

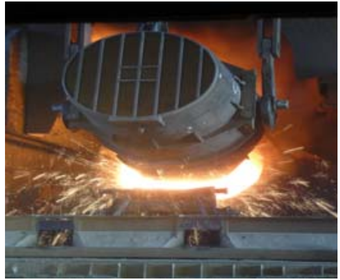



Annual General Meeting

Geoff Plummer, Managing Director & CEO

17 November 2008

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FY08 results overview

- FY08 results incorporate the Smorgon Steel businesses from 20 Aug 2007
- EBITDA $767 million (market guidance $710 - $780 million) before restructuring costs ($77 million) and synergy benefits ($41 million)
  - First half adversely affected by trading environment
  - Much stronger second half performance
- Net operating profit after tax of $315 million, up 59%
- Statutory net profit after tax $244.9 million, up 18% (includes restructuring costs and asset impairment)
- Operating cash flow of $351 million
- Gearing remains in target range after the Smorgon Steel merger
- Final dividend of 13.5 cents - full-year dividend 21.5 cents, up from 18.5 cents at FY07

FY08 operational overview

- First half margins and results impacted by significant over-hang of imports
- Dramatic increase in input costs and steel prices in second half
- Integrated business model performing well in volatile domestic and international market
  - Downstream businesses – strong focus on price increases to recover costs
  - Self-sufficient in iron ore and partially sufficient in scrap metal
  - Recycling business provides partial hedge in period of dramatic change
- Cash adversely effected by increase in working capital due to higher input costs and prices
- Sales margin increased from 7.9% to 8.2%
- At or near record steel production at Sydney and Laverton electric arc furnaces
  - Total raw steel production 2,559,422 tonnes
- Iron ore shipments of 4.4 million tonnes and 0.5 million tonnes of ore by-products
- Recycled metal sales of 1,865,141 tonnes

FY08 market conditions

First half FY08

- Volatile international and domestic environment for steel during the year
- Dramatic change in conditions between first and second halves
- First half FY08 – domestic steel market
    - High level of imports
        - Rapidly increasing currency
        - Speculative buying of imports ahead of the merger and Chinese tax changes
        - Significant overstocking throughout the channel
    - Price Suppression
        - Focus on customer and sales retention
        - Delays in increased raw material costs flowing through to import prices

FY08 market conditions

Second half FY08

- Unprecedented run up in international steel raw materials and prices
  - Very strong demand internationally
  - Dramatic increases in raw material costs, ferrous and non-ferrous scrap and steel prices
    - Coking coal up over 200%, iron ore up over 80%, scrap doubled
  - Customers seeking to pull forward purchases internationally and domestically
  - OneSteel domestic sales volumes increased significantly
  - In some products, demand management procedures introduced domestically to maintain service levels
  - Strong focus on working with affected customers
  - OneSteel ramped up production and in some instances supplemented supply by sourcing offshore to meet demand

Company overview

Smorgon Steel Merger

- Good progress on integration of the Smorgon Steel businesses
  - Year 1 synergy benefits $41 million. Restructuring costs $77 million
  - On track to meet 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 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 iron ore and partially sufficient in scrap metal
    - Recycling business provides partial hedge in period of dramatic change

Company overview

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 that adds significant value to OneSteel

- Exceeded external iron ore sales target
  - FY08 ~ 4.4m tonnes lump and fines (4.0mt originally targeted)
    ~ 500k tonnes ore by-products
  - FY 2007 ~ 2.8m tonnes ore (2.5mt originally targeted)
    ~ 266k tonnes ore by-products
  - FY2006 ~ 1.700kt iron ore lump and fines (1.5mt originally targeted)
    ~ 300kt ore by-products

- Transition of the pellet plant to magnetite ore feed December 2007
- Blast furnace cutover to magnetite-based pellets effectively complete February 2008

- 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 pa

- Total capital expenditure of $402 million over 5 years to June 2008

Company overview

Project Magnet Phase 2

- In February 2008, the company announced work was underway to further 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 and 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, extending existing mines following further geological work/drilling and exploring additional hematite targets on the exploration lease
  - 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
- OneSteel expects sales of 5m tonnes per annum of hematite ore in the 2009 financial year as a result of work underway on Project Magnet Phase 2. OneSteel also expects to achieve the capacity to sell 6m tonnes per annum by start of the 2010 financial year

Company overview

Project Magnet Phase 2 - update

- Stream 1
  - The Optimisation work which focussed on supply chain analysis to identify potential operational improvement opportunities is substantially complete
  - Quick capital opportunities identified and substantially complete – minimal capex required
  - Substantive change / investment - commenced
- Stream 2
  - Initial mine planning changes (new plan and update of plan) – first phase hematite work complete. Magnetite work to be progressed
  - Mine extension work - resources (drills and specialist staff) progressively added
  - Exploration work - initially a 2 year program

Summary

- Smorgon Steel businesses included from 20 August 2007 and delivered ahead of plan on net synergy benefits
- Good performance at EBITDA line
  - First half adversely affected by trading conditions
  - Much stronger second half
- Cash flow and ratios acceptable, working capital increased due to inflationary impacts
- Integration of former Smorgon Steel businesses progressing well – net synergy benefits accelerated
- Project Magnet delivering significant benefits. Phase 2 announced in February and delivering early benefits
  - We are aiming for iron ore sales of 5 million tonnes per annum in FY09
  - We expect to achieve capacity of 6 million tonnes per annum by start of FY10

Outlook

Strategic priorities for FY09

- Implementing ‘back to basics’ initiatives to ensure we are well positioned for the impact of weaker global economic and financial conditions
- Improving returns from existing businesses
- Focussing on cash generation
- Realising full benefits from Project Magnet
- Pursuing opportunities with Project Magnet Phase 2
- Continuing to effectively integrate the former Smorgon Steel businesses
- Growing and diversifying earnings
- Building organisational capability

Outlook

Short-term

- Global financial and economic conditions have changed significantly since announcement of our FY08 result in August
- Overall operating performance for the 4 months to end of October has been solid
- International prices for iron ore, scrap and steel have fallen significantly in recent months
  - Most immediate impact is in Materials segment due to exposure to international market conditions
    - Reduced volumes and lower prices in recycling business impacting margins and stock values
    - Lower iron ore prices, but to-date overall volume targets maintained
      - Some risk of meeting FY09 target of 5mt unless recovery in market conditions in 2^{nd} half

Outlook

Short-term (cont.)

- The extent activity is suppressed is not expected to be clearer until there is greater clarity in the international and national response to the deterioration in global financial and economic conditions
- Australian domestic market has held up reasonably well, but lack of credit and reduced confidence is starting to suppress domestic activity
- In anticipation of a more challenging balance of FY09, we are implementing a number of initiatives including: increased focus on cash, working capital, cost control and adjusting production to reflect reduced demand

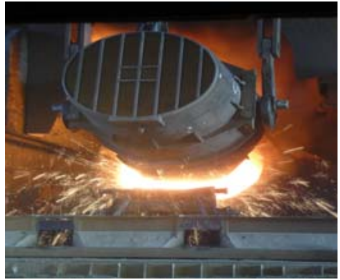
Outlook

Medium to longer-term

The fundamentals for continued strength in our key market segments remain sound

- International prices for steel and steelmaking inputs are expected to remain volatile. Despite prices falling from well below 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

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