Morgan Stanley Conference

Hong Kong May 2011

This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of OneSteel and certain plans and objectives of the management of OneSteel. Forward-looking statements can generally be identified by the use of words such as ‘project’, ‘foresee’, ‘plan’, ‘expect’, ‘aim’, ‘intend’, ‘anticipate’, ‘believe’, ‘estimate’, ‘may’, ‘should’, ‘will’ or similar expressions. All such forward looking statements involve known and unknown risks, significant uncertainties, assumptions, contingencies and other factors, many of which are outside the control of OneSteel, which may cause the actual results or performance of OneSteel to be materially different from any future results or performance expressed or implied by such forward looking statements. Such forward-looking statements speak only as of the date of this presentation. Factors that could cause actual results or performance to differ materially include without limitation the following: risks and uncertainties associated with the Australian and global economic environment and capital market conditions, the cyclical nature of the steel industry, the level of activity in the Australian construction, manufacturing, mining, agricultural and automotive industries and, to a lesser extent, the same industries in Asia and New Zealand, mining activity in the Americas, commodity price fluctuations, fluctuations in foreign currency exchange and interest rates, competition, OneSteel's relationships with, and the financial condition of, its suppliers and customers, legislative changes, regulatory changes or other changes in the laws which affect OneSteel's business, including environmental laws, a carbon tax, proposed mining tax and operational risk. The foregoing list of important factors is not exhaustive. There can be no assurance that actual outcomes will not differ materially from these statements.

Contents

Company overview

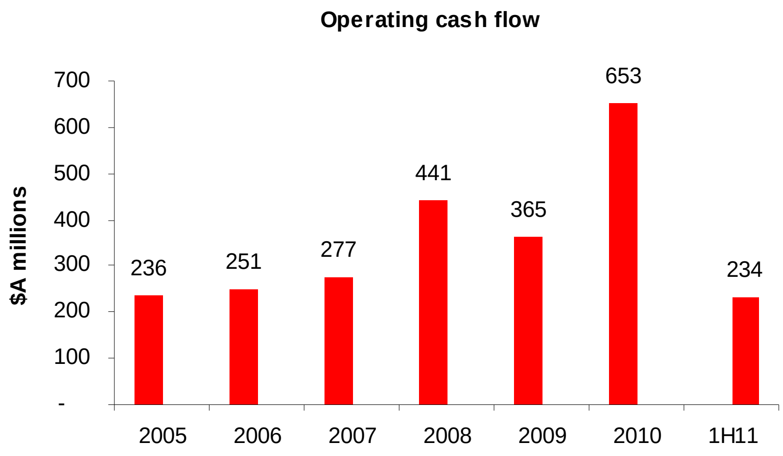
- Uniquely integrated portfolio of complementary businesses
  - Steel making raw materials, steel making, conversion mills, final processing, distribution
- Significant exposure to the high growth resources sector
  - Miner and seller of approximately 6mtpa of iron ore
  - Significant international mining consumables business (grinding media, mine ropes and rail wheels)
- Australia's premier manufacturer of steel long products
- Australia's leading distributor of steel and finished steel products
- A leader in the Australian metals recycling sector with operations in North America and Asia
- FY2010 revenue of A$6.2b and EBITDA of $638m
- ASX listed top 100 company

OneSteel has transitioned from the time of its spin out from BHP 10 years ago where almost all its revenue was derived from domestic steel manufacture and distribution, to now having approximately 45% of revenue sourced overseas from new businesses, particularly iron ore and mining consumables

Investment merits

- **Significant iron ore revenue stream**
  - 6mt pa for at least 10yrs from 30 June 2010
- **Leading global market position**
  - #1 in Grinding media
- **Leading market positions in Australia**
  - #1 in General steel distribution
  - #1 in Reinforcing
  - #2 in Recycling in Australia
  - #1 in Wire
  - #1 in New Zealand general distribution
- **Strong operating platform**
- **International Portfolio**
- **Seasoned, experienced management team**
- **Strong platform for growth**
- **Strong position in niche markets**
  - Rail wheels
  - Mining ropes
  - Rail
  - Fluid transmission
- Significant leverage to both steel volume and price improvement

History of solid cash generation



Note: Underlying operating cash flow for the 6 months to 31 December 2010 excludes the impact of stock build for the blast furnace repairs of $70 million.

Strategic focus

- Growing and diversifying earnings through mining and mining consumables
- Improving returns from traditional businesses
- Achieving strong cash generation
- Building organisational capability

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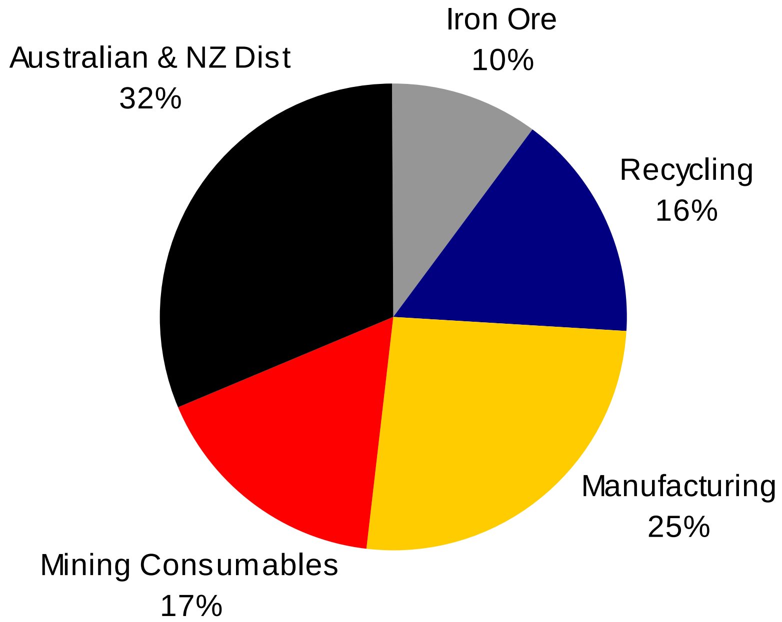
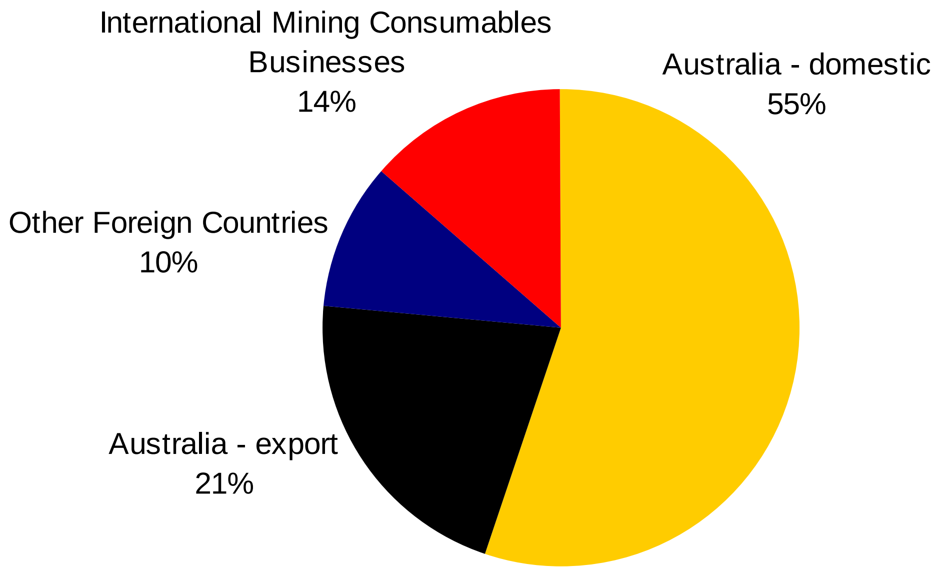
OneSteel revenue by geography and segment

