Macquarie Asian Investor Presentation

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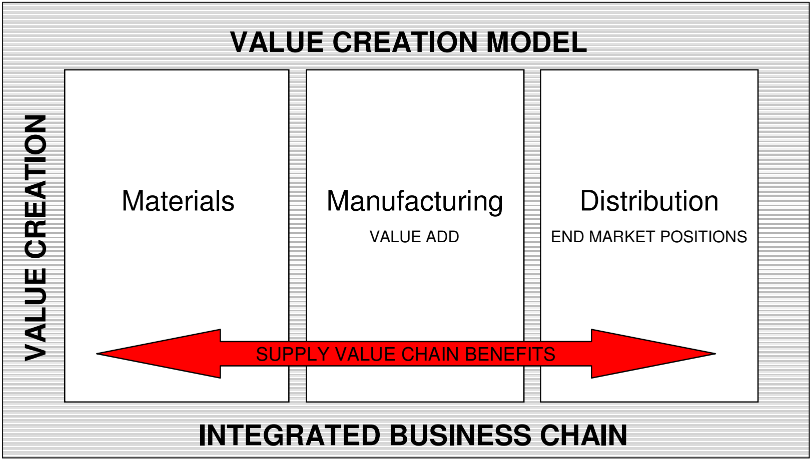
onesteel

Contents

Company overview

- OneSteel is Australia and New Zealand's premier manufacturer of steel long products and is a leading metals distribution company
  - FY08 revenues A$7.4 billion
  - Leading market share in both Australian and New Zealand sectors in which it operates
  - Markets more than 40,000 products to over 30,000 customers
- Vertically integrated in four segments from mining through to distribution:
  - Materials
  - Manufacturing
  - Distribution
  - International Distribution
- Merger with Smorgon Steel in August 2007 complimented OneSteel's existing business
  - Enhanced vertical integration by providing a larger presence in the recycling business
  - Increased product offerings including grinding media, rail & forge and LiteSteel™ beam products

Company overview



OneSteel operates a value chain extending from steel making materials supply, to steel making and conversion mills, to final processing and distribution, with the capability to manufacture and market a broad range of metal products and related services.

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Company overview

Investment merits

- Leading market positions in Australia
  - #1 in general steel distribution
  - #1 in Wire
  - #1 in Reinforcing
  - #1 in New Zealand general distribution
  - #2 in Recycling in Australia
- Strong position in niche markets
  - Rail wheels
  - Grinding media
  - Mining ropes
  - Rail
  - Fluid transmission
- Vertically integrated operations
- Self-sufficient in iron ore and ability for self sufficiency in scrap
- Flexible steel production
  - Integrated and EAF process enables production of long products and slab
- History of solid cash generation
- Strong distribution capabilities
- History of solid improvement in key business metrics

Company overview

Competitive advantages & market position

- Industry market positioning
  - Recycling – major national player
  - Iron ore – established customer relationships and long-term contracts
  - Australian long products market leader
    - 2.8 million tonnes steel capacity
    - Employs 11,000+ in Australia & New Zealand
    - Leading market shares for key products
  - Strong market position
    - 2007 merger with Smorgon Steel
    - Niche positions in grinding media, mining ropes, rail & rail wheels, and fluid transmission
  - Restructured business
    - Aligned production with domestic demand
    - Exited unprofitable segments
    - Rationalised facilities and optimised supply chains to increase footprint with facilities closer to market and expand product and service offers

- Competitive advantages
  - Vertically integrated business
    - Complete value chain:
      - Resources & recycling
      - Steel production
      - Value-add rolling mills
      - Distribution
    - Some ability to arbitrage slab and long products via EAF and integrated production routes
    - OneSteel recycling business provides partial offset
  - Self-sufficient in high quality iron ore
    - Iron ore requirements internally sourced
    - Proven magnetite iron ore reserves to at least 2027
  - Leading metals distributor
    - Strong in-market presence with 150+ sites, centres & franchises
    - Leading metals distributor in New Zealand
    - Well positioned in regional areas close to market
  - History of strong cash generation

Company overview

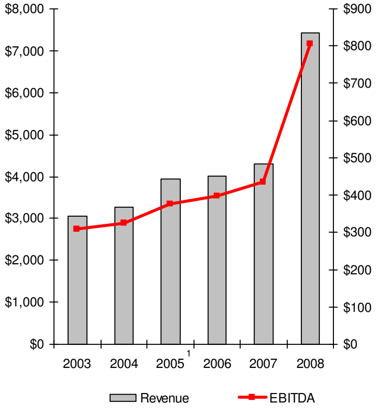
Strategic priorities

- Improving returns from existing businesses
- Realise full benefits from Project Magnet
- Pursue opportunities with Project Magnet Phase 2
- Continue to effectively integrate the former Smorgon Steel businesses
- Cash generation
- Growing and diversifying earnings
- Building organisational capability

Company overview

History of consistent growth

- Consistent growth reflects strength of the integrated business model despite operating in volatile markets
  - Self sufficient in iron ore and partially sufficient in scrap metal
  - Strong focus on price increases to recover costs in downstream businesses
  - Recycling business provides partial offset in period of dramatic change
- Achieving at or near record steel production for Electric Arc Furnace (EAF) sites
- Iron ore shipments increasing to 5 million tonnes in FY09 and to a run rate of 6 million tonnes by start of FY10
- FY08 includes acquired Smorgon Steel businesses from 20 August 2007.



