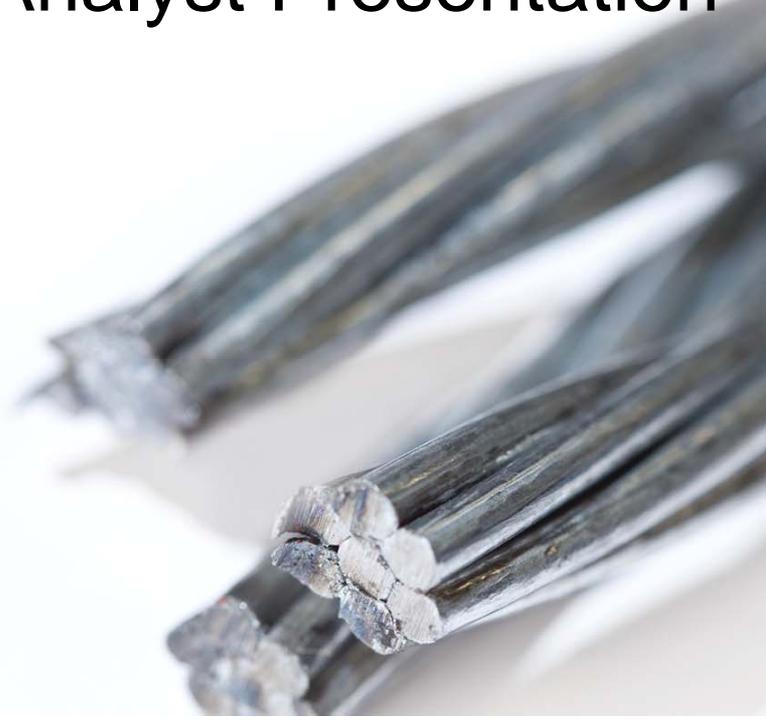




# Mining Consumables South American Site Tour Analyst Presentation

6 June 2011



# Disclaimer

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This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of OneSteel, Moly-Cop and AltaSteel 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, Moly-Cop or AltaSteel 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 economic environment and capital market conditions in Australia, North and South America and globally, 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, commodity price fluctuations, fluctuations in foreign currency exchange and interest rates, competition, OneSteel's, Moly-Cop's and AltaSteel's relationships with, and the financial condition of, their suppliers and customers, legislative changes, regulatory changes or other changes in the laws which affect OneSteel's, Moly-Cop's and AltaSteel's businesses, 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

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- OneSteel Mining Consumables Andrew Roberts
- Grinding Media Fundamentals Jaime Sepulveda / Martin Meulendyke
- Moly-Cop Overview Jaime Sepulveda / Martin Meulendyke
- Moly-Cop South America Jaime Sepulveda
- Moly-Cop North America Martin Meulendyke
- Financial Overview Andrew Roberts
- Strategic Opportunities Andrew Roberts
- Conclusion Andrew Roberts
- Appendix



