2011 ANNUAL GENERAL MEETING - CHAIRMAN'S ADDRESS

Good afternoon ladies and gentlemen.

My name is Peter Smedley, and on behalf of the OneSteel Limited Board of Directors, I warmly welcome you to our eleventh Annual General Meeting.

I would like to turn our attention to consideration of the 2011 financial report.

Before I call for questions on the report, I would like to provide some commentary on the past financial year results and the outlook for our businesses, as well commenting on some other important matters for the company. I will then invite OneSteel's Managing Director and Chief Executive Officer, Mr Geoff Plummer to provide some additional commentary on OneSteel's performance during the year and on the outlook.

For the year ended 30 June 2011 the company reported a statutory net profit after tax of $230 million – a result that highlights the benefits of the company's strategy to grow our mining and mining consumables businesses and diversify our exposure away from domestic construction and infrastructure cycles.

I would like to commence by briefly touching on some of the significant milestones in this strategy to date. We first embarked on this resources focused growth strategy in 2005 with the commencement of Project Magnet. This included a $400 million investment to convert the Whyalla Steelworks to magnetite ore, thereby creating a new revenue stream through the freeing up of our hematite iron ore for export sales at an expected rate of 4 million tonnes per annum.

This investment together with further work through Project Magnet Phase 2 to increase reserves and resources and increase our sales volumes to 6 million tonnes per annum, continues to add significant value for shareholders, as seen in the performance of the Iron Ore segment which was again the standout performer for the year. The next step in this growth strategy included the addition of a number of mining consumables businesses as part of the Smorgon Steel merger in 2007. These businesses are leveraged to the fast growing resources sector, particularly copper, gold and iron ore.

Building on the success of these businesses, I was pleased to stand before shareholders at last year's Annual General Meeting to advise we had just signed an agreement to acquire the Moly-Cop Group mining consumables business from Anglo American. The acquisition was completed on 31 December 2010 and has positioned OneSteel as the global leader in grinding media, with participation in some of the world's largest and most attractive mining consumables markets, as well as providing the company with an ongoing growth platform in mining consumables.

The latest step in our growth strategy was announced in August, with the company advising that it intends to invest an estimated $200 million to expand our port facilities at Whyalla by approximately 6 million tonnes per annum, underpinned by an agreement with WPG Resources to purchase its iron ore assets. The acquisition was completed early last month and will allow OneSteel to bring high quality iron ore to the market quickly, taking advantage of the favourable market for iron ore. Final consideration for these assets is approximately $320 million, and we expect to invest an additional $80 million for capital expenditure to complete the infrastructure at the Peculiar Knob site and bring the mine into production. First sales from this project are expected in the fourth quarter of 2012.

The significant progress in our ongoing growth and transformation plans that I have just outlined is helping to strengthen OneSteel, as seen in our overall profit performance for the year. It is also reflected in the change in the proportion of the company's overseas sourced revenue, which has grown from almost nothing at the time of being spun out of BHP 11 years ago, to more than 40% at the end of the 2011 financial year.

While our Iron Ore and Mining Consumables businesses performed well during the year, our Australian steel businesses were again severely affected by the adverse external environment that included very weak domestic and international steel markets, as well as a rapid and very material increase in the Australian dollar. Our diversification strategy is continuing to better position the company for the future.

Turning now to the operational highlights for the year.

In addition to the stand-out performance of the Iron Ore segment, there were good contributions from our newly established Mining Consumables segment which includes the Moly-Cop Group from 1 January, and from the Recycling segment which had a strong second half in particular. Overall, the businesses delivered a solid cash outcome for the year, which helped keep statutory gearing to 27.7% at year end.

I am also pleased to report that OneSteel again improved its overall safety performance for the year, with the increased emphasis on driving safety improvement and on facilitating greater employee involvement in safety activities that I discussed last year clearly having a positive impact.

Before commenting in more detail on the company's operating performance for the year, I would like to turn to a number of other important matters that the company has invested a significant amount of time in during the year. A number of these relate to maintaining the competitive position of our Australian steel business. Although OneSteel has diversified into mining and mining consumables, our Australian steel businesses remain very important to the company's business portfolio.

At the time of being spun out from BHP and many times since, our Australian steel businesses have gone through considerable challenges, and many people have underestimated the company's ability to work through these challenges and succeed. These businesses are again facing a very difficult external environment which in the past financial year led to a disappointing and unacceptable performance. OneSteel has always recognised that it is the company's responsibility to accept and deal with the challenges before it, and in August we announced we had commenced a labour and other cost reduction program as well as a review of our Australian steel product portfolio and facilities footprint.

We are continuing to make good progress with these initiatives, including the rationalisation and closure of some operations as well as actively progressing a number of selective divestments for businesses outside our integrated core Australian steel product portfolio. While OneSteel focuses on initiatives to return the Australian steel businesses to acceptable returns, it is very important that the Government ensures the level playing field with our international competition is not adversely impacted by its policy decisions. We have been very vocal on this point during the past year in particular, emphasising the need for government when setting policy to consider how industries or particular companies may be impacted cumulatively by its policies decisions, as well as on an individual policy basis. The potential impact on costs, cash flow and competitive position is a key factor affecting a company's investment decisions, and this needs to be properly factored in by Government.

From a OneSteel perspective, policy areas including the Carbon Tax, the National Greenhouse and Energy Reporting Scheme, the Mineral Resource Rent Tax, Research and Development legislation amendments and the effectiveness of the Anti-Dumping Administration have all been areas of concern. We have been liaising with government on these matters and have been encouraged by announcements during this year on the Carbon Tax and Anti-Dumping in particular.

We were also pleased to see the announcement last month of the establishment of the Prime Minister's task force on manufacturing, which Mr Plummer has been appointed to. The taskforce will focus on the continued viability and competitiveness of the manufacturing industry and provides another avenue for ensuring the level playing field with our international competition in steel, and for our customers, is maintained.

