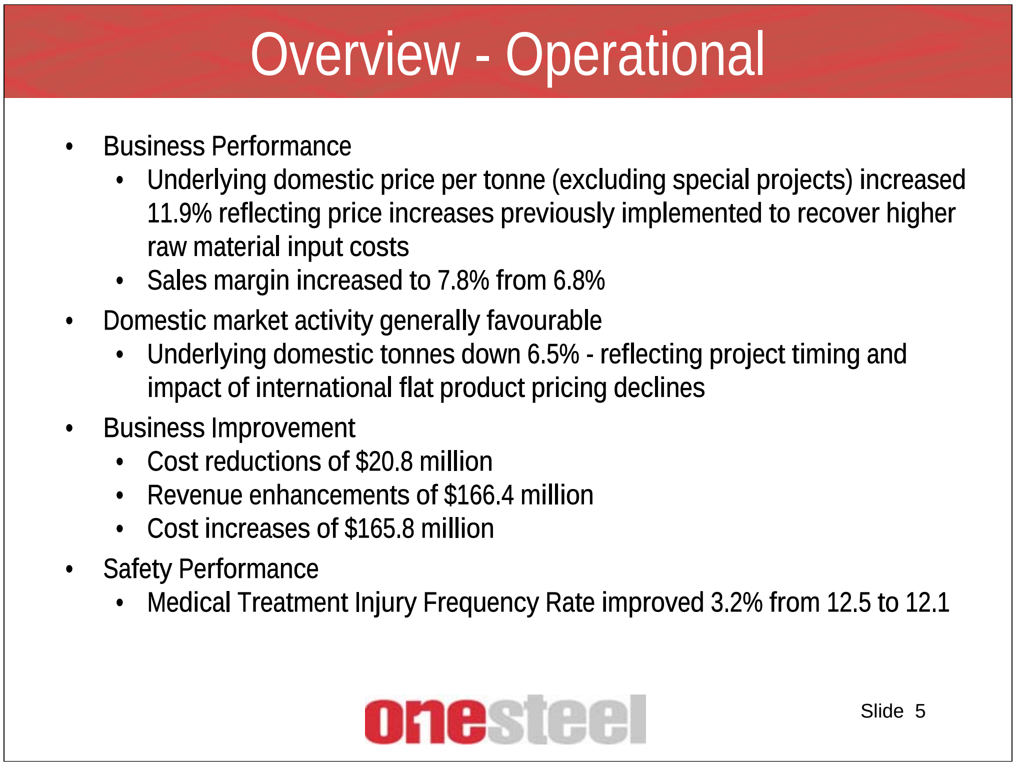
•Return on funds employed improved to 15.1% with the return on equity increasing to 13.1%.

•OneSteel's sales margin on an EBIT basis improved from 6.8% to 7.8%.

•After adjusting for over $70 million of capital expenditure on Project Magnet, operating cash flow was in excess of $40 million

•Net debt was steady while gearing improved from 35.6% to 33.0%

•The OneSteel Board declared an interim dividend of 7.0 cents fully franked up 16.7% from the 6.0 cents fully franked dividend in the previous corresponding period.



In terms of business performance, underlying domestic prices increased 11.9% from the prior corresponding period reflecting price increases we had previously implemented to recover higher raw material input costs.

Domestic market activity generally remains favourable with the value of work continuing at high levels.

When adjusted for large one-off projects, domestic steel dispatches were down 6.5% on the back of timing of projects and the impact of lower international prices for flat products. OneSteel flat product dispatches were down by approximately 50,000 tonnes.

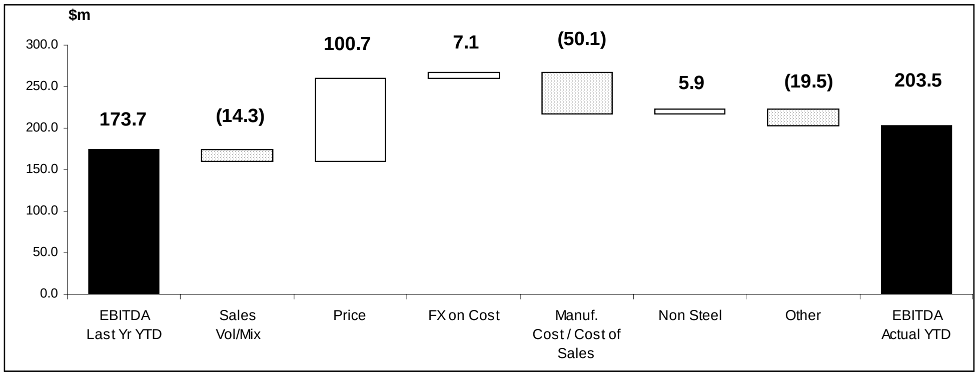
During the comparable period in 2004, customers were building stocks in a period of short supply and rising prices. With supply returning to more normal levels and easing of prices in some products sales were affected by a run down in stocks in the period to December 2005.

Turning to business improvements, in addition to the price increases which resulted in revenue enhancements of $166.4 million, we continued to take costs out of the business. Cost reductions during the period totalled $20.8 million. In combination, these offset cost increases of $165.8 million during the six months under review.

It is pleasing to note improved performance in safety during the period.

Increase of 17.2% in EBITDA

Dec-05 EBITDA Year to Date Vs Last Year EBITDA



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Slide 6

This chart highlights the main differences between the comparable result periods and illustrates the ongoing impact of increased costs for raw material inputs and price increases to recover those higher input costs.

Major impacts in the six-month period were:

Price increases previously implemented contributed $100.7 million to EBITDA compared with the prior corresponding period; and

There was a $50.1 million negative variance because of higher prices for raw materials such as coking coal and hot rolled coil.

Some minor impacts included the decline in steel dispatches, which was concentrated in flat products, which together with a change in product mix, produced an unfavourable $14.3 million variance in EBITDA.

During the period there was a favourable impact from currency movements on costs and also from non-steel sales.

Market Conditions

Construction and testing of the slurry pipe was completed during the six months.

This picture shows the pipe being laid into the township of Whyalla. The pipeline runs 60 kilometres from the mine to the steelworks.

The pipeline will convey magnetite concentrate for use in the Pellet Plant and return water to the mine.

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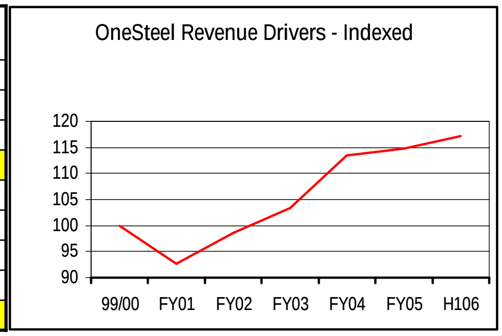
Slide 7

This leads me to a brief description of the domestic and international markets in which we operated and which influenced the result.