June 2008 results exclude the impact of restructuring costs associated with the integration of the Smorgon Steel Group and Australian Tube Mills businesses.

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Company overview

Map of operations

OneSteel's major manufacturing facilities are located in Whyalla (SA), Melbourne (VIC), Western Sydney & Newcastle (NSW), and Brisbane (QLD).

OneSteel operates 40 additional facilities in Asia Pacific including New Zealand, and 8 facilities in the USA.

OneSteel services more than 30,000 customers and offers more than 40,000 products globally.

In the 2008 financial year, Onesteel despatched 3.6 mt of steel and sold more than 4.4 mt of iron ore.

Growing & diversifying earnings

Growth initiatives

- Project Magnet
  - This project represents the commercialisation of OneSteel's magnetite iron ore reserves for producing steel and the sale of surplus hematite ore reserves. Benefits include:
    - improving OneSteel's competitive position
    - extending the life of the steelworks
    - lowering the cost of steelmaking at Whyalla
    - an additional source of earnings and profit from increased sales of iron ore
- Smorgon Steel Transaction
  - The merger with Smorgon Steel was completed on 20 August 2007
    - Corporate benefits – a stronger more financially flexible company with enhanced growth opportunities
    - Customer and market benefits – increased ability to service the customer with new products and service offerings and a greater diversity and scope of operations
    - Competitive benefits – a more competitive business with lower costs, improved raw material integration and opportunities with diversified revenue streams.
- Ongoing Investment
  - September 2007 acquisition of Fagersta stainless steel distribution business
  - Upgrade of wheel plant at Waratah Steel Mill
  - Plastic injection & rewinding facility at wire ropery

Growing & diversifying earnings

Merging Smorgon Steel

- Good progress on integration of the Smorgon Steel businesses
  - Year 1 synergy benefits $41 million. Restructuring costs $77 million
  - Estimated net cost synergies of $60 million for FY09 (benefits $80 million less costs of $20 million). Increasing to a run rate of $100 million at start of FY10
  - Corporate synergies achieved early and achieved good level of customer support and minimal loss of sales
  - Increased facilities footprint enabled improved supply response
  - Major reconfigurations complete resulting in significant cost reductions through closure of some facilities
  - Upgrade of Waratah plant facilities and investment in a new ferrous shredder in Tampa, Florida (USA)
  - Integrated business model beneficial in volatile domestic and international market
    - Downstream positions facilitated price increases to recover costs
    - Self-sufficient in terms of iron ore
    - Recycling business provides partial hedge in period of dramatic change
    - Recycling and Manufacturing provide more predictable earnings

Growing & diversifying earnings

Project Magnet

- Project Magnet is the commercialisation of OneSteel's magnetite ore reserves for producing steel and the sale of hematite ore reserves to global markets
  - Approved to proceed in May 2005
  - Adds significant value
  - Capital expenditure $402 million
- Processes and equipment associated with the Magnetite stream commenced operation during the FY08 year and the pellet plant transitioned to magnetite concentrate feed
  - Environmental improvements of magnetite feed are now being realised
  - Pellet plant transition has freed rail infrastructure capacity to transport hematite
- Blast furnace cutover to magnetite-based pellets complete
- Achieved external iron ore sales of 4.4 million tonnes (target 4.0mt) - additional 0.5 million tonnes of iron ore by-products, primarily from commissioning
- In February 2008, we announced Project Magnet Phase 2 to identify and prove up increased iron ore reserves and to increase iron ore sales above 4.0 million tonnes per annum