I would now like to make some comments on the Carbon Tax – a policy that has attracted significant public interest and debate and an area in which we have invested a considerable amount of time in recent years. Last year I informed you that it was imperative for the Government to ensure it gets the design of the Carbon Tax right to avoid potential damage to the competitiveness of the Australian steel industry for no environmental benefit. Following the Government's announcement in July of details of its proposed Carbon Tax, we announced that we were pleased that the Government had listened and responded to our call for a sectoral approach to be adopted for the steel industry.

We also said that we believe this approach, including the Government's $300 million Steel Transformation Plan assistance package, is both sensible and appropriate, and substantially addresses our concerns over the potential impact of the tax on the industry's competitive position, at least during the four-year life of the package. Of particular concern to us in our discussions with Government was what would happen to our competitive position at the conclusion of the assistance package. We were pleased that the Government agreed to include a review mechanism to assess the merits of continued support at the conclusion of the four-year period. The Government has also included a review mechanism to address circumstances where we believe the cost impact of the Carbon Tax related to scope 3 emissions from coal is being passed through.

OneSteel's share of the $300 million steel assistance package is estimated at 39%. Both the Carbon Tax and the assistance package have now passed through the senate and are due to commence 1 July 2012. However, the Government has indicated that we may apply for an advance against the assistance package of up to $64 million to help us in addressing the current difficult market conditions.

Another area of policy where we have invested a significant amount of time during the year is the proposed Mining Tax. The Government released exposure drafts in June and September this year and recently entered new draft legislation into parliament. While we are encouraged that there have been improvements made in the process of the tax to recognise both the importance of maintaining the competitiveness of the Whyalla Steelworks and the integrated nature of our Whyalla operations, we do not have sufficient certainty around outcomes at this time to provide guidance in relation to its financial impact on the company should the tax be implemented.

I would now like to comment briefly on some changes made to executive remuneration.

At last year's meeting I indicated that shareholders had expressed concerns around the company's Long Term Incentive Plan, including specific matters such as the payment of dividends on unvested shares, the performance hurdle that measures total shareholder return performance against a base index, and the approach to re-testing. While these concerns were in stark contrast to what the majority of shareholders had been telling us in previous years, I responded by announcing the Board would review the design of our Long Term Incentive Plan and that dividends will not be paid on unvested shares for grants made post-November 2010.

This review was completed during the financial year and involved an extensive process that included meetings with shareholders and proxy advisory firms, as well as input from independent and specialist advisers including Egan Associates and Clayton Utz. The key changes from this review include the introduction of a performance rights plan to replace the existing share plan, modifications to performance hurdles and the discontinuation of re-testing.

Turning now to the company's financial performance for the year in more detail.

As I mentioned earlier, the company's performance for the year reflects the strengths in the markets of our businesses with the resources focused Iron Ore and new Mining Consumables businesses performing best, underpinned by continued strength in the resources sector. However, the performance of our domestic steel businesses was disappointing and unacceptable due to continued weakness in international and domestic steel markets, and the impact of the significant increase in the Australian dollar.

Sales revenue for the year increased 15% to $7.1 billion due to higher revenue in the Iron Ore and Recycling segments and the contribution of the new Mining Consumables businesses from 1 January 2011. The sales margin decreased to 6.0% from 6.7% in the prior year due mainly to lower margins in the Manufacturing and Australian Distribution segments. The effective tax rate was similar to the prior year at 21%, and underlying net profit after tax was $235 million, slightly lower than $241 million for the prior year.

On a statutory basis net profit after tax was $230 million, down from $258 million for the prior year. Earnings per share were 17.3 cents and 17.7 cents on a statutory and underlying basis respectively. Operating cash flow was a very solid $463 million for the year and the interest cover ratio was a comfortable 6.4 times. As I mentioned earlier, gearing increased to 27.7% as a result of increased debt related to the Moly-Cop Group acquisition. Weak domestic demand levels resulted in raw steel production remaining low at 2.31 million tonnes.

I was pleased to announce on behalf of the OneSteel board a final dividend of 4 cents per share unfranked. This brings the total dividend for the 2011 financial year to 10 cents unfranked, slightly down on 11 cents paid for the prior year. We hope to return to franking as soon as our tax position allows, however, this will depend on the level of franking credits generated from tax paid in Australia.

Before commenting on the outlook, I would like to briefly turn to the earnings update we provided to the market earlier this month.

In the announcement, we noted that we expected first half earnings to be adversely affected by the recent severe fall in iron ore prices and the rapid run up in the Australian dollar. We indicated that net profit after tax (excluding transaction costs and stamp duty in relation to the acquisition of WPG Resources' iron ore assets) would be in the range of $55 million to $75 million. At the time of the announcement iron ore prices had fallen around 30% in a very short time and this had a significant impact on a number of shipments and on our expectations for what prices we might achieve over the remainder of this calendar year. In addition, the rapid appreciation of the Australian dollar, which had dropped to below parity only a number of weeks earlier, also altered our expectations for earnings over the balance of 2011.

I would also like to advise you that there is nothing before your Board that would see us considering raising further debt or equity, or that puts the company in a position of having concern with our borrowing covenants.

Looking forward, we believe the fundamentals for strong demand from China remain sound and we have been encouraged with the recovery in iron ore prices from their recent lows over the last few weeks. We see no change to the positive outlook for our Mining Consumables segment due to continued strength in mining activity, which is underpinning strong demand in the Americas and Australasia.

In Recycling, both our international and non-ferrous trading businesses were continuing to build on their improved performance in FY11, but a sharp fall in international prices from around September/October has made conditions more challenging.

In Australian steel, we are currently not seeing any improvement in overall activity levels or demand, with increased international economic uncertainty weighing on confidence levels. We are expecting conditions to remain challenging for these businesses over the remainder of the financial year. We are making good progress with our cost and operational response to the difficult steel environment, as well as our steel product portfolio and facilities footprint review.

In the longer term, the outlook for our Iron Ore and Mining Consumables businesses are positive due to continued strength in resources from increased mining activity and investment.

In steel, we expect the Australian economy to be strong in the long term and have confidence demand and the pricing environment will improve as the economy improves. More broadly, we expect international steel generally to become stronger as the outlook for economic growth in developed economies improves.