Proforma 1H11 Revenue by Business Segment*



Proforma 1H11 Revenue by Geography*



*Includes intersegment sales

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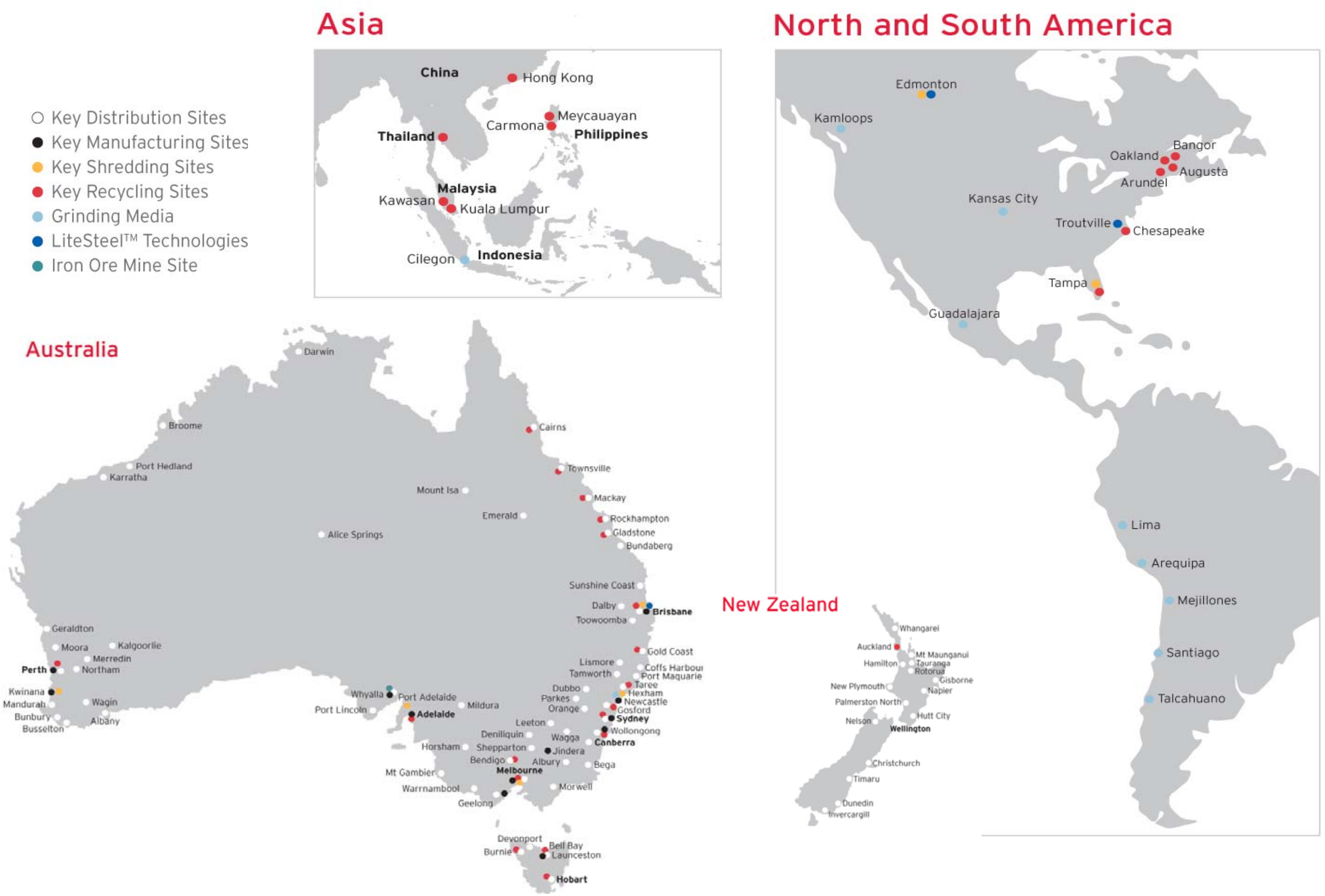
Map of operations



Business segments

Iron Ore	Recycling	Manufacturing	Australian Distribution	Mining Consumables*
Iron ore mines Iron ore lump Iron ore fines Lower grade ore Pellet plant **Dolomite mines**	**Australian Recycling** **International Recycling** (USA and Asia)	**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 **Wire Mills** Newcastle Wire Mill Geelong Wire Mill **Newcastle Rod Mill** **Australian Tube Mills** **LiteSteel™ Technologies**	**ARC - Australian Reinforcing Company** **OSR - OneSteel Reinforcing** **Merchandising** **Metaland/Steel & Tube**	**Moly-Cop (Grinding Media)** Australia (Waratah) Indonesia Canada USA Chile Peru Mexico **AltaSteel** Electric Arc Furnace Bar Mill Grinding Rod Facility Maple Leaf Metals GenAlta (50% JV) **Waratah Steel Mill** Electric Arc Furnace Bar Mill, Rail & Forge **Wire Ropery**

New Zealand Distribution segment not included (represents OST's 50.3% shareholding in Steel & Tube Holdings Limited)

*Mining Consumables segment to be reported from 1 January 2011

Business segments

Iron Ore

- Comprises OneSteel’s iron ore and dolomite mines based in Whyalla, South Australia
- Project Magnet converted the Whyalla business from hematite ore based steel production to a magnetite based production, allowing hematite iron ore to be exported internationally
- Products are primarily iron ore lump and fines with some ore by-products such as centrix and filter cake
- Excess pellets also sold externally
- Established customer relationships in China
- Exploration continuing to expand reserves and resources

Business segments

Recycling

- Comprises Australian and international Recycling businesses that collect, process and sell ferrous and non-ferrous scrap
- 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 USA
- Supplies steel making raw materials to steel mills and foundries primarily in Australia and Asia, as well as other parts of the world
- Non-ferrous trading business run from Asia
- Small acquisitions in 2010 have helped secure scrap at source

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Business segments

Mining Consumables

- Includes Grinding Media, Rail & Forge and Wire Ropes businesses with 2 integrated electric arc furnaces and 2 bar mills
- Leveraged to the high growth mining sector
- OneSteel is now the largest producer of grinding media globally with facilities in Australia, Indonesia and North and South America following recent acquisition of the Moly-Cop Group business

Grinding media facilities	Capacity (kt)	Products
Newcastle, Australia	250	SAG ball & small ball
Cilegon, Indonesia	30	SAG ball & small ball
Kansas City, USA	180	SAG ball & small ball
Talcahuano & Mejillones, Chile	431	Roll formed/ Forged
Lima & Arequipa, Peru	115	Roll formed/ Forged
Guadalajara, Mexico (nominal)	175	Roll formed/ Forged
Kamloops, Canada	113	Roll formed/ Forged
Total	**1,294**	

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Business segments

Manufacturing

- Includes an integrated steelworks at Whyalla (SA), 2 electric arc furnaces (EAFs), structural pipe and tube mills, 2 bar mills, 1 wire mill and 2 rod mills
- Whyalla – manufactures semi finished and finished products

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

- EAFs – all have downstream facilities

Location	Capacity (Tonnes)	Products
Sydney (Rooty Hill)	Approx. 630kt	Mebar & Rebar
Melbourne (Laverton)	Approx. 700kt	Rod & Bar