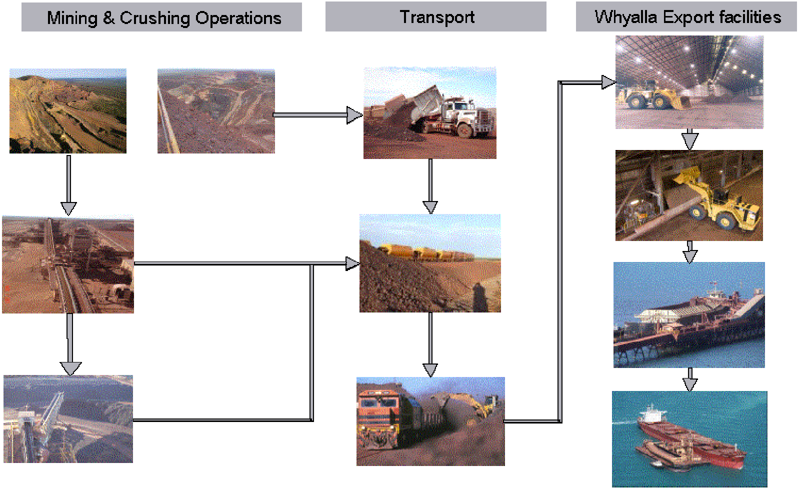
Growing & diversifying earnings

Project Magnet Phase 2

- In February 2008, the company announced work was underway to increase iron ore sales above 4 million tonnes per annum (Stream 1) and identify and prove up increased iron ore reserves (Stream 2)
  - Stream 1 is aimed at lifting sales through improving operational and supply chain capability by reviewing all operational and supply chain aspects including mining, handling, crushing and screening, rail, warehousing and barging
  - Stream 2 involves three phases of work including optimising existing mine plans using appropriate assumptions, extending existing mines as a result of further geological work/drilling, and exploration of likely hematite targets on the exploration lease
- Work to date has resulted in OneSteel being well progressed to add key plant and equipment including rolling stock and crushing and mining equipment. We expect to increase iron ore sales to 5 million tonnes for FY09 and to a rate of 6 million tonnes per annum from the start of FY10
- Focus over the next two years is on ferrous reserves and resources, but as opportunity allows the company will develop and progress non-ferrous exploration programs

Growing & diversifying earnings

Project Magnet Phase 2

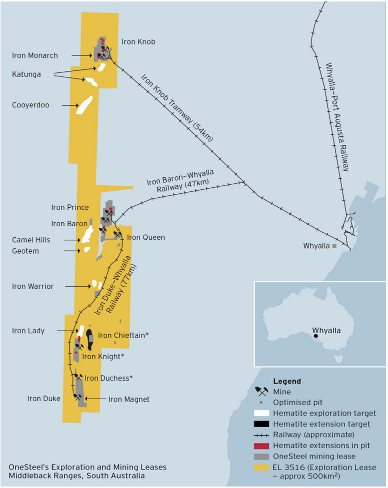


Growing & diversifying earnings

Project Magnet Phase 2

Current status

- Stream 1
  - Optimisation – substantially complete
  - Quick capital – substantially complete
  - Substantive change / investment commenced
- Stream 2
  - Initial mine planning changes
    - New plan and update of plans
    - First phase of hematite work complete
    - Magnetite work to be progressed
  - Extension work
    - Resources progressively added (drills and specialist staff)
    - Expect to be fully resourced by October 2008
  - Exploration work initially a 2 year program
- The initial mine planning reviews have increased hematite reserves by 13mt
- Expected spend in FY09 approximately $10 million



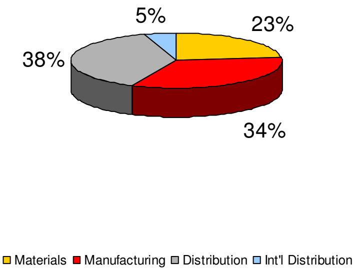
Segment overview

Materials	Manufacturing	Distribution	International Distribution
Iron ore mines Iron ore lump Iron ore fines Pellets Ore by-products **Dolomite mines** **Australian Recycling** **International Recycling**	**Whyalla Steelworks** Structural Rolling Mills Rail Products Facilities Slabs & Billets Steelmaking by-products (e.g. coke) **Laverton Steel Mill** Electric Arc Furnace Laverton Rolling Mills **Sydney Steel Mill** Electric Arc Furnace Sydney Bar Mill **Waratah Steel Mill** Electric Arc Furnace Bar Mill Rail and Forge Grinding Media **Newcastle Rod & Bar Mills** Rod Mill Bar Mill Bright Steels **Wire Mills** Newcastle Wire Mill Geelong Wire Mill Wire Ropery	**Merchandising** Metaland Piping Systems Sheet, Coil & Aluminium Midalia Steel Steel and Tube Fagersta **Coil Coaters** **Pipe & Tube Mills** Oil & Gas Pipe Mill Precision Tube Mills Structural Tube Mills **LiteSteel™ Technologies** **ARC – Australian Recycling Company**	**Steel & Tube Holdings (NZ)** (50.3% shareholding) **Merchandising** Steel Distribution & Processing Roofing Products & Reinforcing Piping Systems Fastening Systems Chain & Rigging Stainless steel Hurricane Wire Products

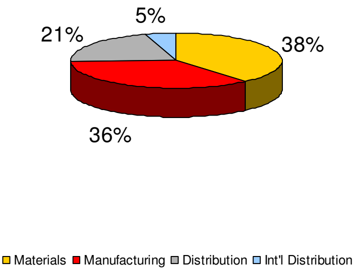
Segment overview

FY08 Operating Revenue	$7,434 million
FY08 Operating EBIT	$613 million

Revenue by segment



EBIT by segment



Percentage calculations exclude inter department transfers and corporate costs. EBIT reflects operating EBIT before impact of restructuring costs associated with the acquisition of the former Smorgon Steel business and the Australian Tube Mills business of $76.5 million.