On behalf of OneSteel's Board of Directors, I would like to thank all of OneSteel's shareholders for their continuing support.

I would also like to thank OneSteel's Managing Director and CEO, Mr Geoff Plummer, the executive management team and all of OneSteel's employees for their efforts and continuing commitment to the performance and growth of our company.

OneSteel Limited 2011 Annual General Meeting

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The 2011 Annual General Meeting Presentation forms part of a package of information about the Company's financial results for the year ended 30 June 2011 and should be read in conjunction with the other FY11 Results materials including the ASX Release, Review of Operations, and the Full Year Financial Report for the year ended 30 June 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 construction, manufacturing, mining, agricultural and automotive industries in Australia and North and South America 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.

FY11 financial results

- Statutory Net Profit After Tax $230 million
- Reflects benefits of strategy to grow mining and mining consumables businesses
  - Transformation milestones
    - Project Magnet – iron ore revenue stream (2005)
    - Smorgon Steel merger – inclusion of mining consumables businesses (2007)
    - Moly-Cop Group acquisition – global leader in grinding media (end 2010)
    - WPG Resources' iron ore assets acquisition (2011)
- More than 40% of revenue sourced from overseas as at end FY11 (almost nil at time of spin out from BHP)
- Diversification strategy continuing to better position OneSteel for future

FY11 financial results - overview

- Iron Ore segment was stand-out performer
- Good contributions from Mining Consumables and Recycling segments
- Australian steel businesses continued to be affected by adverse external environment
- Solid cash outcome
- Statutory gearing 27.7%
- Improved safety performance

Australian steel businesses

- History of successfully working through challenges
- Focused on initiatives to return businesses to acceptable returns
  - Cost reduction program
  - Steel product portfolio and facilities footprint review
- Important for Government to maintain a level playing field

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Carbon Tax

- Sectoral approach to Australian steel industry including assistance through Jobs and Competitiveness Program and $300m Steel Transformation Plan (STP) sensible and appropriate
  - Advance provisions provided
- Substantially addresses our concerns over potential impact on industry’s competitive position – at least over 4 year term of STP
- Review mechanisms in place

Mining Tax

- Draft legislation before Parliament
- Encouraged by recognition of importance of maintaining competitiveness of Whyalla Steelworks and integrated nature of Whyalla operations in process of tax
- Financial outcomes uncertain at this time

Review of executive long term incentive plan

- Extensive process including meetings and advice from:
  - Shareholders
  - Proxy advisers
  - Specialist advisers
- Key changes include:
  - Performance rights plan to replace share plan
  - Modifications to performance hurdles
  - Discontinuation of re-testing

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FY11 financial performance

- Sales revenue up 15% to $7.1bn
- Sales margin down to 6% from 6.7%
- Effective tax rate 21%
- Underlying NPAT $235m, down 2%
- Underlying EPS 17.7 cents, down 3%
- Operating cash flow $463m, solid result
- Statutory gearing 27.7%, up due to Moly-Cop Group acquisition
- Final dividend of 4 cents, total dividend of 10 cents for FY11

Earnings update

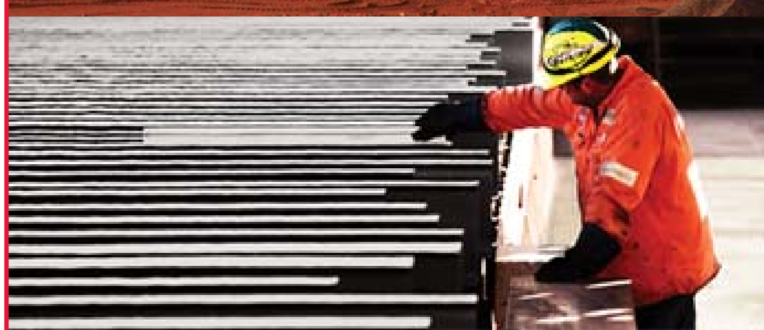
- As previously announced, 1HFY12 earnings impacted by severe fall in iron ore prices and appreciation of AUD
  - Expected NPAT for 1H in range of $55m to $75m*

* Excludes transaction costs and stamp duty re acquisition of WPG Resources' iron ore assets of approx. $20m. Also excludes the impact of any asset impairment and restructuring costs which may arise from our steel cost reduction, rationalisation and divestment activities post 2 November 2011 – update to provided at 1H12 results announcement in February.

Outlook

- Fundamentals supporting strong iron ore demand from China remain sound
  - Encouraged by recovery in iron ore prices from recent lows over the last few weeks
- Positive outlook for Mining Consumables, underpinned by continued strength in mining activity
- Australian steel conditions expected to remain challenging over the remainder of the financial year
  - Cost reductions and steel product portfolio and facilities review progressing well
- Longer term
  - Iron Ore and Mining Consumables outlook positive
  - Australian steel – confident that demand and pricing environment will improve in the long term as the economy improves

Geoff Plummer, Managing Director & CEO



FY11 Overview

- Statutory net profit after tax (NPAT) $230m, Underlying NPAT $235m
  - Underlying NPAT excludes direct costs of Moly-Cop acquisition, restructuring costs, and tax benefits related to prior years
- Overall performance for year reflects the level of strength in the markets of our different businesses, with resources and international focused businesses performing best
- Iron Ore and new Mining Consumables segments performed well, and improved result in Recycling and New Zealand Distribution segments
- Australian steel segments’ performance was unacceptable as they continued to be adversely affected by weak construction activity and the impact of the significant and rapid appreciation in AUD
- Good overall cash generation
- Completed debt refinancing program – next material maturity not until August 2013

FY11 in review

Iron Ore

- Sales revenue up 21% to $948m – due to higher prices underpinned by strong demand from China
- Sales:
  - 6.04 million tonnes of hematite iron ore
    - Includes 3.46mt HGO, 2.50mt MGO, 0.08mt LGO
  - Ore by products 470kt
  - Pellets 250kt
- EBIT of $524m up 57% pcp – due to higher prices and lower freight rates