Business segments

Australian Distribution

- The leading distributor of a diverse range of metal products to resellers and end-users
  - Merchandising business includes Sheet and Coil, Aluminium, Coil Coaters, Building Services, Stainless, Fagersta, Piping Systems, Oil & Gas and Precision Pipe and Tube Mills. Comprising of approximately 50 outlets, the Merchandising business sources metal and related products from a range of domestic and overseas manufacturers
  - Metaland/Steel and Tube business processes and distributes a broad range of structural steel and related steel products. With approximately 80 outlets owned by OneSteel and an additional 27 Metaland franchises, it is one of the leading steel distribution businesses in Australia
  - The OneSteel Reinforcing and Australian Reinforcing Company (ARC) businesses comprise of 42 service sites close to market, including 5 major processing sites. They are the leading suppliers of steel reinforcing products to the Australian building and construction industries

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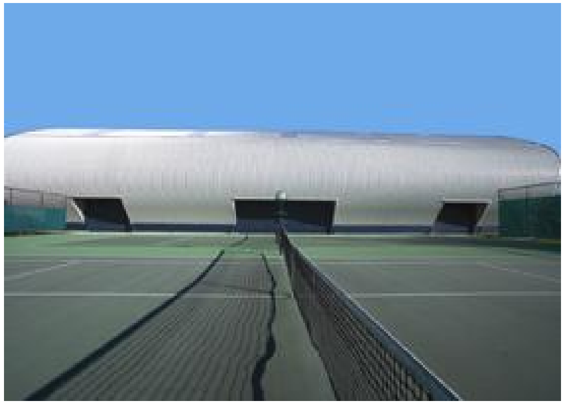
Business segments

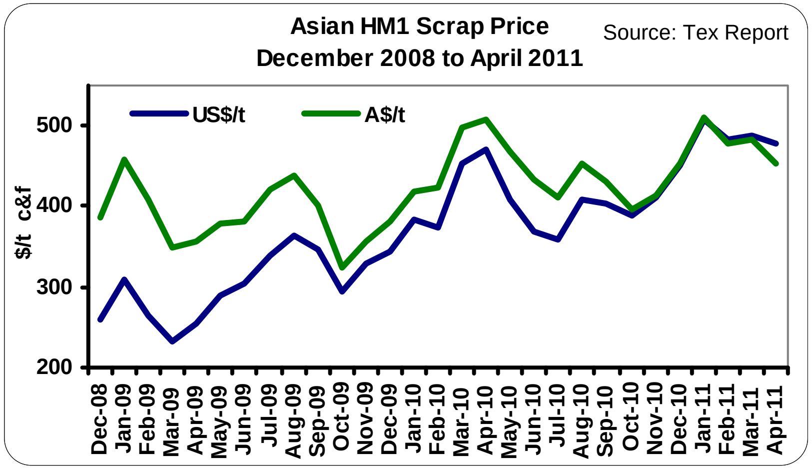
New Zealand Distribution

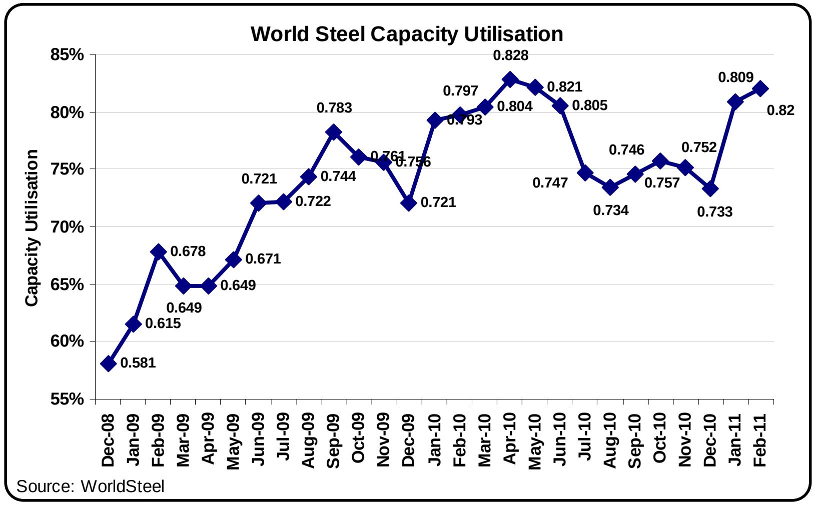
- New Zealand Distribution operations consist of OneSteel’s 50.3% shareholding in Steel & Tube Holdings Limited, New Zealand

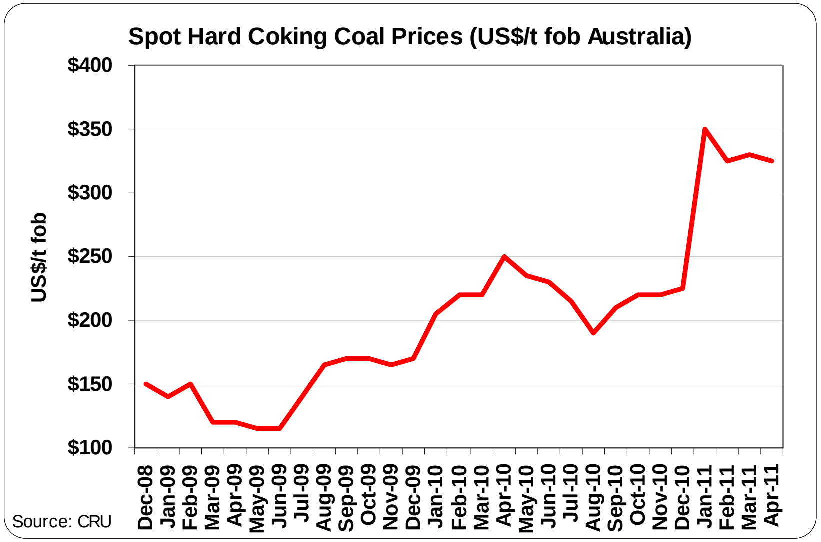
- Steel & Tube Holdings is a leading distributor of long steel products in New Zealand and has a diverse customer base predominantly in the construction, manufacturing and agricultural sectors