Market Drivers – Construction Still Strong

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

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



Source: NIEIR

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Slide 8

Activity in the segments that drive OneSteel's revenue remain generally favourable with the NIEIR estimate of total activity escalating by 7%.

Despite further slowing in the residential segment, the value of work in the three construction segments that drive 60% of OneSteel's revenue, continues to run at high levels, increasing by 10.1% over the six-month period.

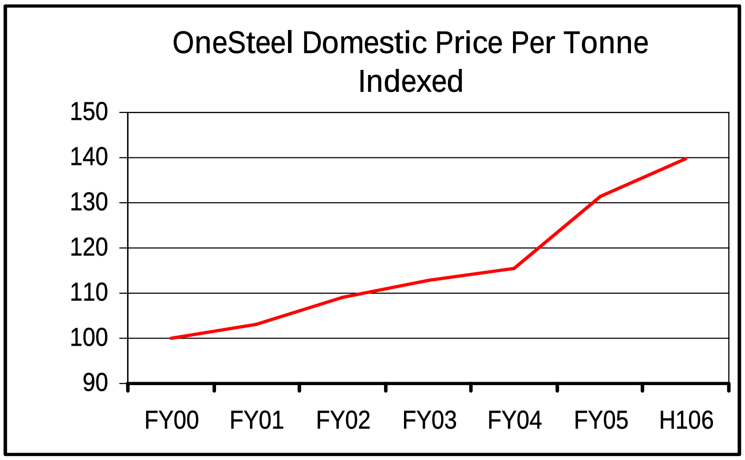
Sales volumes in the comparable period in 2004 were greater than underlying demand as customers built stock in a period of tight supply and rising prices. This situation reversed during the last six months.

Conditions vary markedly from one region to another with Queensland and Western Australia particularly strong. Trading conditions in the Agricultural and Other Manufacturing segments are challenging.

Graphs with further detail of these market drivers are included in the attachments.

Market Drivers – Price Increases

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



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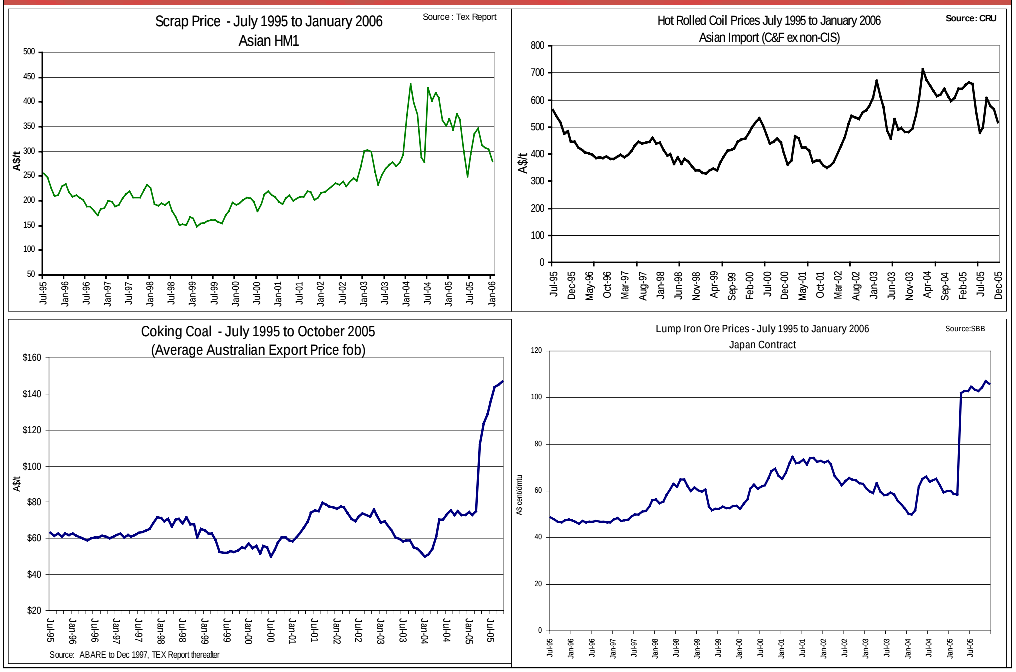
Slide 9

It was against this generally favourable market backdrop that we achieved an 11.9% increase in domestic steel prices after adjusting for one-off projects.

The price increases that we have implemented since the beginning of the 2004 calendar year have been necessary to recover increased costs for raw material inputs as you will see from the next slide.

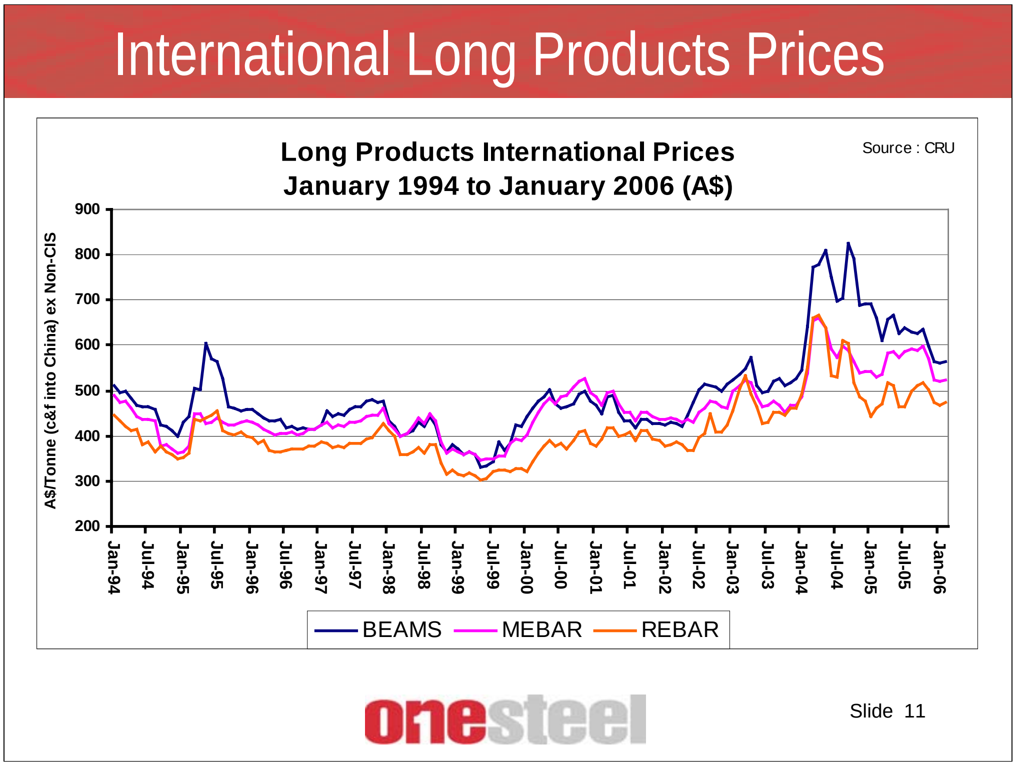
Material Inputs Scrap, HRC, Coking Coal



These are charts of international prices for the main externally sourced material inputs into OneSteel's business – scrap steel, hot rolled coil and coking coal. The prices are shown in Australian dollars.