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FY11 in review

Recycling

- Sales revenue up 34% to $1,507m – higher prices and improved ferrous and non-ferrous volumes
- Improved performance in Australian and International businesses compared to pcp, but Australian business still adversely impacted by weak sales volumes, reduced margins (due to competition for the tight supply of arisings related to soft construction and industry activity), and impact of appreciation in AUD
- EBIT increased to $21m compared to EBIT of $8m in prior year. International businesses performed best but all businesses improved against prior year

FY11 in review

Mining Consumables

- Results include newly acquired Moly-Cop Group from 1 January 2011
- Sales revenue up 59% due to contribution of Moly-Cop and increased revenue in existing grinding media and Australian ropes businesses, partly offset by reduced revenue in rail wheels
  - Moly-Cop grinding media performed well and in-line with management expectations
- Rail wheels business adversely impacted by significant increase in AUD, increased raw material costs and reduced efficiency
- Continued strong levels of mining activity in Australasia, North and South America, particularly copper, gold and iron ore
- EBIT up 5% to $65m reflecting contribution of new businesses in second half and stronger performance in existing grinding media and Australian ropes businesses, offset by lower margins in rail wheels and manufacturing at Waratah

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FY11 in review

Australian steel - Manufacturing

- Sales revenue down 2% to $2,426m – mainly due to lower prices
- Production and operating levels remained weak due to continuing low level of Australian construction activity, adverse weather and project deferrals
- Margins impacted by:
  - Lower prices (AUD up 27%)
  - Higher raw material costs
  - Low capacity utilisation
  - Whyalla blast furnace shut in May/June
- Underlying EBIT loss $185m
  - Commenced further round of labour and other cost reductions but not expected to be sufficient to offset impact of continuing challenging external environment
  - Announced commencement of review of steel product portfolio and facilities

FY11 in review

Australian steel – Distribution

- Sales revenue down 3% to $2,439m – lower prices due to significant increase in AUD
- Continued to be impacted by weak Australian demand, particularly in construction and manufacturing
  - Weaker confidence (new taxes, European debt concerns)
  - Higher interest rates
  - De-stocking and deferrals
  - Adverse weather
- Distribution returns typically worse during period of falling prices
- Significant leverage to recovery in demand and prices
- Underlying EBIT of $10m, down from $60m pcp due to lower prices

FY11 in review

New Zealand Distribution

- Sales revenue down 3% to $296m
- Key market sectors were relatively weak for most of year
  - Construction sector continued to decline
  - Rural markets slowly recovering
- Improved performance following new operating model aimed at delivering customers a full product range whilst lowering costs, particularly through rationalisation of facilities
- EBIT $20m, up from $13m pcp due mainly to improved margins

Market update and outlook

Iron Ore

- On track to achieve sales of 6.0 – 6.3mt in FY12
  - Expected to include 2.5 – 3.0mt of 55-60% Fe
- Strong demand from China continued to underpin high prices in first quarter
- Through October, tightening of credit in China combined with increased global uncertainty including European debt issues had immediate adverse impact on prices
  - Spot prices fell approx. 30% in October/early November (from approx. $170/t to less than $120/t - 62%Fe)
  - Difficulty having contract prices honoured when contract price higher than spot prices – particularly contracts on quarterly pricing arrangements, consistent with what we believe is experience of other iron ore producers
- Short term outlook remains positive
  - Fundamentals for strong demand from China are sound
  - Encouraged by recovery in prices from lows a few weeks ago to now being just under $150/t (62%Fe)
  - Low iron ore inventories in China and expected restoration in demand/supply balance expected to lead to further recovery of prices in 2H FY12
  - Loaded cash cost expected to increase to approx. average $50/t* for FY12
    - Long term mining contract was in place but up for renewal. Continued work on evaluation of the medium term mine plan meant it was not practical to enter another long term agreement at this time. Have entered a new 12mth mining contact with HWE to provide time to complete mine plans and take longer-term contract to market

*Excludes depreciation, freight, overheads, as well as costs related to pellet sales

Market update and outlook

Recycling

- International and non-ferrous trading businesses were continuing to build on improved FY11 performance, but a dramatic fall in international prices for non-ferrous scrap from September and ferrous scrap through October has created more challenging conditions impacting margins and sales volumes
- Australian ferrous returns are continuing to be challenged by strong competition for weak supply of arisings due to soft construction and industrial activity

Mining Consumables

- Continued strength in mining activity is underpinning strong demand in the Americas and Australia, and this is expected to continue over balance of financial year
  - New Moly-Cop grinding media business performing well and in-line with management expectations
  - Initiatives being implemented to improve AltaSteel performance including appointment of OneSteel General Manager
  - Improved performance in Australian rail wheels and Waratah businesses

Market update and outlook

Australian steel

- Not currently seeing improvement in overall activity levels and demand
  - Australian steel segments continue to be very weak, other than for resources and civil works projects
  - Continuing international economic uncertainty, including concerns over European debt issues weighing on confidence levels
- Price increases implemented in Manufacturing and Distribution businesses but quantum being affected by high AUD
- Weaker confidence levels and falling raw material costs leading to some destocking in 2Q FY12
- Whyalla blast furnace continuing to perform well post-completion of ramp-up in July/early August
- Short term outlook expected to remain challenging
  - Increased activity expected from resources sector and government funded civil works projects, but balance of construction sector is expected to remain generally weak over balance of financial year
  - Prices to remain under pressure from impact of strong AUD, weak confidence and soft international steel markets
- Expected steelmake for 1H: Whyalla 530kt, Laverton and Sydney 460kt

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Market update and outlook

Australian steel – cost and operational response

- Good progress with initiatives to reduce cost base
  - Reduction of 770 FTEs to end October (includes 275 direct employees, reduced overtime, casual labour and contractors)
  - Further labour reduction of 310 FTEs expected by end of March quarter
  - Estimated annualised savings of approx. $65m by end of March quarter
  - Cost reduction work continuing
- Operations
  - Laverton EAF reduced from 4 to 3 shifts
  - Newcastle Rod Mill reduced from 6 to 5 day operation at start of October
  - Plant closures
    - Sydney EAF – 47 days
    - Laverton Bar Mill – 25 days
    - Laverton Rod Mill – 21 days
  - Hot Dip Galvanising plant at Acacia Ridge ‘mothballed’ in October