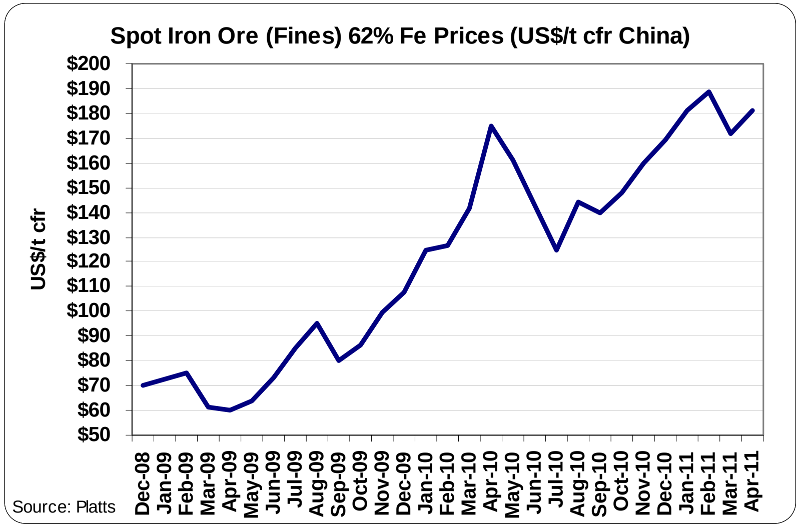


Market conditions and external factors – international









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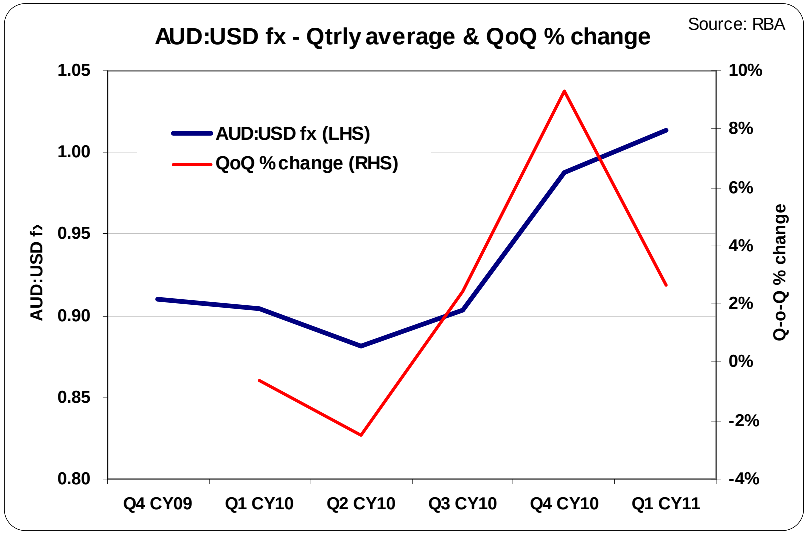
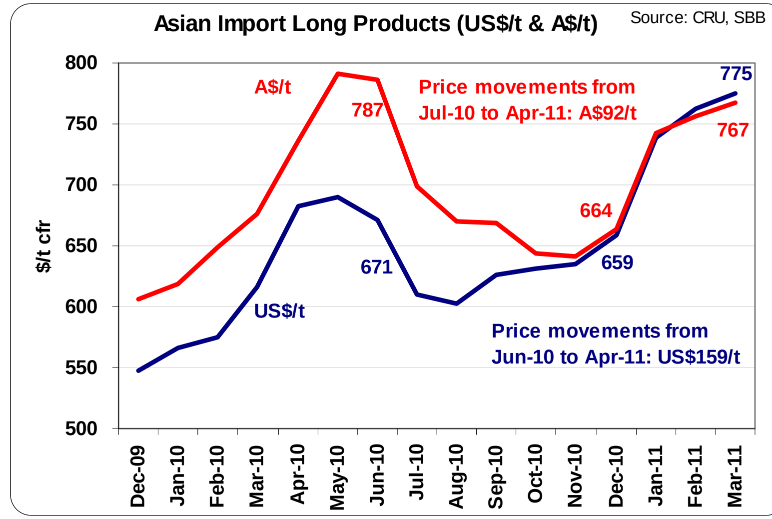
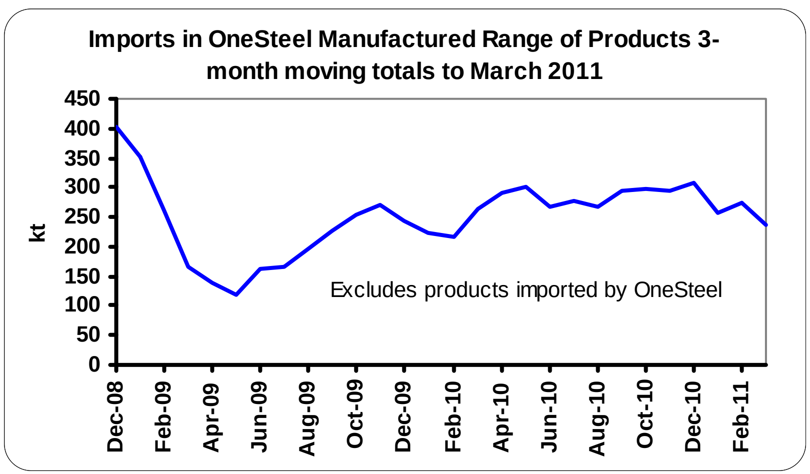
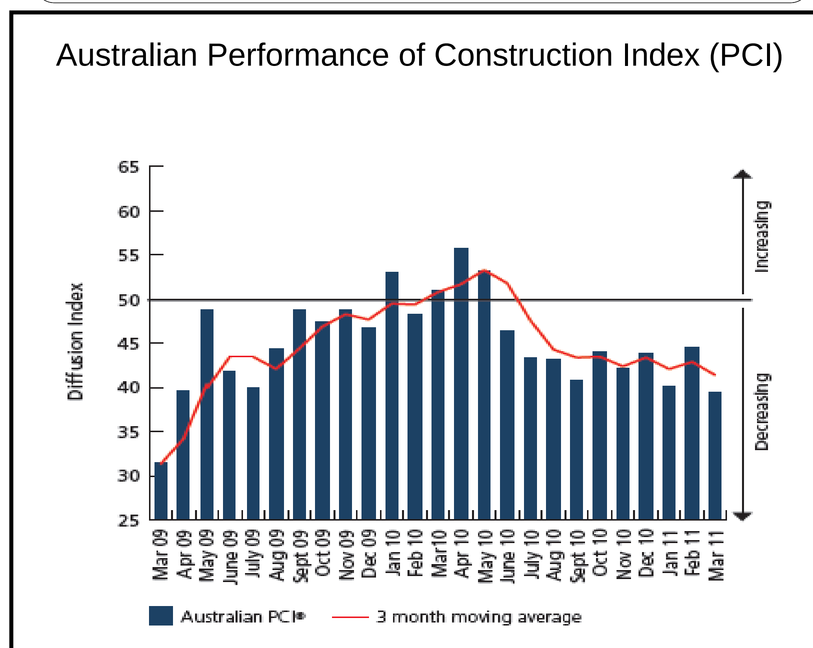
Market conditions and external factors – Australia







Source: ABS Data and OneSteel estimates



Market conditions & external factors - 2H11

International

- Continued strong mining activity
- Steel input costs, coking coal, iron ore and scrap all at historically high levels
- World steel capacity utilisation slowly strengthening
- Rapid escalation of the AUD
- Further steel price volatility

Australia

- Resources – relatively strong but capital work forecast to increase significantly over the coming year
- Engineering construction – improvements with Government funded infrastructure commencing
- Non residential sector weak due to tight credit availability
- Residential construction relatively weak with high interest rates. No discernable impact from the Queensland flood recovery work
- Rural is improving slowly but mixed depending on weather

Key drivers of domestic steel performance - 2H11

- Market continues to be impacted by weak domestic activity
  - Weak privately funded non-residential construction activity
  - Adverse weather conditions
  - Weak confidence
- Volumes have been recovering slowly – a measure of the civil construction segment strength
- Price volatility continues with input costs and AUD
- Significant price increases announced effective February to early April
- For Manufacturing, raw material prices generally flat but rapid appreciation in AUD expected to lead to a deterioration in prices in June/July and a deferral of demand related to price expectations in May/June. But average price for the quarter expected to be higher than for Q3
- For Distribution, escalation of AUD in April may impact price increases from end of this half, but majority of impact in H1 FY12

Earnings guidance

- Second half FY11 NPAT expected to be broadly in line with statutory NPAT for the first half FY11 of $116m
- However, there is still a relatively high level of uncertainty around earnings including FX, domestic and international prices and demand for steel and steel making inputs
- Earnings recently revised down due to adverse impact from recent rapid appreciation in the AUD vs USD, including an adverse impact on domestic steel volumes and margins and on iron ore Australian dollar revenue
- We expect iron ore sales volumes to be approx.6mt for FY11 including approximately 2.5mt of Medium Grade Ore

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Growth focus

Iron Ore

- Continuing to invest in proving up reserves and resources and in infrastructure to maximise iron ore sales through Project Magnet Phase 2
  - $135m investment in exploration, infrastructure and mine expansion currently underway, expect to incur $60m in 2H11 including :
    - Iron Baron OBP
    - Mine cutbacks
    - Mine infrastructure including access roads and fuel depots
    - Water supply infrastructure to Iron Chieftain and Iron Baron OBP
    - Continued exploration
  - More significant investment over medium term

Mining Consumables

- Increasing diversification to high growth sector
- Acquisition of Moly-Cop and AltaSteel – US$932m enterprise value