# OneSteel Mining Consumables

Andrew Roberts  
Chief Executive



# OneSteel Mining Consumables

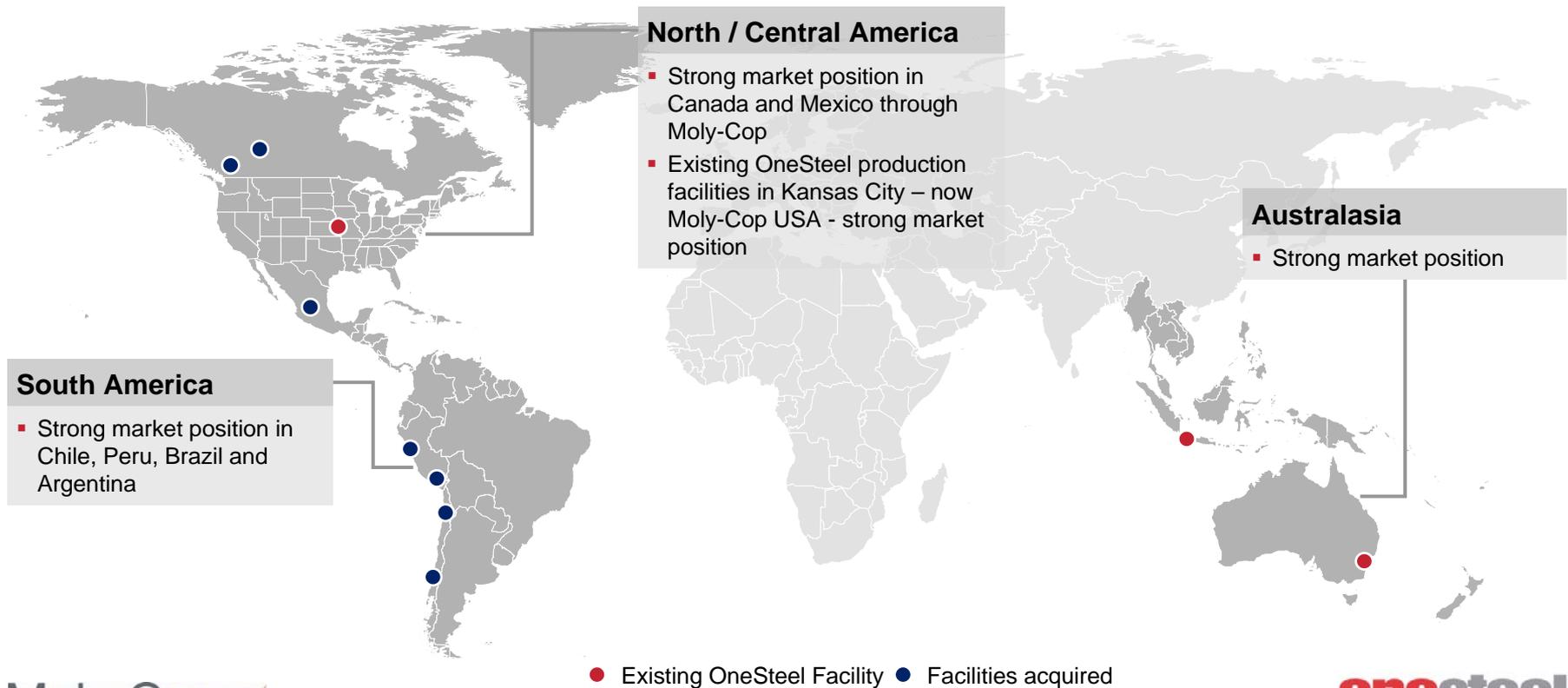


- The acquisition of Moly-Cop, including AltaSteel in December 2010 was a strategic investment for OneSteel and a critical component of OneSteel's Mining Consumables strategy
  - Grinding media is the platform of our Mining Consumables growth strategy
  
- OneSteel through the acquisition of Moly-Cop;
  - Has diversified its portfolio across the new geographies it operates in and is exposed to some of the fastest growing mining markets
  - Is the largest manufacturer of grinding media in the world
  - Has leading market positions in the key grinding media growth markets of North America, South America and Australasia
  - Is ideally positioned to capitalise on mining growth, particularly from copper and gold production
    - Key driver of profitability is grinding media volumes
  - Has a comprehensive footprint for further geographic growth in grinding media and mining consumables
  - Has strengthened its relationships with high quality customers – leading resources companies
  - Has existing available capacity to leverage growth

# Geographic scale & presence



The acquisition combined with OneSteel's existing businesses provides global scale and presence in key grinding media markets in North and South America, and Australasia



# Business segment



Iron Ore	Recycling	Manufacturing	Mining Consumables	Australian Distribution
<b>Iron ore mines</b> Iron ore lump Iron ore fines Lower grade ore Pellet plant <b>Dolomite mines</b>	<b>Australian Recycling</b> <b>International Recycling</b> (USA and Asia)	<b>Whyalla Steelworks</b> Structural Rolling Mills Slabs & Billets Steelmaking by-products (e.g. coke) <b>Laverton Steel Mill</b> Electric Arc Furnace Laverton Rolling Mills <b>Sydney Steel Mill</b> Electric Arc Furnace Sydney Bar Mill <b>Newcastle Rod Mill</b> <b>Wire Mills</b> Newcastle Wire Mill Geelong Wire Mill <b>Australian Tube Mills</b> <b>LiteSteel™ Technologies</b>	<b>Moly-Cop (Grinding Media)</b> Australia (Waratah) Indonesia USA Canada Chile Peru Mexico <b>AltaSteel</b> Electric Arc Furnace Rolling Mill Scrap <b>Waratah Steel Mill</b> Electric Arc Furnace Bar Mill, Rail & Forge <b>Wire Ropery</b>	<b>Metaland</b> <b>Piping Systems</b> <b>Sheet, Coil &amp; Aluminium Steel and Tube</b> <b>Australian Reinforcing Company (ARC)</b> <b>OneSteel Reinforcing</b>