Market update and outlook

Review of steel product portfolio and facilities footprint – update

- Actively progressing a number of initiatives including closure of some operations, and divestments/rationalisation. Initiatives to date include:
  - Branch closures
    - 8 Distribution branches closed (7 Metaland/Steel & Tube, 1 OneSteel Reinforcing)
  - Divestments/rationalisation
    - Progressing opportunities to selectively divest or close steel businesses in non-integrated product markets which are underperforming, do not justify current funds employed or may be of greater value to another owner
  - Nature and timing of these initiatives could have implications for FY12 results – update to be provided at 1H12 results announcement

Market update and outlook

Port expansion & WPG Resources' iron ore assets (now Southern Iron)

- Acquisition of subsidiaries holding iron ore assets completed in October
- Pleased with progress on integration and adapting work underway at Peculiar Knob to meet our plans
- Very confident we will deliver at least WPG annual sales expectations of 3.3mtpa, but focused on achieving target rate for production and sales of 4mtpa
- Good progress with port expansion
  - First sales expected Q4 CY12
  - The Southern Iron volumes will take sales volumes through the port to 9 -10mtpa
  - Work is progressing on opportunities to further increase sales & fully utilise port capacity of approx. 12mtpa
- Capital costs are in-line with announced expectations
- More detailed presentation on port expansion and mining operation as plans are finalised and supporting key contracts are in place

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Market update and outlook

Earnings guidance

- NPAT for 1H FY12 expected to be in range of $55m - $75m*
  - Earnings adversely impacted by recent severe fall in iron ore prices, run up in AUD and reduced steel sales
- Quantitative guidance is not appropriate for balance of FY12 at this time due to the high level of uncertainty around AUD, prices for iron ore and steel and the current uncertainty around the international economy and the level and nature of growth in the domestic economy

* Excludes transaction costs and stamp duty re acquisition of WPG Resources’ iron ore assets of approx. $20m. Also excludes the impact of any asset impairment and restructuring costs which may arise from our steel cost reduction, rationalisation and divestment activities post 2 November 2011 – update to provided at 1H12 results announcement in February.

Market update and outlook

Longer term outlook

- We remain positive on the outlook for our Mining Consumables business due to continued strength in resources from increased mining activity and investment.
  - It is now one year since announcing our intention to grow the Mining Consumables business through the Moly-Cop Group acquisition. We are pleased with the integration and performance of the business to date and remain confident its growth expectations will be met and that value will be delivered to shareholders
- We believe underlying demand for iron ore will continue to be strong
  - We are confident the port investment combined with the Southern Iron assets acquisition will allow us to quickly and significantly grow our iron ore volumes to take advantage of favourable market conditions
- In international steel, we see a positive outlook for developing economies, with international steel generally to become stronger as the outlook for economic growth in developed economies improve
- In Australian steel, we expect the economy to be strong in the long term and have confidence demand and the pricing environment in our steel markets will improve from their current low points as construction activity improves with economic growth

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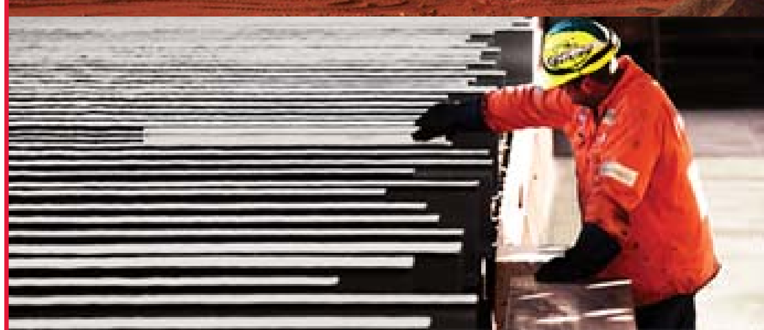
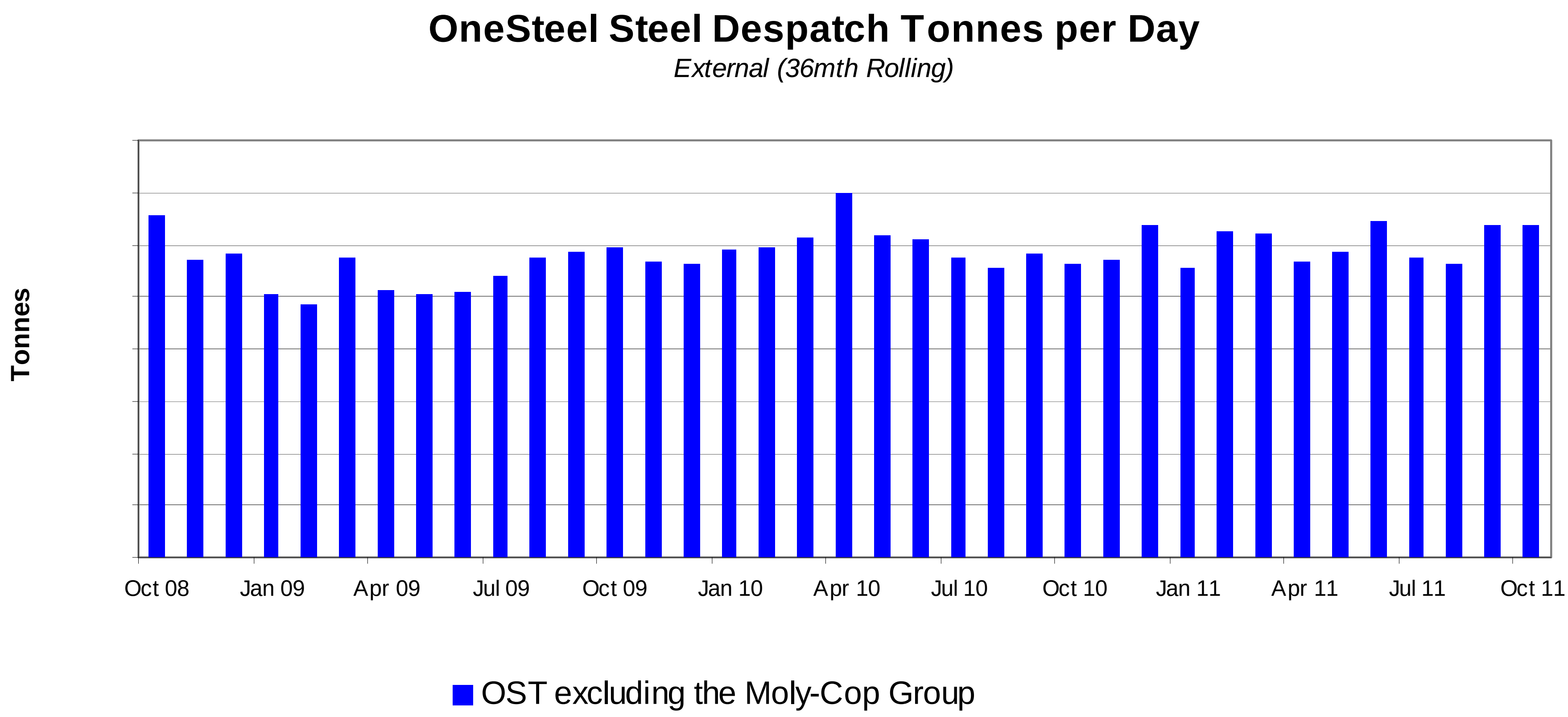
AGM Presentation
Appendix