Growth focus – Project Magnet Phase 2

Ferrous

- As at 30 June 2010
  - We remain confident there is sufficient ore to maintain external sales of 6mtpa for at least 10yrs based on reserves and ongoing beneficiation of LGO
    - Hematite reserves at highest level since commencement of Project Magnet
      - Hematite reserves 46.2mt at year end
      - Reserves plus LGO (19.9mt x 0.5) = 56.2mt
      - Additional LGO added to stockpiles each year
- Encouraging progress on further exploration in FY11. Expect to add to reserves and resources in 2011
- Further update will be provided at FY11 results
- Investment of $135m in exploration, infrastructure and mine expansion underway
  - Includes $17m incurred in 1H, expect to incur $60m in 2H

Non-ferrous

- Non-ferrous exploration
  - Some delay in finalising approvals
  - 2011 planned drilling approx. 11,000m
  - Expected capex $5m FY11

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Growth focus - mining consumables acquisition

- 31 December 2010 acquired Anglo American Plc’s Moly-Cop and AltaSteel businesses in the Americas
- OneSteel established as a leader in global grinding media in the high-growth mining consumables industry driven by expansion of copper and gold production
- Leverages OneSteel’s existing core capabilities including product, technical, and customer knowledge in mining consumables to new regions and geographies
- Ensures OneSteel is ideally positioned to capitalise on mining growth, particularly copper and gold production
  - Strong market positions in key Americas growth areas (Chile, Peru, Mexico, Canada and the USA)
  - Existing available capacity to leverage growth
- Increased diversification from Australian construction and infrastructure cycles
- Attractive and relatively stable margins due to price mechanisms
- Provides an ideal global footprint for further growth in grinding media and mining consumables
- Concentration of high quality customers – leading global resources companies

Investment merits summary

- Separate iron ore revenue stream with strong Chinese customer base
- Strong mining consumables business positioned to capitalise on continued growth in resources sector
  - Global leader in grinding media following recent acquisition of Moly-Cop and AltaSteel businesses
    - Ideally positioned to capitalise on copper / gold mining growth
- Integrated domestic steel operations with leading market positions
  - Manufacturing and Distribution businesses leveraged to both volume and price recovery
- History of strong cash flow generation
- Sound balance sheet
- Growth focus on iron ore and mining consumables

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Appendix

1H11 financial overview

Profit & loss summary - underlying

	1H11 $m	1H10 $m	% change	
Sales revenue	3,315	2,974	↑	11
EBITDA	316	298	↑	6
Depreciation & amortisation	(101)	(99)	↑	2
EBIT	215	199	↑	8
Finance costs	(46)	(45)	↑	2
Profit before tax	169	154	↑	10
Tax expense	(41)	(34)	↑	19
Net profit after tax	125	119	↑	5
Operating cash flow	164	329	↓	(50)
EPS (cents)	9.4	9.0	↑	5
Return on funds employed	7.3%	7.3%	-	-
Interim dividend (cents per share)	6	5	↑	20

1H11 financial overview

Balance sheet summary

	1H11 $m	1H10 $m		% change
Total assets	8,171	6,730	↑	21
Total liabilities	3,691	2,347	↑	57
Net assets	4,480	4,382	↑	2
Net debt	1,892	970	↑	95
Inventory	1,691	1,270	↑	33
Funds employed	6,371	5,352	↑	19
Gearing (net debt/net debt plus equity)	29.7%	18.1%	↑	11.6pts
Interest cover – times	6.9	6.7	↑	-
NTA / share – ($)	1.34	1.72	↓	(22)

1H11 results overview

- Statutory net profit after tax $116m, flat from pcp
- Underlying net profit after tax $125m, up 5% pcp
  - Excludes direct costs related to acquisition
- Balance sheet sound
  - Gearing 29.7% post acquisition
- Solid cash flow
- Interim dividend 6 cents per share (unfranked)
- Overall first half performance reflects level of strength in markets of our different businesses, with international and resources focused businesses performing best
- Iron Ore segment again the standout performer – record 1H
- Mining consumables businesses performed well
- Australian steel segments significantly impacted by further weakness in external environment
- Focus on cost savings initiatives implemented during and since GFC

1H11 operational overview

- Very strong performance in Iron Ore, but overall operational performance continued to be impacted by adverse external environment, particularly in Australian steel businesses
  - Further weakness in Australian steel demand during 1H following stall in recovery last May
  - Steel margins adversely impacted by:
    - Lower steel prices due to further appreciation in AUD
    - Higher raw material costs
- Underlying EBIT up 8% to $215m vs $199m pcp
- Iron Ore EBIT up 144% to $276m – higher prices due to continued strong demand from China
- Recycling EBIT $5m loss – margins in Australian business continue to be impacted by short supply of arisings and further appreciation in AUD
- Manufacturing EBIT $71m loss
  - Lower volumes and prices, and higher raw material costs
  - Most of loss in December quarter
- Australian Distribution EBIT down 80% to $10m – margins adversely affected by rapid appreciation in AUD, leading to generally lower prices

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1H11 market conditions and external factors

- International
  - Chinese demand for iron ore and spot prices stronger through the half, reaching near record highs
  - Improvement in scrap market, especially non-ferrous market, but volumes still volatile and still well below pre-GFC levels. Scrap prices stronger but volatile, and availability of scrap arisings remained tight
  - Continued strong mining activity
  - Steel prices generally driven by raw material costs. Utilisation rates low, particularly in developed countries

- Australian
  - Further weakness in Australian demand following stall in recovery last May
    - Weaker confidence levels (factors such as Federal election and mining tax)
    - Continuing effects of GFC on Australian construction activity
    - De-stocking

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1H11 market conditions and external factors

- Australian steel segments
  - Resources: relatively strong, particularly in mining consumables
  - Engineering construction: some improvement due to Government funded infrastructure commencing late in half
  - Non-residential construction: privately funded non-residential construction continued to be weak due to credit availability issues
  - Residential construction: weaker due to multiple interest rate increases and reduced Government incentives
  - Other: rural relatively weak and manufacturing continues to reflect two-speed economy
- Weaker Australian steel prices due to rapid appreciation of AUD
  - International steel prices trended up through the half. Australian steel price movements have historically lagged international price movements by approximately 2 – 4+ months
- Encouraging signs that both Australian steel volumes and prices had bottomed

Major awarded / upcoming projects

- NSW
  - M2 Upgrade
  - Bulahdelah Bypass
  - Barangaroo (not yet started)
- QLD
  - Herschel Street Brisbane
  - Wharf 11
  - King George Central
  - Mackay Base Hospital Redevelopment
  - Eevien Residential Development
- VIC
  - Deakland University
  - Oaklands Hill Windfarm
  - Breakwater Bridge
- SA
  - Kanmantoo Copper Mine
  - Superway
- WA
  - Karara Iron Ore Stage Two
  - Perth Police Complex