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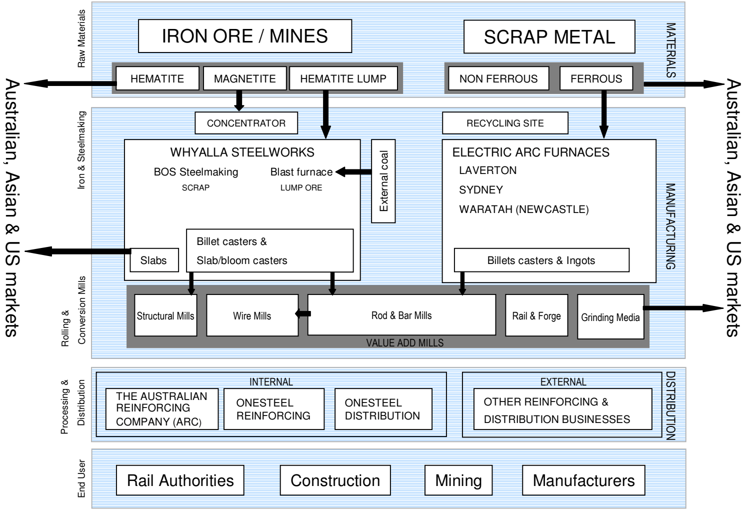
Segment overview

Integrated model supply chain



OneSteel's other strategic businesses including Australian Tube Mills (ATM), Oil & Gas, Precision Tube, Recycling USA, Grinding Media USA, and LiteSteel™ Technologies operate outside the integrated model.

Segment overview

Materials

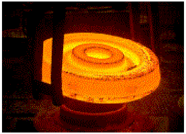
Iron ore mines	Dolomite mines
Australian recycling	International recycling

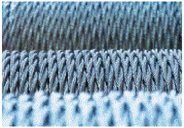
- Supplies steel making raw materials to steel mills and foundries primarily in Australia and Asia, as well as other parts of the world
  - Comprises OneSteel's iron ore and dolomite mines as well as Australian and international recycling businesses acquired on August 20, 2007 that collect, process and sell ferrous and non-ferrous scrap
- Project Magnet converted the Whyalla business from hematite ore based steel production to a magnetite based production, allowing hematite iron ore to be exported to overseas steel makers
- Products are primarily iron ore lump and fines with some pellets and ore by-products such as centrix and filter cake
- Recycling sources scrap metal from the rural, mining, demolition and manufacturing industries, and from the general public. Scrap is processed and traded in Australia, Asia and the US
- For FY08, Materials sales revenues of A$2,039 million and EBITDA of A$321million
  - Strong revenue and EBIT performance driven by the increase in external ore sales through Project Magnet, and the recently acquired recycling business

Segment overview

Manufacturing

Whyalla Steelworks	Rod, Bar & Wire
Waratah Steel Mill	Rail & Forge
Grinding Media	





Whyalla integrated Steelworks manufactures both semi-finished products (billets, blooms and slabs) and finished products (hot rolled structurals and rail products)

Products	End use
Billets	OneSteel rolling mills
Bloom	Rails & rail products, Structurals
Slabs	Structurals and Flat steel product customers
Rail & rail sleepers	Government and private operators
Structural products	Building and construction projects

OneSteel operates three EAFs. All have downstream facilities

Location	Capacity (Tonnes)	Products
Sydney (Rooty Hill)[1]	615,000	Mebar & Rebar
Newcastle	280,000	Rail wheels, Forging, Grinding Media and Bar
Melbourne (Laverton)	725,000	Rod & Bar

[1] Increased license from 575,000 tonnes per annum to 750,000 tonnes per annum in FY09

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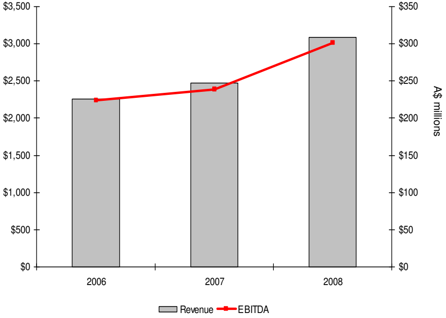
Segment overview

Manufacturing

Whyalla Steelworks	Rod, Bar & Wire
Waratah Steel Mill	Rail & Forge
Grinding Media	

- Manufacturing businesses include:
  - 1 integrated steelworks producing approx 1.2 mtpa
  - 3 electric arc furnaces (EAFs) producing approx 1.6 mtpa
  - 2 rod mills
  - 3 bar mills
  - 2 wire mills
  - 1 ropery
  - Grinding media sites in Australia, Indonesia & the United States
- FY08 Manufacturing sales revenues of A$3,083 million and EBITDA of A$302 million



The pro forma numbers for 2006 and 2007include the results of the businesses as if the assets and operations of all segments were part of the OneSteel Group from 1 July 2005. The numbers have not been audited.

The Smorgon Steel businesses have been included in the June 2008 financial information from the date of acquisition on 20 August 2007.

Segment overview

Distribution

Steel & Tube	Reinforcing
Pipe & Tube	LiteSteel™ Technologies
Sheet, Coil & Aluminium	Piping Systems
Metaland	Australian Tube Mills