Prices for hot rolled coil and scrap started to rise more than two years ago while the impact of the increased price for coking coal was felt for the first time in the six-month period under review. Although in more recent months there has been some relief in scrap and hot rolled coil prices, these dramatic cost increases in raw material inputs are why we have had to implement steel price increases on an unprecedented scale and why, as shown on the next slide, international steel prices have risen over the last few years.

Also shown is a graph of international iron ore prices indicating strong upward movements which with Project Magnet coming on stream are a positive for OneSteel.



This chart tracks international long product prices in three major product categories in Australian dollars.

It illustrates that prices for long products have fallen from their highs early in the 2004 calendar year but remain above historical averages reflecting the higher cost of raw material inputs.

In more recent weeks there is evidence that prices in our region have moved upwards again.

Review of Financials

Construction of the concentrator has commenced at the mine in the South Middleback Ranges.

Once magnetite ore has been crushed and screened it will be concentrated using a wet process and then conveyed to Pellet Plant through the slurry pipeline.

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Slide 12

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

Impact of transition to AIFRS

OneSteel has adopted Australian Equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2004 and has restated the June 2005 and December 2004 comparative periods on a consistent basis. The differences to previous AGAAP are set out in Note 8 of the Interim Financial Report and include:

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

The financial information presented for the years 2000 – 2003 has been prepared under previous AGAAP.

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Slide 13

Good morning Ladies and Gentlemen.

As Geoff mentioned, for the purposes of comparing the financial results of the six-months to December 2005, we have restated the financials for the December 2004 half under AIFRS.

There are six major impacts on OneSteel's accounts from the change in accounting standards.

Firstly, goodwill is no longer amortised.

The second impact is additional provisions relating to rehabilitation and make good have been recognised.

Thirdly, deferred tax balances have been restated using the balance sheet method.

Furthermore, any deficits/surpluses in the defined benefits superannuation fund are now recognised and the Employee Share Plan Trust has been consolidated.

Finally derivative financial instruments are recognised on balance sheet at fair value and hedge accounting has been applied since the beginning of this financial year.

The financial information for the 2003 financial year and years prior to that were prepared under previous AGAAP and have not been restated.

Financial Highlights - Details

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

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Slide 14

Now moving on to what I see as the highlights of the financial performance of the business.

OneSteel achieved a 19.6% increase in net operating profit after tax of $84.1 million. There was an associated 18.4% increase in earnings per share from 12.6 cents to 14.9 cents per share.

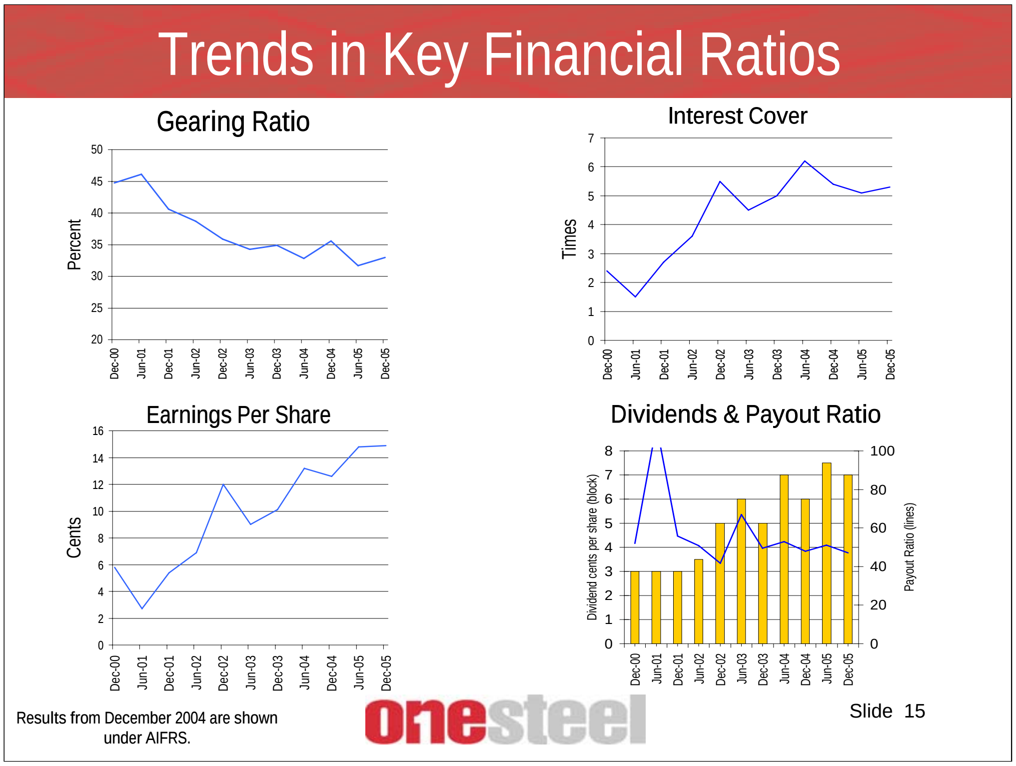
Operating cash flow for the six-month period was negative $21.2 million. Capital expenditure related to Project Magnet during the period was over $70 million. After adjusting for that, operating cash flow was in excess of $40 million, a very pleasing outcome.

Reported net debt declined. However, once adjusted for AIFRS treatment of derivative arrangements, it remained stable. Gearing has, improved from 35.6% to 33.0% after taking account of the adjustment.