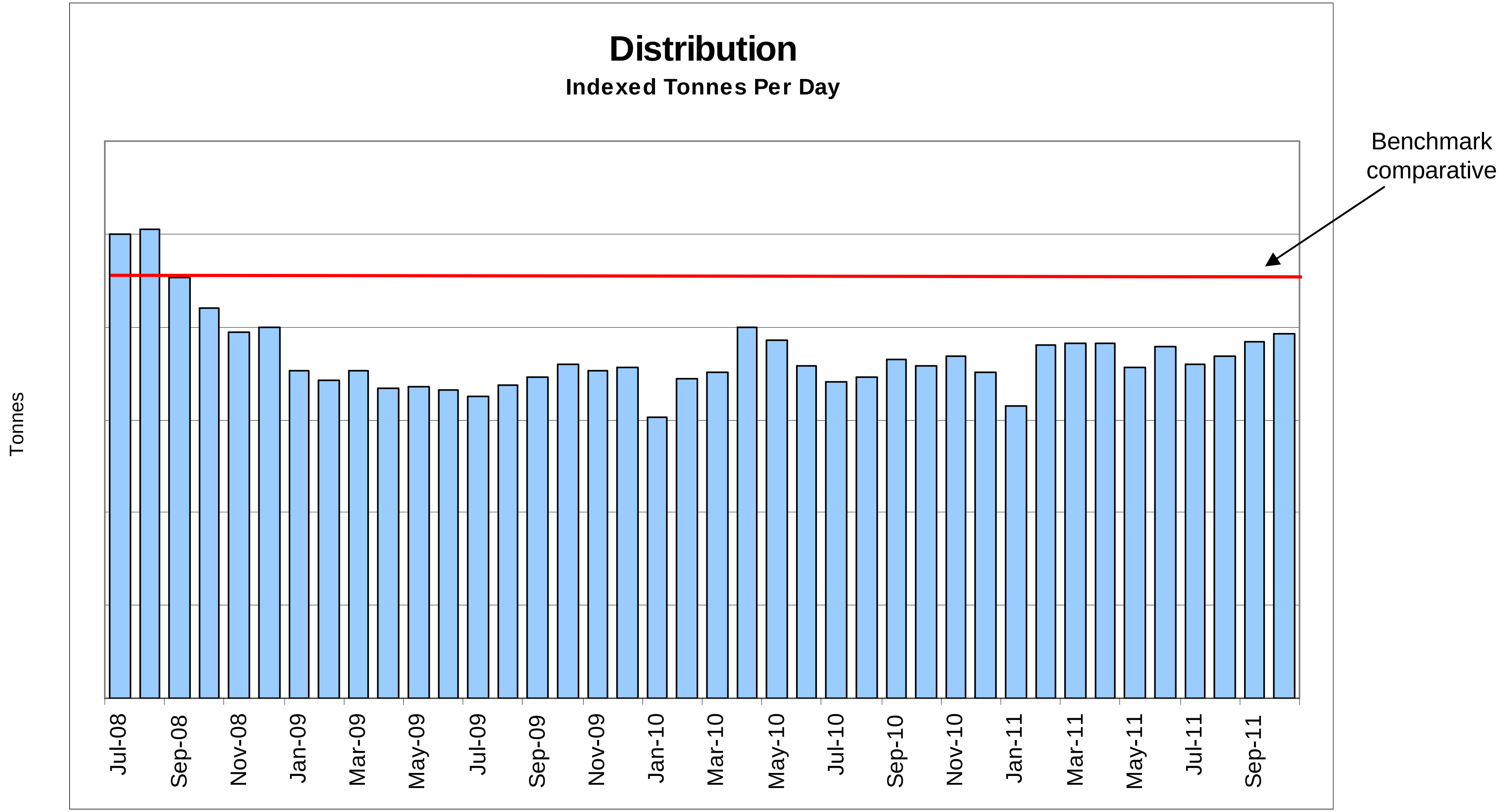


Movement in steel despatch tonnes per day



Source: OneSteel

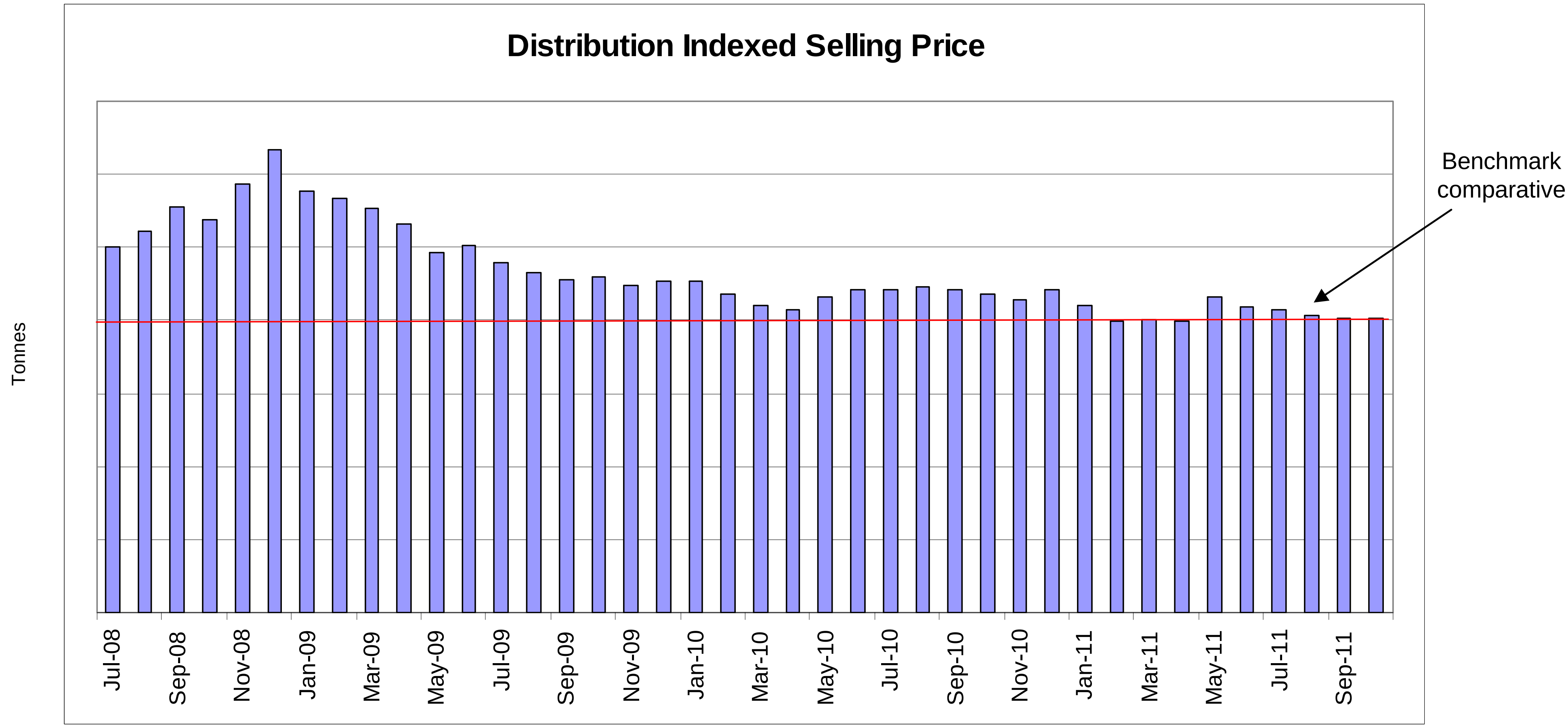
AU Distribution indexed sales tonnes per day



Source: OneSteel

Benchmark comparative line is based on average volumes for the period from Jul '07 to Mar '08 (excludes Oil & Gas)