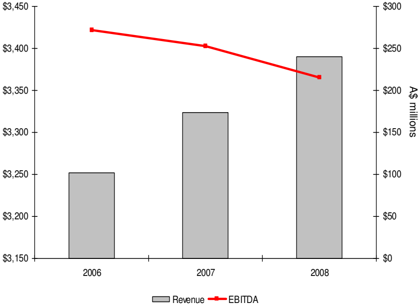
- OneSteel owns approximately 100 general steel distribution outlets under its Merchandising business supported by an additional 40 Metaland franchises. These businesses process and distribute steel sheet and coil, steel plate, steel structural products, merchant bar, steel rods and angles, steel pipe and tube, aluminum products, stainless steel products, piping systems valves and fittings
- Steel in Concrete comprises OneSteel Reinforcing and the Australian Reinforcing Company (ARC). The two businesses, operating from 76 sites around Australia, are the leading suppliers of steel reinforcing products to the Australian building and construction industries
- Australian Tube Mills is Australia's largest structural pipe and tube manufacturer. ATM supplies hot dipped galvanized CHS, KleenKote™ coated tube, SupaGal™, Duragal©
- Oil and Gas and Precision Tube Mills
- OneSteel Coil Coaters manufactures and distributes pre-painted metal products. Coil Coaters coats approximately 20,000 tonnes of steel coil, for use in fencing, shed and coolroom panel applications
- LiteSteel™ Technologies was established in 2004 to market LiteSteel™ beam - a light structural beam with the strength of steel and the affordability of timber

Segment overview

Distribution

Steel & Tube	Reinforcing
Pipe & Tube	LiteSteel™ Technologies
Sheet, Coil & Aluminium	Piping Systems
Metaland	Australian Tube Mills

- Distribution businesses include OneSteel and ARC Reinforcing operations and the merchandising business consisting of:
  - Steel and Tube
  - Metal and Piping Systems
  - Sheet, Coil & Aluminum
  - Midalia Steel
  - Fagersta stainless steel distribution businesses acquired in September 2007
- FY08 Distribution sales revenues of A$3,391 million and EBITDA of A$215 million



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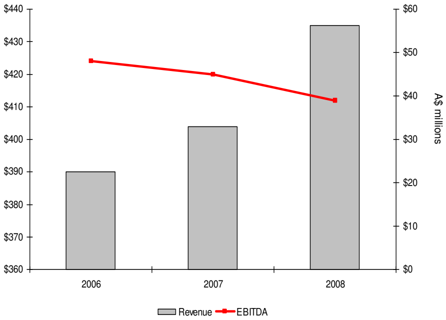
Segment overview

International Distribution

- International Distribution operations consist of OneSteel's 50.3% shareholding in Steel & Tube Holdings Limited, New Zealand
- Steel & Tube Holdings is a leading distributor of long steel products in New Zealand and has a diverse customer base predominantly in the construction, manufacturing and agricultural sectors
- FY08 International Distribution sales revenues of A$436 million and EBITDA of A$39 million

Steel & Tube Holdings NZ (50.3% shareholding)



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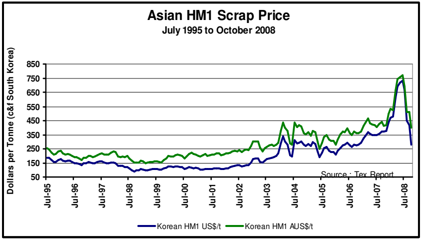
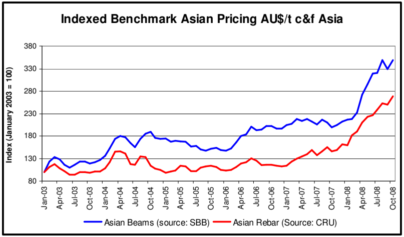
FY08 market & trading conditions

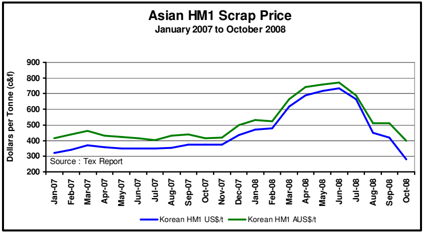
- Volatile environment for steel during the FY08 year with dramatic change in conditions between 1H08 and 2H08
- First half FY08
  - High level of imports into Australia
    - Rapidly increasing currency and speculative buying of imports ahead of the merger and Chinese tax changes; significant channel overstocking
  - Price suppression with delays in increased raw material costs flowing through to import prices
- Second half FY08
  - Unprecedented run up in international steel raw materials and prices
    - Very strong demand internationally and dramatic increases in raw material costs, ferrous/non-ferrous scrap and steel prices
    - Customers sought to pull forward purchases
    - OneSteel domestic sales volumes increased significantly
    - Demand management procedures introduced to maintain service levels
    - Strong focus on working with affected customers; ramped up production and in some instances supplemented supply by sourcing offshore