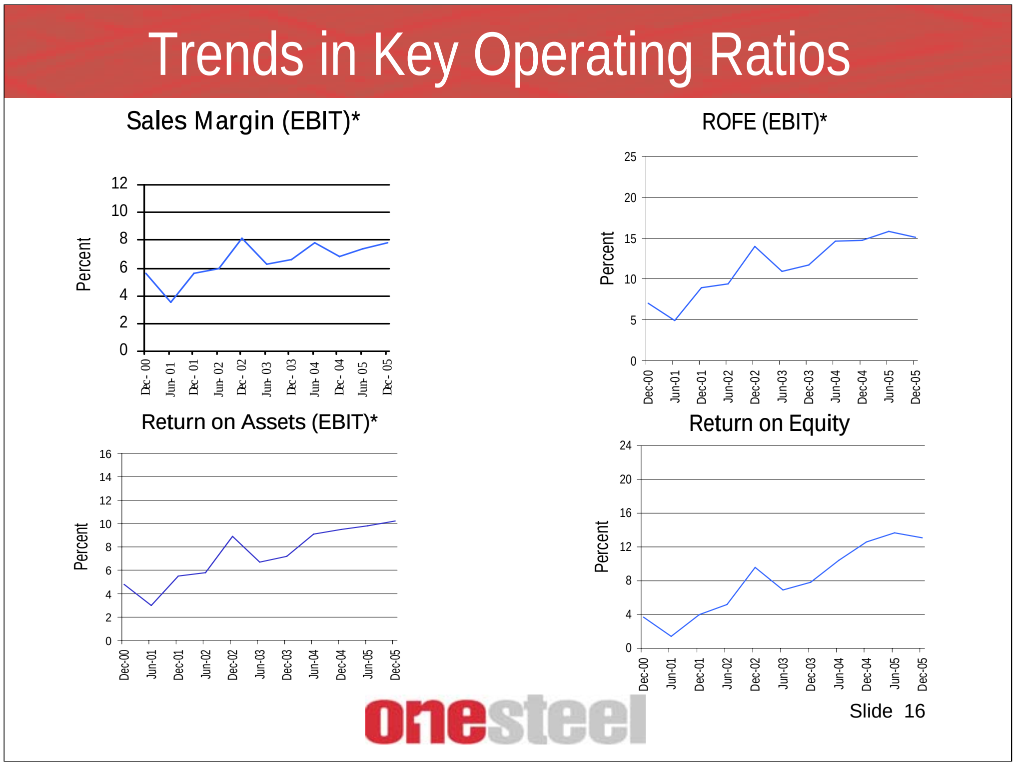
Reflecting the discontinuation of the securitisation program in January 2005, interest cover was 5.3 times versus 5.4 times in the prior corresponding period.

OneSteel's return on funds employed continued to improve, rising from 14.7% to 15.1% and the return on equity also increased, rising from 12.6% to 13.1%.

As Geoff mentioned, the Board declared an interim dividend of 7.0 cents, up from the 6 cent interim dividend in the 2005 financial year.



The trends in our key financial ratios continue to head in the right direction although comparisons this period are complicated by the transition in accounting standards.



The same comments apply to trends in OneSteel's key operating ratios.

Income Statement

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

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

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

As previously noted, goodwill is no longer amortised under AIFRS.

The 19.6% increase in net profit after tax and minorities to $84.1 million is a very pleasing outcome, as is the continued improvement in the return on funds employed.

Our borrowing costs of $29.4 million are 23% higher than in the previous corresponding period, again mainly reflecting the discontinuation of the securitisation program.

The increase in the interim dividend from 6.0 cents to 7.0 cents is notable in the context of the increase in capital expenditure associated with Project Magnet.

Non-Trading Items – NPAT

At the Net Profit after Tax Level

Additions	Millions
• Tax adjustments	$ 5.2
Subtractions	
• Restructuring costs	$ (3.6)
Net Benefit/Loss	$ 1.6

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This slide has been provided to show the one-off items in the NPAT result.

On the positive side was a tax benefit of $5.2 million which reflects a prior period adjustment following higher R&D claims and allowable mining expenditure in the final 2005 tax return.

The major negative impact of non-trading items to this profit result is a $3.6 million impact from restructuring.

Balance Sheet

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

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

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Slide 19

The major change to OneSteel's balance sheet between the two interim result periods is the discontinuation of the $200 million securitisation program.

When that $200 million is added back into the historical net debt figures, as we have done in this table, it shows that net debt actually fell by $49 million, or 6.9%, to $660 million.

As mentioned earlier once adjusted for AIFRS treatment of derivative arrangements, net debt remained stable. Gearing has improved from 35.6% to 33.0% after taking account of this adjustment.

Interest cover slipped slightly to 5.3 times from 5.4 times as a result of discontinuing securitisation.

Cash Flow

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

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Slide 20

When looking at the cash flow over the six-month period, I would like to highlight the large capital expenditure requirements of the business. After adjusting for over $70 million of capital expenditure associated with Project Magnet, operating cash flow for the period would have been in excess of $40 million.

I would now like to look at the results of OneSteel's three business segments.

You may recall that in May last year we announced a business restructure whereby the Reinforcing division moved from Australian Distribution to Manufacturing, and the Pipe & Tube division moved from Manufacturing into Distribution.

The restructure came into effect on 1 July 2005 however the historical results have been restated for comparison purposes with the December 2005 results which are reported in the new format.

This move allows the company to make improvements in supply chain management, customer service, manufacturing and logistics costs, marketing and related production scheduling, as well as better aligning market activities.

Australian Distribution – Results

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

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

* Includes amortisation for the Dec 2000 to Dec 2003 periods

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Slide 21

Revenue of the Distribution business increased by 6.9% reflecting higher selling prices, however EBIT declined by 9.9% and the sales margin fell from 8.3% to 7.0% due to delays to some major projects and because of lower dispatches of flat-related products amid market expectations of improved supply and reducing international prices.

This adversely affected sales as this change contributed to some de-stocking and deferral of purchases.

In particular, OneSteel’s sheet, coil and plate dispatches were approximately 50,000 tonnes lower than the prior comparable period.

Another factor influencing the results of the restructured Distribution business was higher costs for hot rolled coil which is used in the manufacture of pipe and tube.

The return on funds employed declined from 17.7% to 15.7%.

Manufacturing - Results

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

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

* Includes amortisation for the Dec 2000 to Dec 2003 periods

Slide 22

When reviewing the latest results for the Manufacturing segment, it should be done in the context that the results of the prior corresponding six-month period were affected by the blast furnace reline and production disruptions at the Whyalla Steelworks in the latter part of the 2004 calendar year.

It is pleasing to see the 69% increase in EBIT and improvement in the sales margin from 4.9% to 8%. These results reflect operational improvements and price increases across the Manufacturing business to offset higher raw material input costs in combination with the return to normal production at the Whyalla Steelworks.

International Distribution - Results

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

* Includes amortisation for the Dec 2000 to Dec 2003 periods

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Slide 23

The International Distribution business continued to post excellent returns albeit they were down from the previous corresponding period as a result of some slowing in certain segments of the New Zealand economy.