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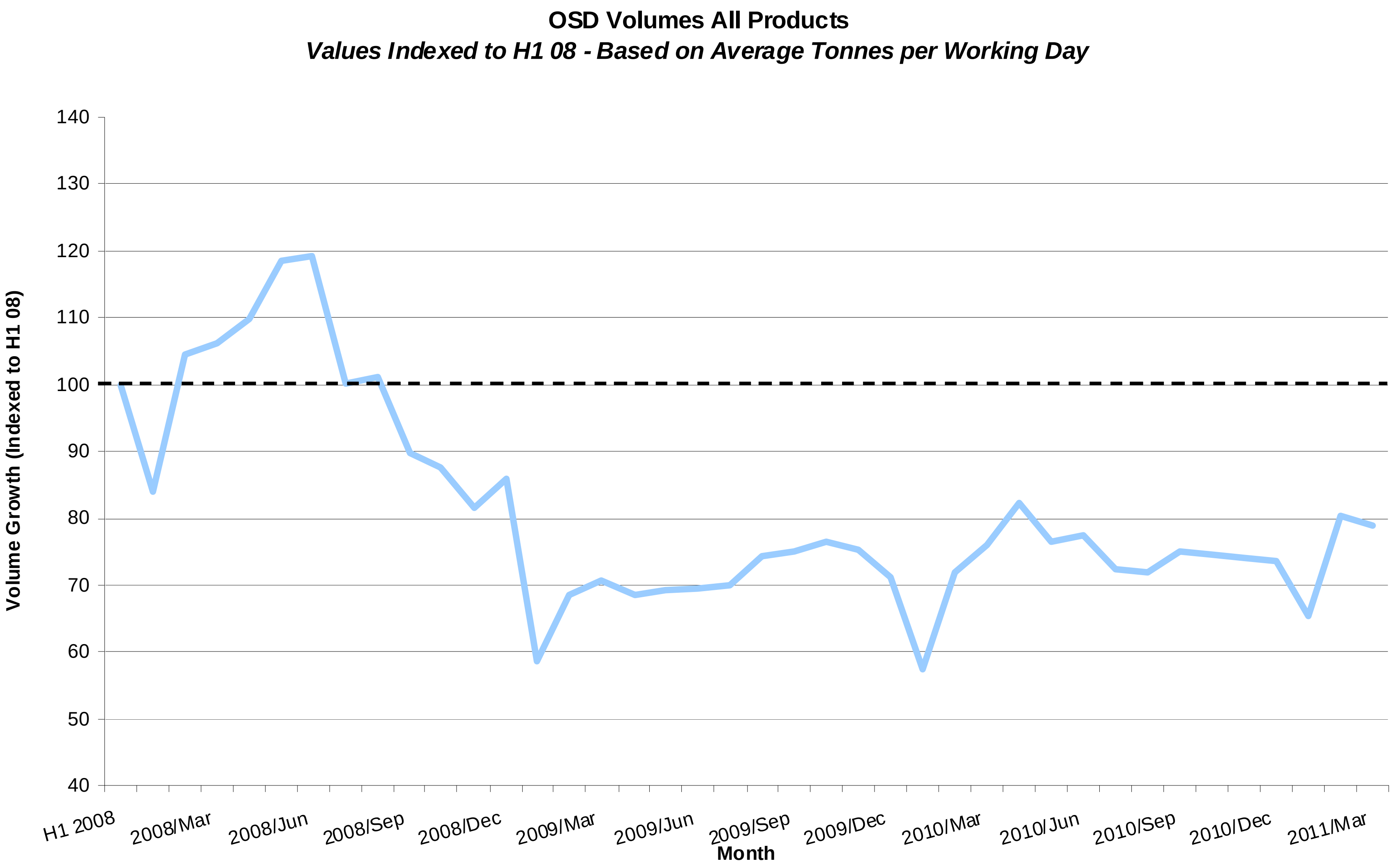
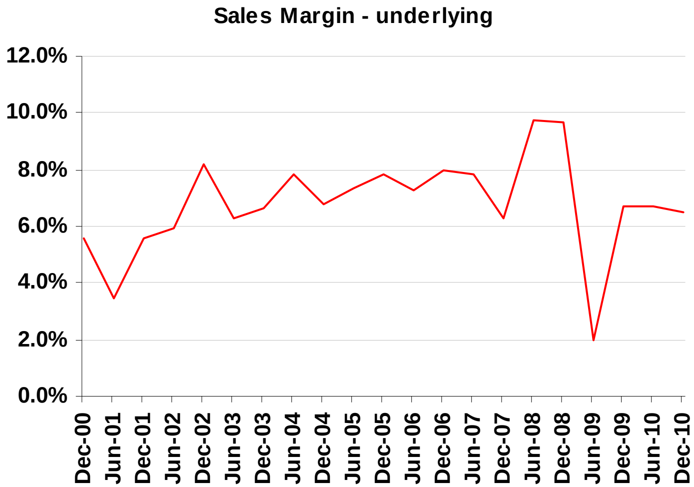
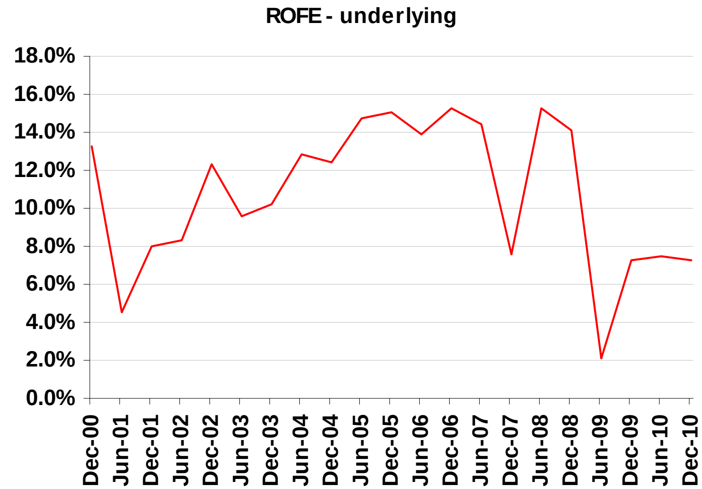
Distribution volumes

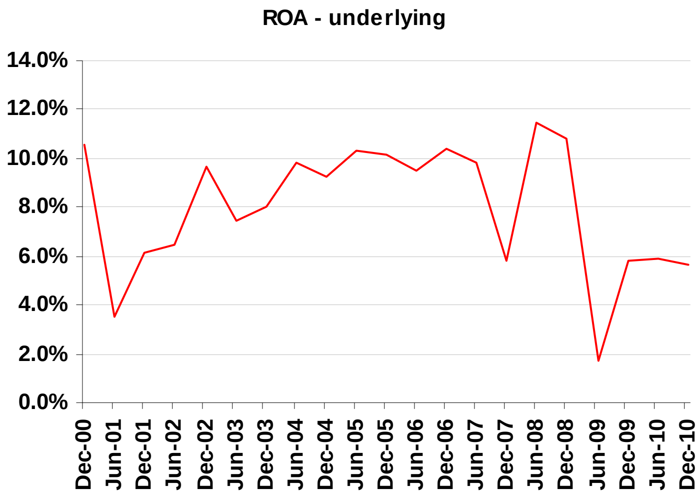


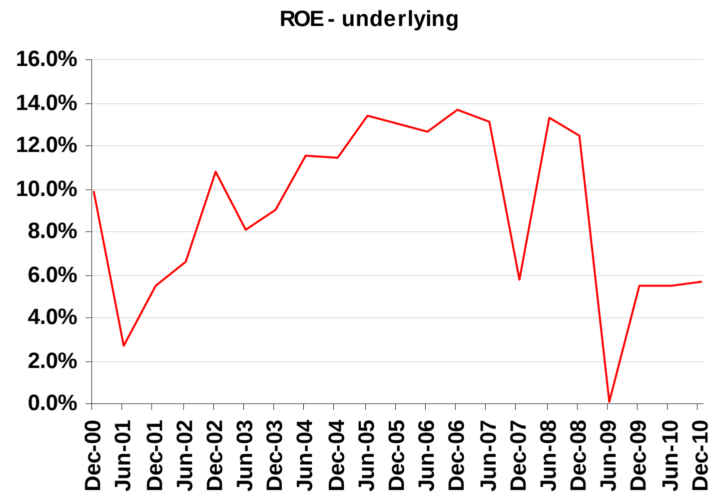
Volumes indexed to “normal” average volumes for July 07 – Dec 07