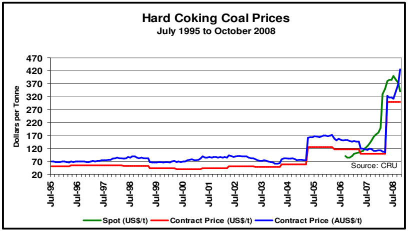
Market & trading conditions

Unprecedented volatility









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Financial overview

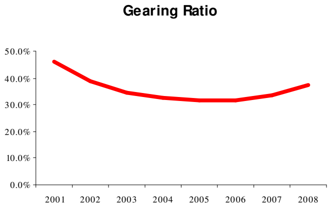
FY08 highlights

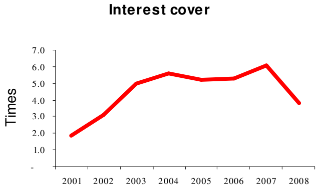
	FY08 $m	FY07 % ▲▼	Comment
Sales revenue	$7,434.3	▲ 73	Reflects the contribution of the acquired Smorgon Steel businesses from 20 August 2007
EBITDA*	$807.7	▲ 85	Excludes restructuring costs associated with the integration of Smorgon Steel of $76.5m
Depreciation & amortisation	($194.9)	▲103	Includes higher depreciation & amortisation of the Smorgon Steel businesses after fair value adjustments
Interest	($159.6)	▲186	Due to higher debt levels associated with the acquisition of the Smorgon Steel businesses and higher interest rates
NPAT	$315	▲ 59	Reflects the contribution of the acquired Smorgon Steel businesses and excludes the impact of restructuring costs and impairment of plant & equipment associated with the integration of the former Smorgon Steel business and ATM business of $70.1m (after tax).
Operating cashflow	$350.8	▲ 27	Reflects expanded scope of business
Net debt	$1,947.2	▲153	Reflects debt associated with the acquisition of the Smorgon Steel businesses
Net debt (including derivatives)	$2,064.4	▲148	Reflects debt associated with the acquisition of the Smorgon Steel businesses
Gearing ratio (net debt to net debt plus equity) including derivatives	37.6%	▲ from 33.5%	Remains within target range after the acquisition of the Smorgon Steel businesses
FY08 dividend (cents)	21.5cents	▲ from 18.5cents	

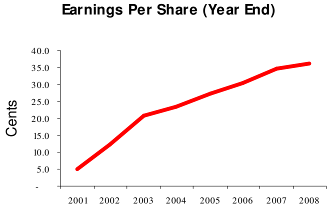
June 2007 financials are for the OneSteel pre-existing businesses. June 2008 financials include the contribution of the acquired Smorgon Steel businesses from 20 August 2007. * EBITDA calculated on same basis as market guidance is $767m. This number excludes synergy benefits of $41 million and restructuring costs of $77 million. ($731.1m + $77m = $807.7m - $41m = $767m)

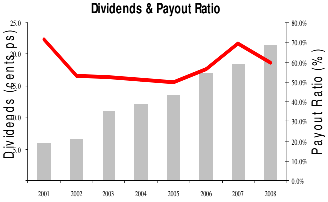
Financial overview

Trends in Key Financial Ratios









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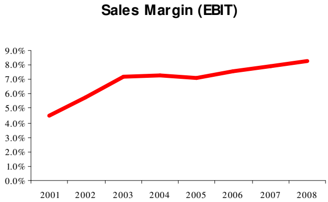
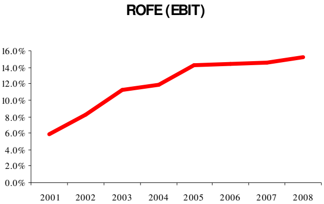
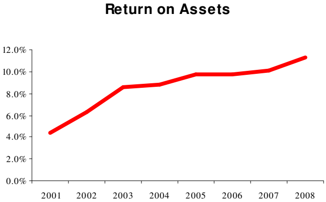
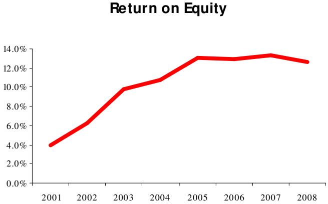
Financial overview

Trends in Key Operating Ratios









Results from December 2004 to December 2007 are presented under AIFRS
Dec 2007 excludes restructuring costs and impairment of plant and equipment associated with the integration of Smorgon Steel

Financial overview

Profit & Loss (historical data - 12 months ended 30 June)

$m	2008[1]	2007[2]	2006[3]	2005[4]	2004[5]	2003	2002	2001[6]	% change 08/07
Sales	7,434.3	4,300.6	4,004.6	3,938.5	3,269.2	3,060.6	2,906.0	2,637.7	73
Operating EBITDA	807.7	436.1	396.7	377.1	324.2	307.6	251.0	202.6	85
Depreciation & amortisation	(194.9)	(96.2)	(94.0)	(97.5)	(87.1)	(86.5)	(84.2)	(84.2)	103
Operating EBIT	612.8	339.9	302.7	279.6	237.1	221.1	166.8	118.4	80
Finance costs	(159.6)	(55.8)	(56.7)	(53.6)	(42.2)	(44.5)	(54.4)	(61.8)	186
Earnings before Tax	453.2	284.1	246.0	226.0	194.9	176.6	112.4	56.6	60
Tax	(128.0)	(74.7)	(60.8)	(55.4)	(53.4)	(53.3)	(39.0)	(12.1)	71
Operating PAT	315.0	197.5	171.6	153.1	129.1	113.8	66.0	38.6	59
Operating EPS (cents) – year end	36.0	34.5	30.3	27.3	23.3	20.8	12.3	5.1	4
Operating ROFE (%)[6]	15.2	14.6	14.4	14.2	11.9	11.2	8.2	5.8	
Full Year Dividend (cents/share)	21.5	18.5	17.0	13.5	12.0	11.0	6.5	6.0	