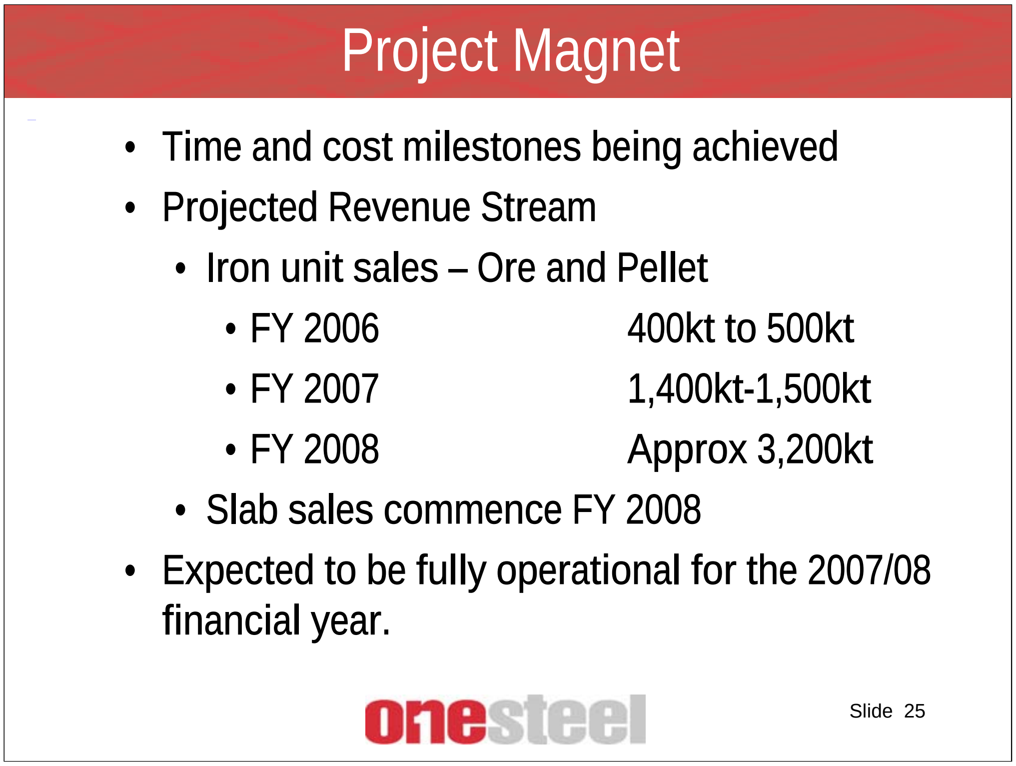
The business achieved a return on funds employed of 32.5%, while EBIT decreased by 8.5% and the sales margin eased from 14.5% to 12.6%.

I will now hand back to Geoff for a more detailed review of the performance of these three segments.

Turning now to Project Magnet, a significant growth opportunity for OneSteel announced in May last year.

Just to recap, Project Magnet will provide growth through the export of 3 million tonnes of hematite iron ore annually for 10 years and through the export each year of 220,000 tonnes of ore pellets and up to 100,000 tonnes of additional slab steel annually over the life of the project. In total, it will generate additional revenue in excess of $1.5 billion.

This project to commercialise OneSteel's magnetite ore deposits and convert the Whyalla Steelworks from a hematite ore feed to a magnetite feed will also lower the cost of steelmaking at Whyalla Steelworks by as much as 5%. Using magnetite rather than hematite to make steel generates savings through lower energy costs for pellet production, through less slag associated with iron making and because there are less impurities, meaning lower consumption of fluxes.



Time milestones for Project Magnet are being achieved. The slurry pipeline to convey magnetite concentrate from the mines to the Whyalla Steelworks, and the associated return waterline, have been successfully completed. Construction is also well progressed with the hematite export facilities.

The project costs are in line with plan. We have now spent or committed approximately $175 million as of the end of January almost half of the projects total costs.

During the period under review, export sales of iron ore lump and fines totalled 235,000 tonnes. These sales are in addition to the 1 million tonnes of iron ore that we sell each year to BlueScope Steel and is in line with guidance provided in May last year. During the six-months we also sold 200,000 tonnes of off-spec ore by-products.

We are pleased that the project is tracking to deliver the benefits in line with the project time frame announced in May 2005.

Project Magnet

- Total capital project spend in line with plan
- OneSteel proportion of capital to increase by $30m to $355m
- Reflects decision to no longer outsource construction and ownership of export and related facilities due to risk issues
- This change marginally improves project returns using original assumptions

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Slide 26

As I mentioned total capital project spend is in line with plan.

The project received Board approval for a mixture of direct capital costs and a number of outsourced operating contracts.

One of the contracts to be outsourced, for ore export storage and related facilities, will now be directly funded by OneSteel because the prospective change of ownership of the proposed contractor introduced an unacceptable degree of risk.

The resultant capital costs of the project to be funded by OneSteel will now total $355 million.

Based on the original costs and economics of the project, the value of the project is marginally improved and the capital costs remain the same.

Construction is well underway on the hematite export shed as can be seen from this photograph.

Major Project Status - Project Magnet

Sydney Olympic Stadium

Project Magnet Export Shed

Construction of the export shed for the hematite stream has begun. The shed will be 227 metres long, 71 metres wide and 26.5 metres high. It will hold almost 250,000 tonnes of export material.