1H11 financial overview

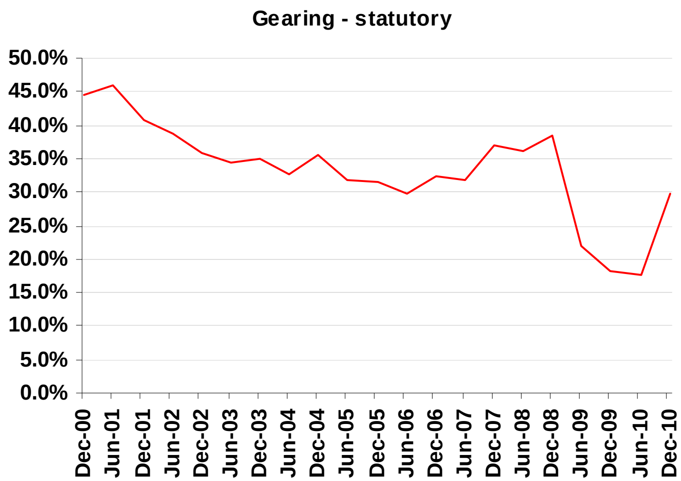


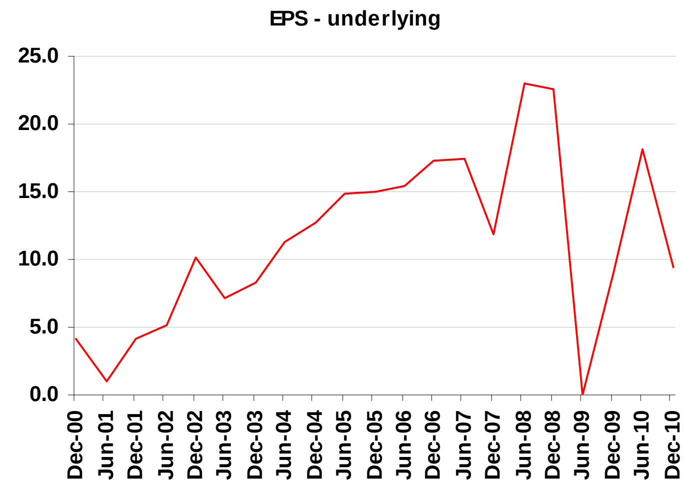


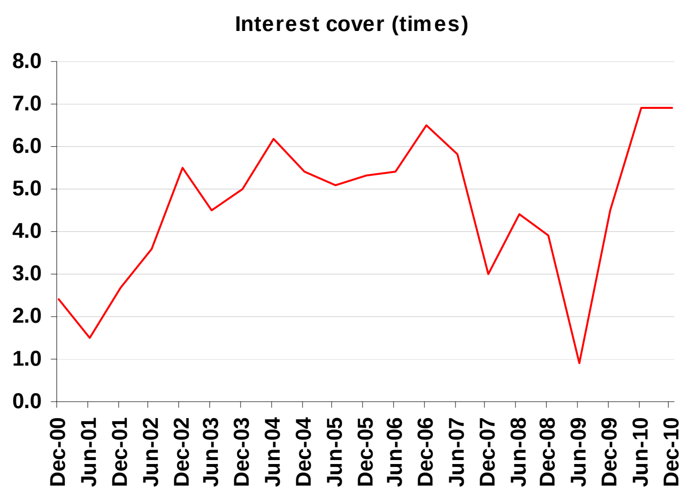


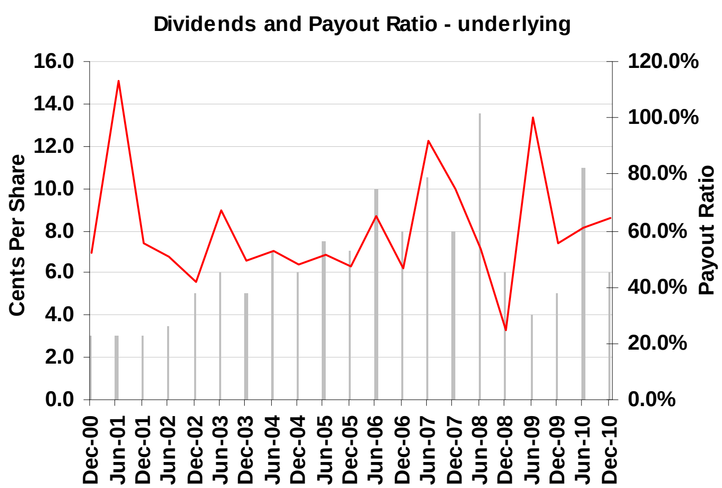


1H11 financial overview









Historical data – 6 months ended 31 December

Iron Ore – Historical Information

Half-year ended 31 December	2010 $m	2009[1] $m	2008 $m	2007 $m
Total Revenue/Income	465.3	331.1	291.7	222.3
EBITDA	289.7	126.1	68.9	92.1
EBIT	275.5	113	56.6	89.1
Sales Margin	59.2%	34.1%	19.4%	40.1%
Assets	849.6	794.8	713.3	479.2
Funds Employed	735.7	708.0	620.8	427.0
Return on funds employed	75.8%	32.4%	9.1%	41.7%
Employees (number)	338	352	334	128
Total lump & fines (mt)	3.06	3.19	2.18	1.89
Pellet & Ore by products (mt)	0.31	0.22	0.36	0.34

1 The December 2009 results have been restated to reflect changes in organisation structure announced in February 2010 effective 1 July 2009. The pellet plant operations previously reported as part of the Manufacturing segment are now reported as part of the Iron Ore segment

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Historical data – 6 months ended 31 December

Recycling – Historical Information

Half-year ended 31 December	2010 $m	2009 $m	2008 $m	2007 $m
Total Revenue/Income	714.4	492.1	685.9	527.4
EBITDA	3.2	3.8	(29.0)	10.4
EBIT	(5.3)	(3.6)	(37.0)	5.7
Sales Margin	-0.7%	-0.7%	-5.4%	1.1%
Assets	647.0	614.0	671.3	628.3
Funds Employed	567.5	548.9	604.8	536.5
Return on funds employed	-1.8%	-1.3%	-12.1%	2.1%
Employees (number)	1,017	962	1,010	1,054
Ferrous tonnes - external (mt)	0.51	0.36	0.39	0.39
Ferrous tonnes - internal (mt)	0.47	0.47	0.48	0.38
Non-ferrous tonnes (mt)	0.13	0.08	0.08	0.08

Historical data – 6 months ended 31 December

Manufacturing – Historical Information

Half-year ended 31 December	2010	2009[1]	2008	2007	2006	2005	2004	2003	2002	2001
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Total Revenue/Income	1,396.3	1,478.5	2,165.9	1,516.0	1,051.0	893.5	872.2	686.9	688.0	630.2
EBITDA	(11.7)	130.1	296.4	120.1	109.4	82.7	56.7	66.3	84.4	59.3
EBIT	(71.3)	72.0	240.7	62.8	81.2	53.9	30.2	43.3	62.3	35.6
Sales Margin	-5.1%	4.9%	11.1%	4.1%	7.7%	6.0%	3.5%	6.3%	9.1%	5.7%
Assets	3,639.0	3,583.2	3,830.8	3,802.2	1,829.6	1,502.6	1,271.8	1,318.7	1,273.8	1,288.7
Funds Employed	3,078.6	3,057.7	3,269.1	3,163.1	1,443.5	1,164.7	977.3	1,071.6	1,061.6	1,062.8
Return on funds employed	-4.6%	4.6%	7.4%	4.0%	12.0%	9.6%	5.9%	8.0%	11.7%	6.7%
Employees (number)	4,289	4,300	4,789	4,687	3,213	2,986	2,951	2,943	3,016	3,113
External tonnes despatched (mt)	0.69	0.69	0.77	0.79	0.48	0.46	0.42	0.43	0.49	0.49
Internal tonnes despatched (mt)	0.46	0.52	0.55	0.62	0.35	0.31	0.31	0.29	0.27	0.25
Steel tonnes produced (mt)	1.11	1.14	1.23	1.26	0.88	0.80	0.54	0.82	0.83	0.79