1 June 2008 results exclude the impact of restructuring costs and impairment of plant and equipment associated with the integration of the Smorgon Steel Group and Australian Tube Mills businesses of $70.1m after tax. These statistics include the results of the Smorgon Steel Group Limited from 20 August 2007 only
2 June 2007 results exclude the impact of the derecognition of deferred tax liabilities of $9.5m
3 June 2006 excludes the tax benefit of $15.9m arising from finalisation of tax consolidation values
4 June 2005 excludes the benefit relating to the reversal of impairment loss on transition to AIFRS of $49.7m after tax
5 June 2004 excludes the tax benefit of $19.8m arising from OneSteel's entry into the tax consolidation regime
6 Excludes provisions
7 Based on average of opening and closing total assets. Equity and funds employed respectively
Note that the financial information presented for the years 2001-2004 have been adjusted to exclude goodwill amortisation from earnings

onesteel

Financial overview

Balance sheet (historical data - 12 months ended 30 June)

$m	2008	2007	2006	2005	2004	2003	2002	2001	% change 08/07
Total Assets	7,327.8	3,569.5	3,138.8	3,087.1	2,803.2	2,577.0	2,582.0	2,710.8	105
Liabilities	3,894.9	1,919.5	1,637.2	1,698.8	1,429.8	1,292.0	1,359.4	1,594.6	103
Net Assets	3,432.9	1,650.0	1,501.6	1,388.3	1,373.4	1,285.0	1,222.6	1,116.2	108
Net Debt including derivatives	2,064.4	831.1	688.2	645.3	669.0	670.2	771.6	953.4	148
Inventory	1,298.9	836.3	758.9	836.7	704.6	591.0	574.1	540.3	55
Receivables	1,185.3	640.9	635.4	643.1	487.8	439.9	452.8	561.5	85
Creditors	1,021.0	637.8	545.4	615.7	569.9	467.7	425.1	444.4	60
Funds Employed[1]	5,497.3	2,481.1	2,189.8	2,033.6	2,042.4	1,955.2	1,994.2	2,069.6	122
Gearing % (net debt / net debt + equity)[1]	37.6%	33.5%	31.4%	31.7%	32.8%	34.3%	38.7%	46.1%	
Interest cover – times	3.8	6.1	5.3	5.2	5.6	5.0	3.1	1.9	
NTA/Share $	1.52	2.40	2.16	1.95	1.93	1.77	1.69	1.81	

[1] The 2001- 2004 figures have been presented under previous AGAAP and adjusted to include securitisation

Financial overview

Segments - historical pro-forma

FY08 A$m[2]	Materials	Manufacturing	Distribution	Unallocated	International Distribution	Eliminations	OneSteel Group
Sales revenue	2,039.3	3,083.4	3,390.8	45.3	435.7	(1,509.7)	7,484.8
EBITDA	321	301.9	215.4	(17.3)	39.0	(52.3)	807.7
EBIT[1]	269.6	215.4	166.3	(23.0)	33.8	(52.3)	637.1
Funds employed[2]	1,224.9	2,420.9	2,143.4		176.5		5,497.3
EBIT margin	14.6%	7.0%	4.9%		7.8%		8.2%
ROFE* (EBIT)	24.2%	11.2%	11.2%		18.6%		15.2%
ASSETS	1,577.6	3,082.5	2,789.8	(100.1)	208.6	(230.6)	7,327.8

FY07 A$m[3]	Materials	Manufacturing	Distribution	Unallocated	International Distribution	Eliminations	OneSteel Group
Sales revenue	1,783.3	2,467.3	3,324.1	13.5	404.5	(1,047.9)	6,944.8
EBITDA	177.2	239.5	253.7	(17.6)	45.9	(20.7)	678.0
EBIT	157.3	154.7	213.6	(24.1)	40.6	(20.7)	521.4
Funds employed[2]	1,219.6	2,269.2	1,787.1		186.6		5,167.1
EBIT margin	8.8%	6.3%	6.4%		10.0%		7.5%
ROFE* (EBIT)	12.9%	6.8%	11.9%		21.8%		10.1%
ASSETS	1,369.4	2,738.9	2,401.5	44.4	222.6	(11.5)	6,765.3

FY06 A$m[3]	Materials	Manufacturing	Distribution	Unallocated	International Distribution	Eliminations	OneSteel Group
Sales revenue	1,126.1	2,262.8	3,252.4	12.7	390.3	(923.0)	6,121.3
EBITDA	124.1	224.5	272.9	(34.9)	48.7	(8.2)	627.1
EBIT	107.5	142.4	234.9	(41.0)	43.7	(8.2)	479.3
Funds employed[2]	927.9	2,240.1	1,627.6		146.5		4,760.6
EBIT margin	9.5%	6.3%	7.2%		11.2%		7.8%
ROFE* (EBIT)	11.6%	6.4%	14.4%		29.8%		10.1%
ASSETS	1,060.0	2,667.4	2,109.5	142.1	178.4	16.9	6,174.3

1 EBIT for Distribution for the year ended 30 June 2008 has been adjusted to exclude the impact of accelerated amortisation of finite life intangibles recognised on acquisition of Smorgon Steel of $20.5m

2 The results for 2008 include the acquired Smorgon Steel business from 20 August 2007

3 The proforma numbers for 2007 and 2006 include the results of the businesses as if the assets and operations of all segments were part of the OneSteel Group from 1 July 2005. The numbers have not been audited.