To the left is a comparison of the size of the shed to Sydney Olympic Stadium

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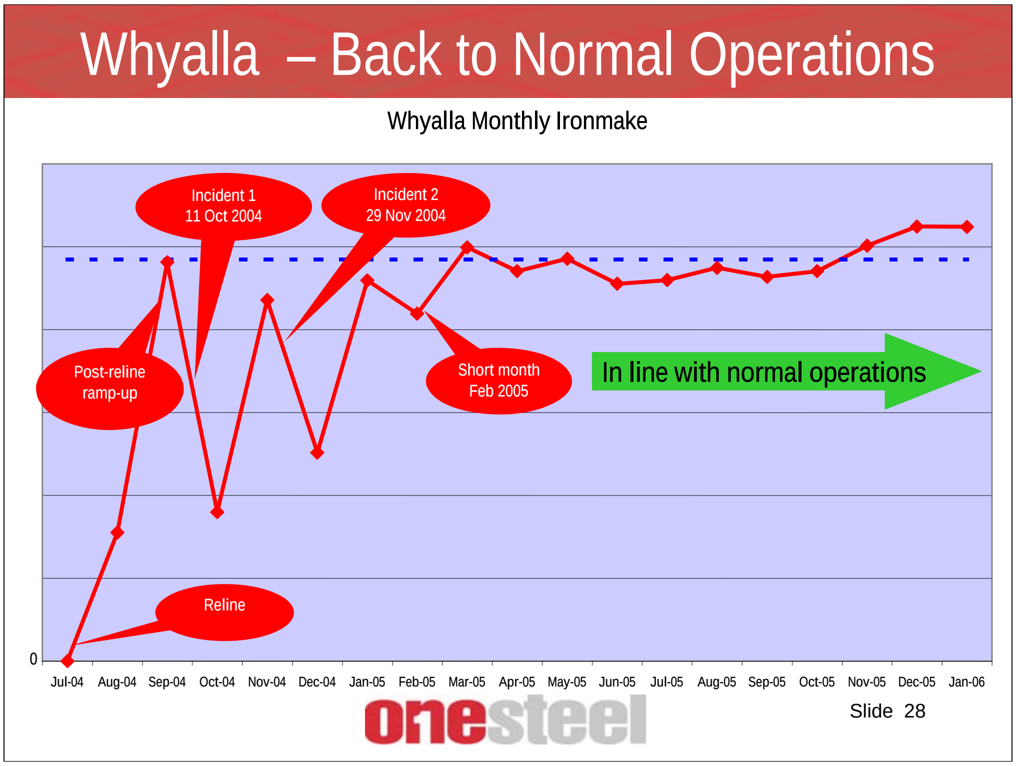
Slide 27

For your interest the export shed is designed to store up to 250,000 tonnes of iron ore. To put this into context the slide highlights the size of the shed against the size of the Sydney Olympic Stadium.

Construction of the shed will be complete later this year and as it is commissioned it will be a major step to improving the operating environment in and around the steelworks.



Whyalla Steelworks' return to normal production is illustrated by this graphic of the monthly ironmake at the blast furnace since its reline in mid-2004. The dotted blue line is the historical average of monthly production.

As it indicates the blast furnace outputs have been inline with historical averages for some time.

I will conclude this presentation with a summary of the results and some comments on the outlook before opening the session to questions.

Summary and Outlook

- Solid improvement in profit
- Strong underlying cash flow
- Project Magnet progressing well and achieving major milestones
- Continued improvement in performance and financial ratios
- Domestic market remains generally favourable
- International steel market to remain volatile
- Market and operating activity in H206 expected to be similar to the first half

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The 19.6% improvement in profit and strong cash flow adjusted for Magnet were highlights of the six-month period under review.

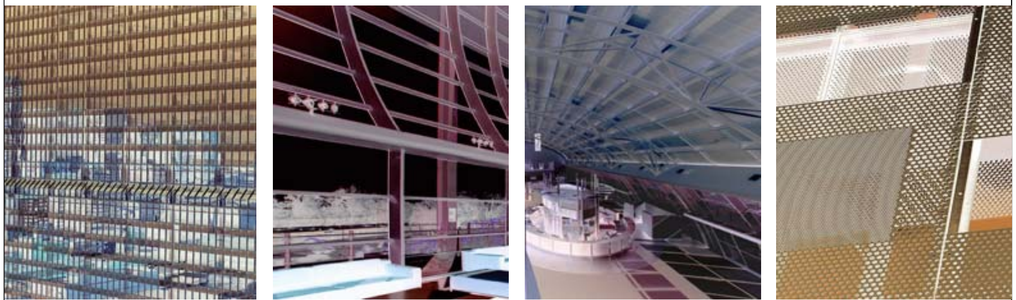
The period's results reflect continued improvement in the underlying performance of the business in a domestic market that remains generally favourable but where the international steel market remains very volatile and less favourable than in the previous corresponding period.

It is pleasing to see that OneSteel's operating and financial ratios continue to trend in favourable directions and that Project Magnet is achieving its major milestones.

Turning to conditions for the remainder of the current financial year, market and operating activity is expected to be similar to that experienced in the first half.

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

Tony and I would be happy to take any questions that you may have.



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Attachments – Financials

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Cash Flow Reconciliation

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

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Overview of AIFRS Impacts

Impacts

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

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

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

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Statement of Changes in Equity

HALF-YEAR ENDED 31 DECEMBER 2005

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

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Main Impacts

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

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Main Impacts

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

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Attachments – Project Magnet

Slide 38

Construction of Project Magnet

May 2005
- Final board approval
- Mobilisation of staff, development of systems and review of project plan commences

June
- Some key project items confirmed with Thiess, including selection of ball mill, export facility provider and slurry pipeline constructor

August
- Site handover of filter & flux site, pipeline corridor and hematite export facility
- Pipeline clearing, grading, trenching and stringing commenced
- Filter & flux and hematite export facility fenced
- Detailed design review of hematite export facilities

September
- Demolition of old buildings at export and filter & flux sites completed
- Site offices set up at filter & flux site, hardstanding commenced

October
- Concentrator site handed over to Thiess
- Delivery of export haematite building structural steelwork commenced
- Piling works started at hematite export facility

November
- Significant progress with erection of structural steelwork at hematite export building site
- Preparation work commenced on the shiploader

December
- Completion of pipeline construction works

January 2006
- Pipeline hydrostatic testing completed successfully
- ETSA transmission line contract executed

February
- Desulphurisation contract executed on 7 February

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Attachments – Market Conditions