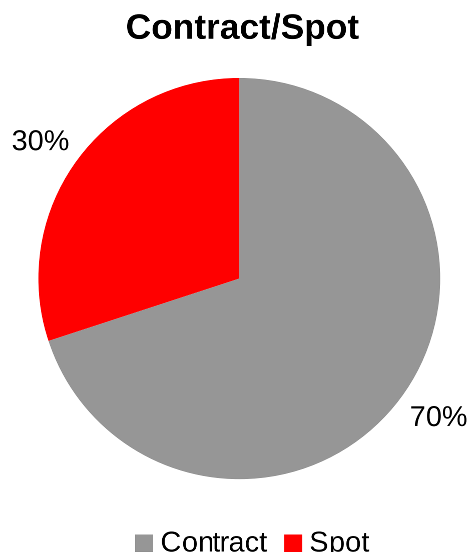
AU Distribution indexed selling price

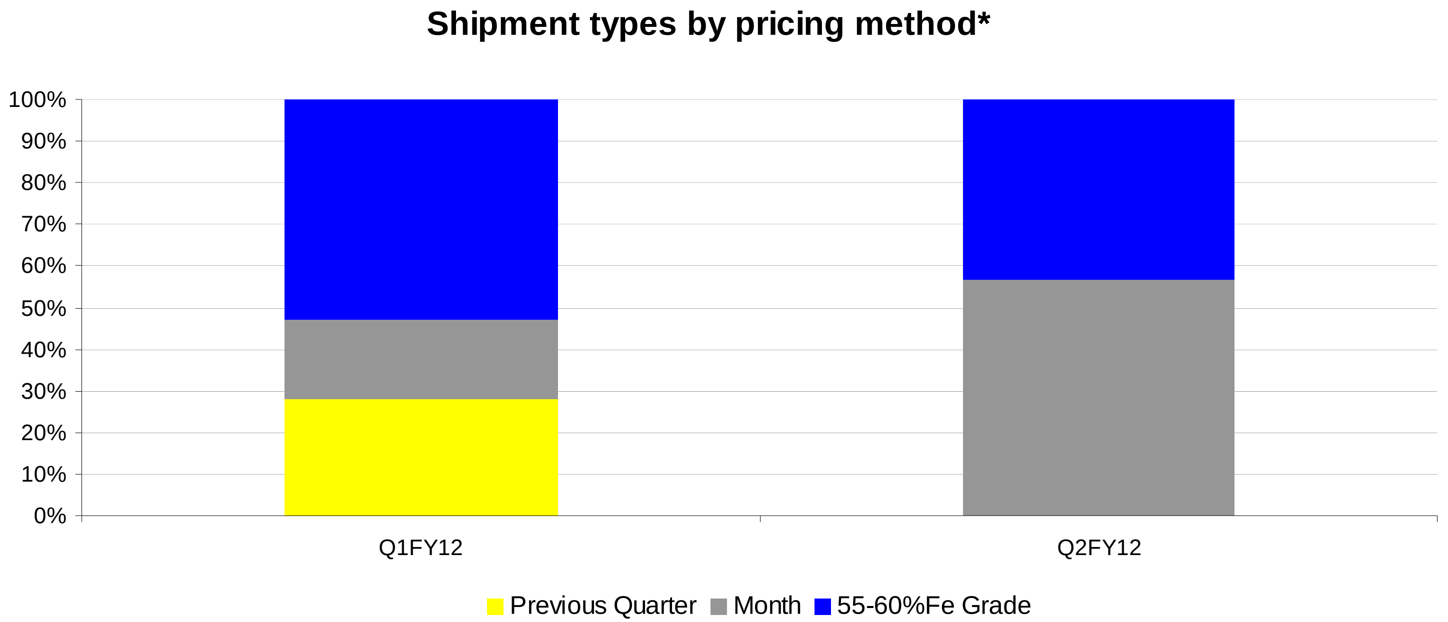


Source: OneSteel

Benchmark comparative line is based on average prices for the period from Jul '07 to Mar '08 (excludes Oil & Gas)

Iron Ore – 1HFY12 shipments

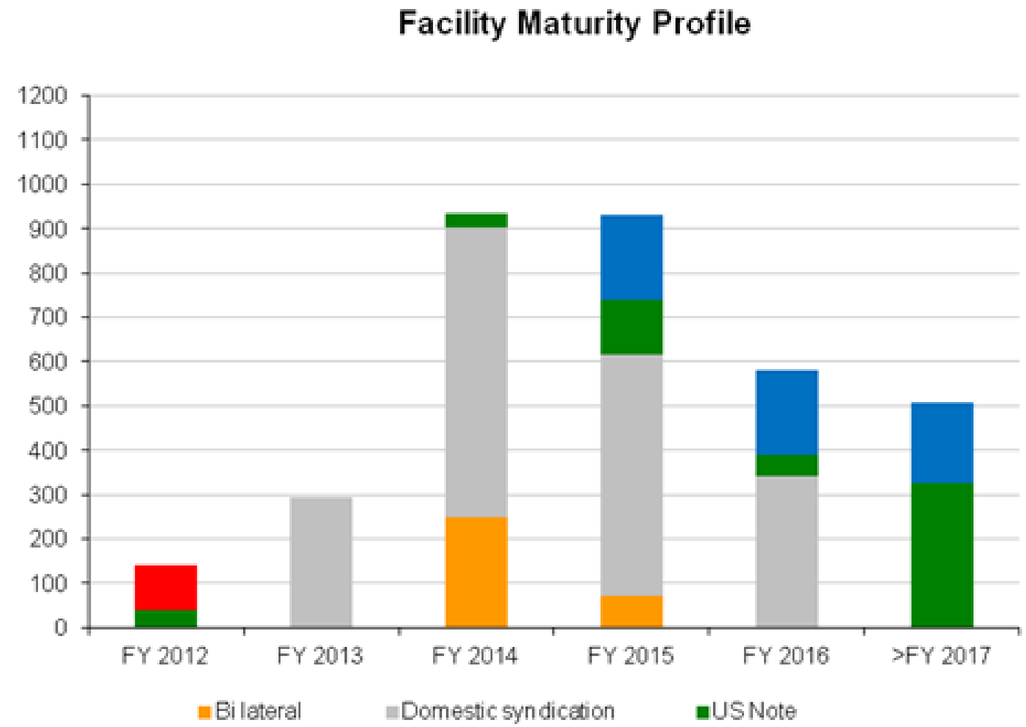




Pricing:
* Estimated
Previous Quarter = average (spot price) over previous quarter
Month = pricing based on average of monthly spot price

Financial overview

Maturity	Type of Facility	Facility Amount A$m
FY13	Inventory financing facility	100
	USPP notes	40
FY14	USPP notes*	28
	Bi-lateral loans	250
FY15	Syndicated loan	295
	Syndicated loan**	843
	USPP notes*	130
FY16	Bi-lateral loan*	47
	Syndicated loan*	736
	USPP notes*	47
FY17+	Bi-lateral loan*	23
	Syndicated loan*	522
	USPP notes*	327
Total		**3,388**



*Conversion of USD debt at closing rate of 1.07

- The majority of USD funding has been used to provide a natural hedge for US operations and Moly-Cop
- WPG Resources' iron ore assets acquired using USD debt – provides a natural hedge to USD revenue
- Following acquisition of WPG Resources' iron ore assets, average interest rate reduced to approx. 5%
- Facilities' headroom approx. $1bn
- Covenants for facilities include interest cover and gearing. Testing is done in arrears on a 12 month basis

Financial overview

Summary of facilities[1]

Maturity	Type of Facility	Facility Amount A$m
Jul-12	Inventory facility	100
Jun-13	US note issues	40
Aug-13	Syndicated loan	295
Oct-13	Bi-laterals	250
Jul-14	US note issues*	28
Jul-14	Syndicated loans	547
Aug-14	Syndicated loan	295
Mar-15	Bi-lateral	47
Apr-15	US note issues	98
Jun-15	US note issues	32
Jul-15	US note issues*	47
Jul-15	Syndicated loans	736
Sep-15	Bi-lateral	23
Jul-16	Syndicated loan	522
Jun-18	US note issues*	47
Jul-18	US note issues*	91
Jul-20	US note issues*	50
Jul-21	US note issues*	117
Jul-23	US note issues*	23
Total		**3,388**

[1]As at October 2011

*Conversion of USD debt at closing rate of 1.07