1 The December 2009 results have been restated to reflect changes in organisation structure announced in February 2010 effective 1 July 2009. The pellet plant operations previously reported as part of the Manufacturing segment are now reported as part of the Iron Ore segment

Historical data – 6 months ended 31 December

Australian Distribution – Historical Information

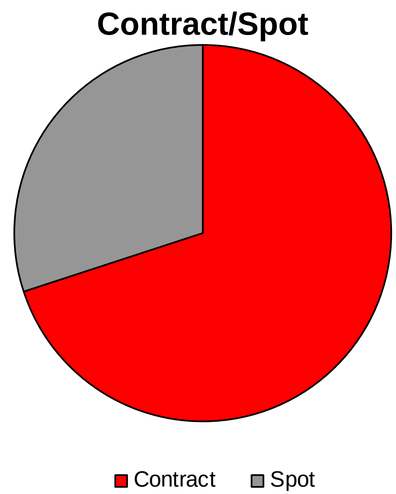
Half-year ended 31 December	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Total Revenue/Income	1,257.5	1,295.7	1,914.0	1,437.2	1,224.6	1,177.9	1,106.3	955.4	896.3	897.0
EBITDA	24.8	66.6	177.6	74.2	108.2	105.4	103.0	72.8	84.7	67.7
EBIT	10.2	51.0	161.0	57.7	92.8	90.8	88.6	56.0	65.8	50.7
Sales Margin	0.8%	3.9%	8.4%	4.0%	7.6%	7.7%	8.0%	5.9%	7.3%	5.7%
Assets	1,457.7	1,481.4	1,859.8	1,564.6	1,270.7	1,276.1	1,326.3	1,203.8	1,196.2	1,183.5
Funds Employed	1,147.9	1,180.5	1,469.0	1,136.0	946.1	997.1	1,012.5	957.6	891.7	873.1
Return on funds employed	1.8%	8.7%	23.9%	10.2%	19.7%	18.4%	17.8%	12.3%	14.6%	11.6%
Employees (number)	3,491	3,637	4,246	4,384	3,286	3,267	3,296	3,172	3,091	3,209
External tonnes despatched (mt)	0.66	0.65	0.81	0.83	0.66	0.64	0.68	0.63	0.62	0.61

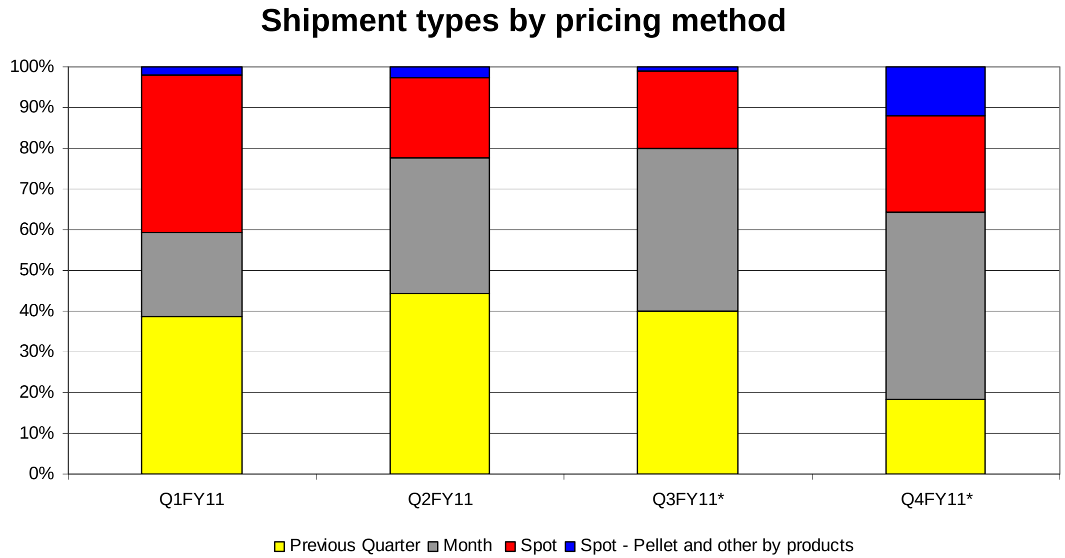
Historical data – 6 months ended 31 December

New Zealand Distribution – Historical Information

Half-year ended 31 December	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Total Revenue/Income	149.3	154.5	229.8	214.7	194.8	204.4	198.6	161.5	142.1	144.1
EBITDA	12.2	7.4	31.7	18.4	23.3	28.3	30.9	20.6	17.8	13.0
EBIT	9.7	4.8	28.9	15.8	20.7	25.8	28.3	18.1	15.6	10.5
Sales Margin	6.5%	3.1%	12.6%	7.4%	10.6%	12.6%	14.2%	11.2%	11.0%	7.3%
Assets	158.2	160.1	241.6	207.1	197.7	184.8	178.9	149.6	135.8	135.8
Funds Employed	109.4	136.4	213.0	178.2	165.1	155.0	147.5	125.0	111.7	94.1
Return on funds employed	17.3%	6.6%	29.9%	17.5%	26.8%	33.1%	39.8%	28.9%	28.9%	17.5%
Employees (number)	708	746	837	859	892	805	803	772	613	573

Iron Ore – 1H11 shipments





Pricing:
* Estimated
Previous Quarter = average (spot price) over previous quarter
Month = pricing based on average of monthly spot price (includes previous pricing at M-1)

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Blast furnace work update

Schedule

- Furnace to commenced run-down on 7 May
- Furnace handover to specialist team 9 May
- Run-down, construction and commissioning approximately 8 weeks
- Hot commissioning of furnace end of June – first useable steel early July
- Progressive ramp-up over July
- Total production impact approximately 175k cast steel tonnes
- All mills expected to run through down period – no lost sales expected due to inventory build
- Capital cost $60-65m
- Expected to extend life beyond 2020

OneSteel’s carbon emissions

- OneSteel generated 3.9mt of CO2-e in FY10
- Government has announced its intention to introduce a carbon tax commencing 1 July 2012 – subject to legislation passing through Parliament
  - Price and design yet to be announced
  - Currently working with Government on design and architecture
  - Assistance for Trade Exposed Emissions Intensive industries to be determined but starting point for discussions is the assistance level proposed under the former CPRS
    - Estimated unassisted scope 1 and 2 emissions under CPRS approximately 820k in Yr1 (based on FY10 emissions)
- Continuing to look for opportunities to reduce energy consumption for commercial and environmental reasons
- Key principle for OneSteel is that any policy that imposes a price on carbon should be designed with the aim of reducing global (not just Australian) emissions and in a way that does not adversely impact the competitiveness of OneSteel, and the Australian manufacturing industry more generally

Proposed Minerals Resource Rent Tax (MRRT)

- OneSteel does not support the proposed MRRT
- OneSteel has argued that:
  - The MRRT should not apply to the iron ore feed to the Whyalla Steelworks due to the impact on OneSteel's competitive position
  - The MRRT should not apply to OneSteel's export sales because OneSteel already pays an economic rent on these sales. OneSteel's mining rights were predicated on investment in the Steelworks which have historically earned poor returns, but provided significant benefit for Whyalla and South Australia.
- The Policy Transition Group released its report to the Government on 21 December and the Government has accepted most recommendations. The report includes a Safe Harbour capital allowance deduction for integrated operations. While encouraging in respect of feed to the Steelworks, there is no draft legislation available at this time to confirm there will be no MRRT on the iron ore feed.
- We will continue to focus on ensuring the proposed tax will not affect our competitive position and that the draft legislation properly reflects the stated principles of the tax

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