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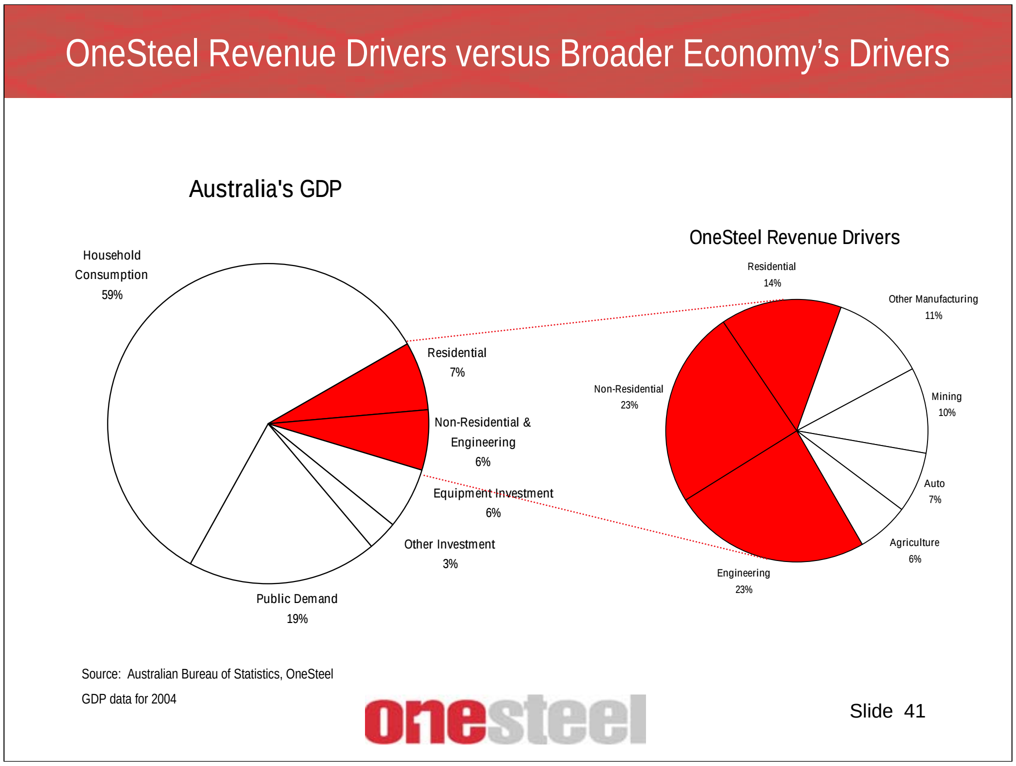
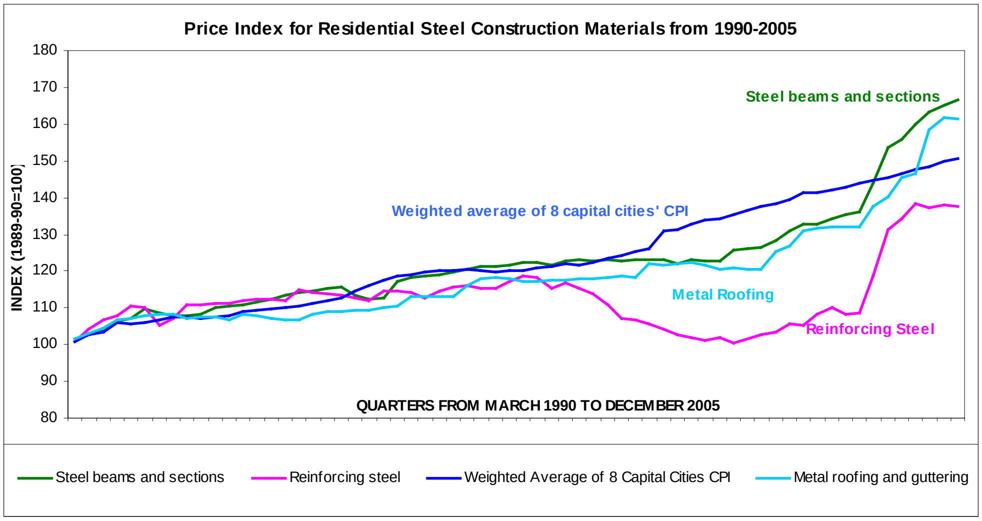
Slide 40



This slide is included to illustrate that the drivers of OneSteel's business are quite different from those of the broader economy. Consumer demand makes up almost 60% of Australian GDP while the construction segment accounts for just 13%.

In terms of OneSteel's revenue drivers construction accounts for 60% and as such OneSteel's revenue is less affected by swings in the level of consumer demand.

Australian Steel Price Index



Source: Australian Bureau of Statistics

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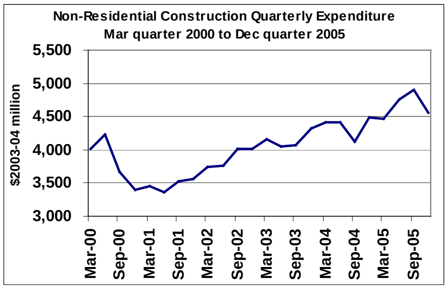
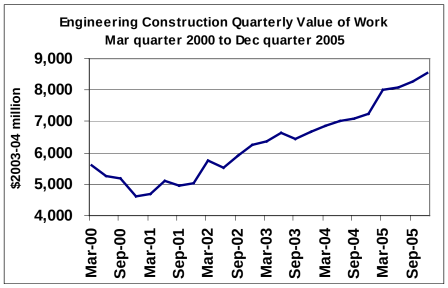
OneSteel Key Segments



Represents 23% of OneSteel Activity

10.0% year on year increase in value of work



Represents 23% of OneSteel Activity

17.2% year on year increase in value of work

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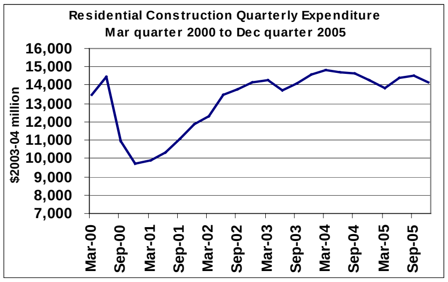
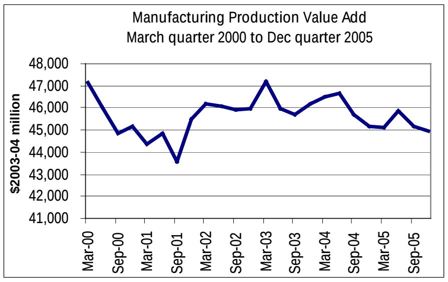
Source: NIEIR

OneSteel Key Segments



Represents 14% of OneSteel Activity

1.2% year on year decrease in value of work



Represents 11% of OneSteel Activity

0.9% year on year decrease in value of work

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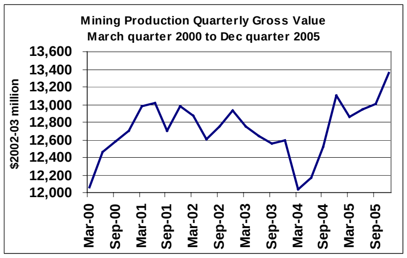
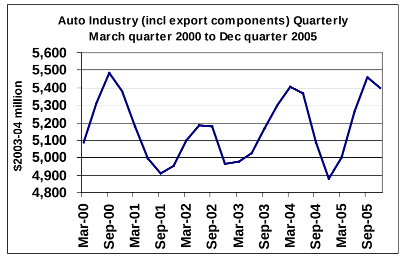
Source: NIEIR

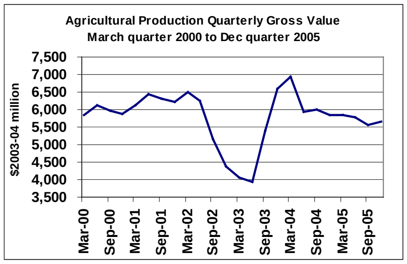
Overall Increase In OneSteel Key Segments 7.0%