Summary

- FY08 results solid:
  - Reflects inclusion of the Smorgon Steel businesses from 20 August 2007
  - Good performance at EBITDA line
    - First half adversely affected by trading conditions
    - Much stronger second half
  - Cash flow and ratios acceptable, however working capital increased due to inflationary impacts
- Integration of Smorgon Steel businesses progressing well – net synergy benefits accelerated
- Project Magnet and Project Magnet Phase 2 deliver significant benefits
  - We expect iron ore sales to be 5 million tonnes FY09
  - We expect to reach a run rate of 6 million tonnes per annum by start of FY10

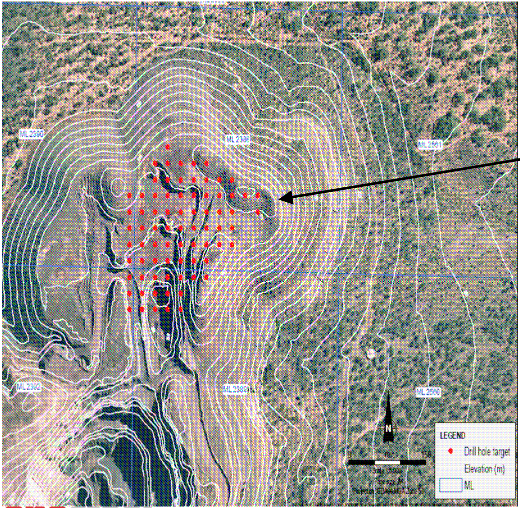
Outlook

- The fundamentals suggest the outlook for the medium to longer-term should remain positive, however the events of the past few weeks has resulted in uncertainty for the near-term. We do not expect the extent of the impact on activity to be clear until there is greater clarity in international financial markets.
  - The fundamentals for continued strength in our key segments of resources and domestic construction, particularly engineering and infrastructure remain sound
  - Domestic manufacturing, residential construction and rural segments are expected to remain relatively weak
  - International prices for steel and steelmaking inputs are expected to remain volatile. Despite prices falling from their peaks of a few months ago, they are expected to be above historical standards over the medium to longer-term
  - The fundamentals for continued strong demand for steel and steel making inputs that underpin these higher prices are expected to exist in the medium to longer-term
- A further update will be provided at the AGM on 17 November 2008

Appendix

Project Magnet Phase 2

Whyalla Mining

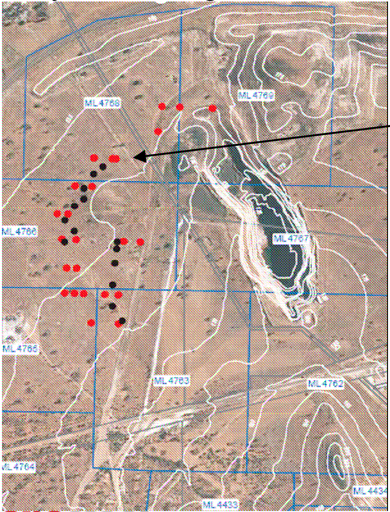


Iron Baron Mining Area

Iron Prince North
(Extension Drilling)

Project Magnet Phase 2

Whyalla Mining

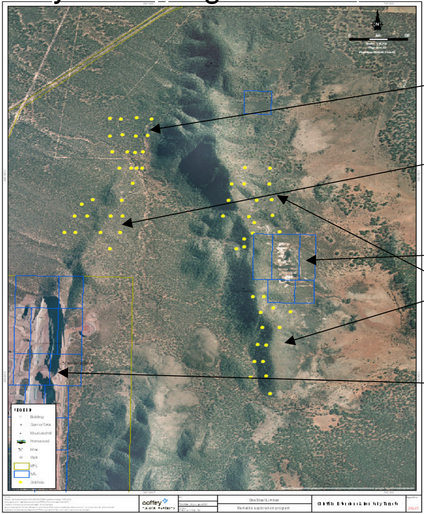


Iron Knob Mining Area

Iron Princess
(Extension Drilling)

Project Magnet Phase 2

Whyalla Mining



South Middleback Ranges Mining Area

Iron Lady
Exploration target

Iron Knight
North Extension Drilling

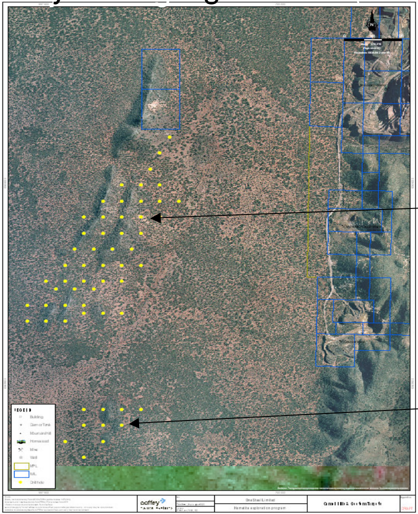
Iron Chieftain - New Mine

Iron Chieftain
North & South Extension Drilling

Iron Knight - existing mine

Project Magnet Phase 2

Whyalla Mining



Iron Baron Mining Area

Camel Hills
Exploration target

Geotem
Exploration target