10% of OneSteel Activity
2.9% increase year on year



7% of OneSteel Activity
9.0%% increase year on year



6% of OneSteel Activity
5.5% decrease year on year

Source: NIEIR

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Major Project Flow

Won/Awarded

- OneSteel Project Magnet, Whyalla, SA
- Connect East, East Melbourne Motorway, VIC
- Macarthur Square Redevelopment, Sydney, NSW
- Ravensthorpe Nickel, WA
- Rio-Tinto Parket Point Upgrade (Dampier Wharf), WA
- Rio Tinto Yandi Upgrade, WA
- BHP Billiton Area C, WA
- BHP Billiton, Dampier Port Development JV, WA
- Woodside Angel Project, Topsides, NW Shelf, WA
- Santos DPCU Project, Perth, WA
- Comalco WEIPA Refinery, QLD
- Chatswood to Epping Rail Link, Sydney, NSW
- Woodside Train 5, NW Shelf, WA
- QNI Brisbane, QLD
- Westfield Parramatta, Sydney, NSW
- Penrith Plaza, Penrith, NSW
- Hartley Mine, Lithgow, NSW
- Coles Myer Distribution, Goulburn, NSW
- Coles Myer, Erskine Park, NSW
- Fantastic Furniture Warehouse, Villawood, Sydney, NSW
- Coles Myer Distribution Centre, Adelaide, SA
- Woolworths Minchinbury, NSW
- Bluescope Steel's Erskine Park Coating Line, Sydney, NSW
- AXA Building, Melbourne, VIC
- Epping Plaza, Epping, Sydney, NSW

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
- PNG Gas onshore pipelines (comes into Cape York then travels down to Gladstone)
- Natural Fuels Australia – Bio Processing Plant, East Arm, NT
- ABB Bulk Handling Facility, Adelaide, SA
- Port River Bridges, Adelaide, SA
- ADO Air Warfare Destroyers, Adelaide, SA
- Newcrest Boddington Gold Mine, Boddington, WA
- Westfield Liverpool, NSW
- Sydney International carpark, Sydney, NSW
- Vopak Botany Terminal, Sydney, NSW
- Dragline II (Bucyrus), Emerald, QLD
- Worsley Alumina Refinery Upgrade, Worsley, WA
- Comalco Refinery (Phase 2), Gladstone, QLD
- Tyco, Water Pipe Racks, WA
- Worsley Alumina DCP Expansion, Collie, WA
- McCarthur Coal, Fitzroy, QLD
- North/South Bypass Tunnel, Brisbane, QLD
- Dalrymple Bay Coal Terminal, Dalrymple, QLD
- Gateway Bridge Upgrade, Brisbane, QLD
- Dampier Port (additional work), WA
- Westfield Centrepoint, Sydney, NSW
- Woodside Train 5 (S&T Structural), NW Shelf, WA
- Rhodes Waterside Tower 3, Rhodes, Sydney, NSW
- BLL Headquarters, Melbourne, VIC
- Water Front City, Melbourne, VIC

Projects highlighted in red denote additions to list

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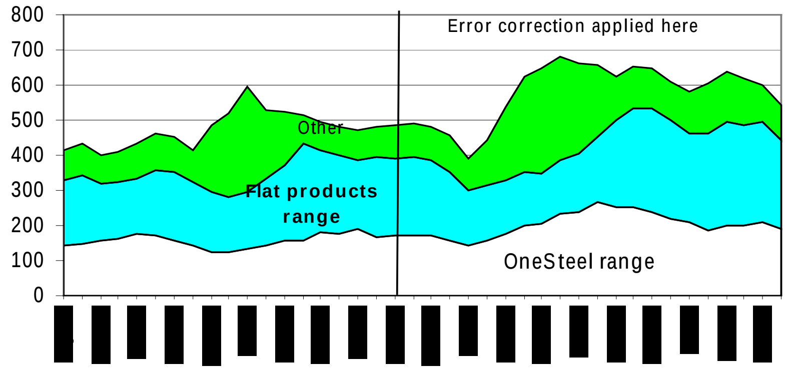
Imports into Australia

Australian Steel Imports - kt

3-month moving totals to December 2005



Source: Australian Bureau of Statistics and OST data

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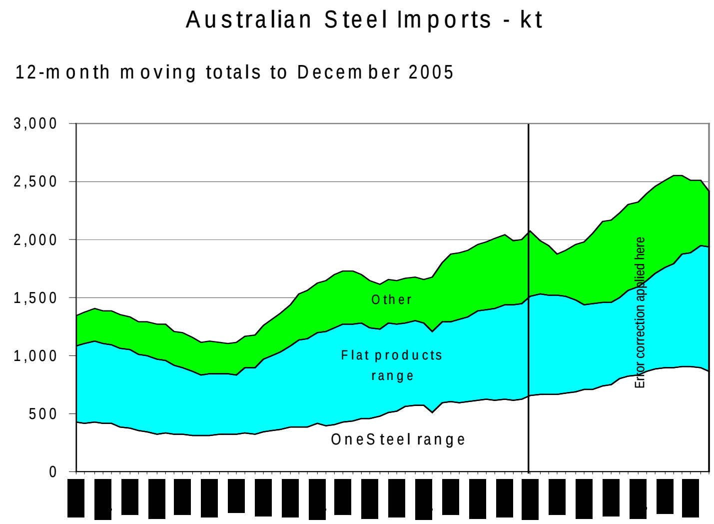
Imports into Australia



Source: Australian Bureau of Statistics and OST data

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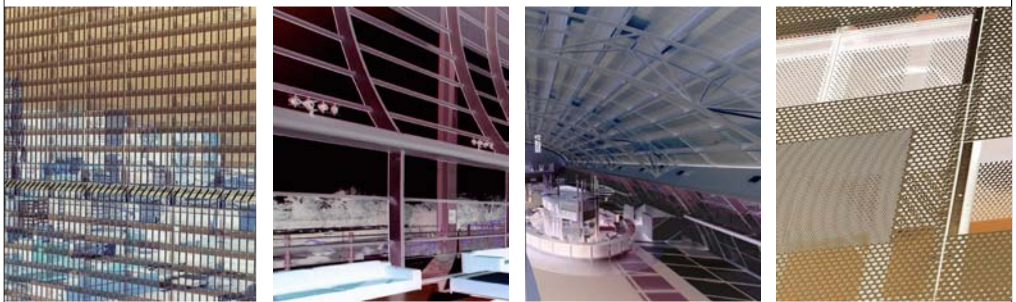

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