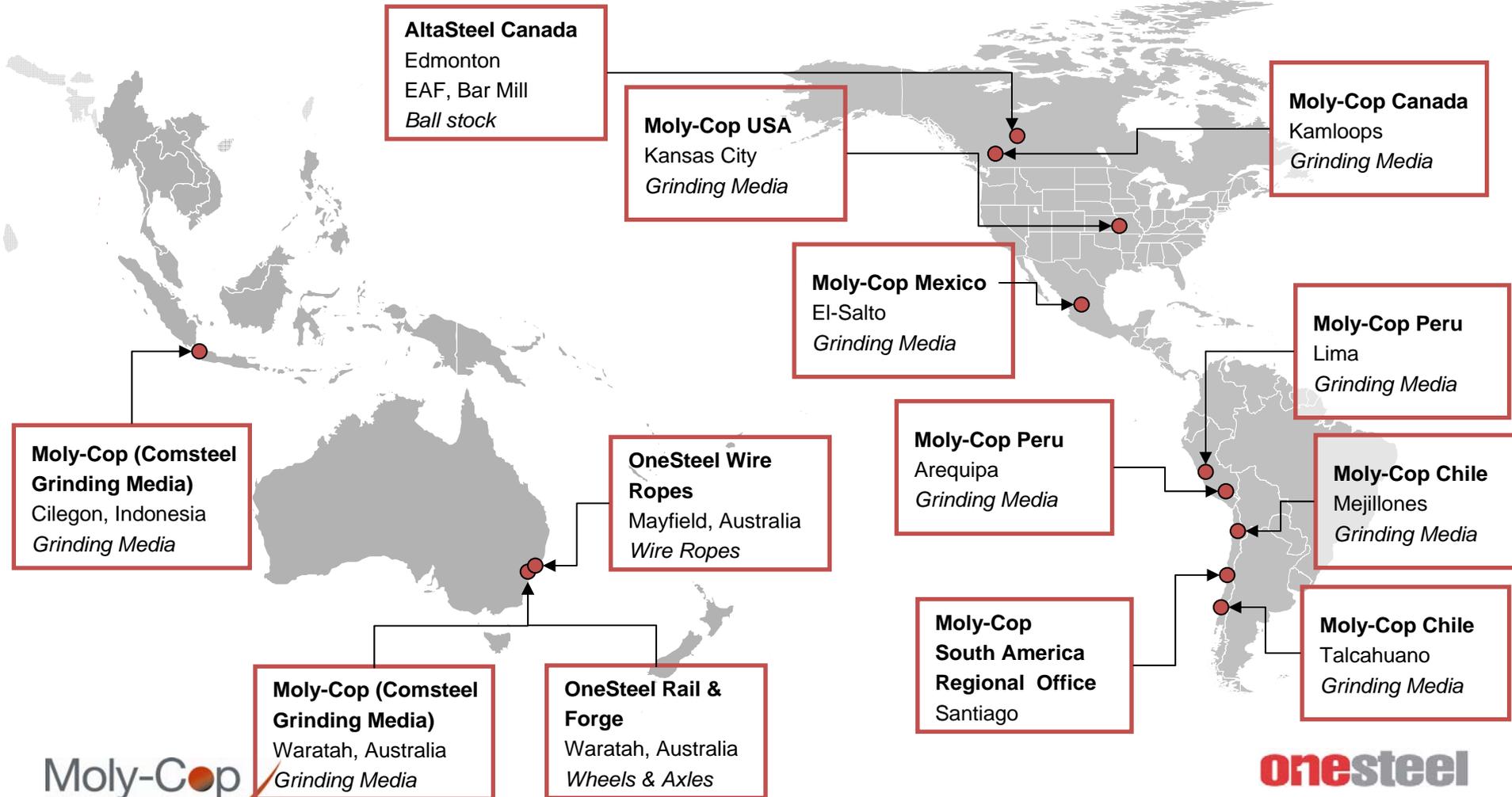
← **New facilities**

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

# Mining Consumables operations



12 manufacturing facilities producing steel, ballstock, grinding media, rail and forge and wire ropes across the Americas and Australasia, close to local markets and customers



# Mining Consumables



CY10	Total Mining Consumables
Revenue	c. AUD \$1.4b
<b>Total Sales tonnes</b> <b>Grinding Media sales tonnes*</b> <b>Grinding Rod sales tonnes</b>	c. 1.1 mt c. 900 kt c. 50 kt
Customers	Top 20 customers represent ~55% of volume
Products	Grinding media, grinding rod, chemicals, wire rope, rail wheels and axles, bar stock (feed) and rebar
Facilities	12
<b>Grinding Media Capacity</b> <b>Steelmaking Capacity</b> <b>Rolling Mill Capacity</b>	c. 1.2 mtpa** c. 620 ktpa c. 620 ktpa
Employees	c. 1,900



# Integration update

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- Integration of Moly-Cop and AltaSteel has gone very well
- Integration was substantially completed after ~110 days, with some ongoing areas handed to line management
- Key integration areas included:
  - Organisational Structure
  - Safety
  - Customers
  - People retention
  - Finance/Treasury: processes and system alignment
  - IS/IT
  - Branding
  - Governance
  - Separation from Anglo/Scaw
- Best Practice Networks established between the new businesses and OneSteel
  - Grinding Media focusing on Quality, Manufacturing & Customers
  - Steelmaking and Rolling Mills
  - Scrap Recycling
  - Cost improvements
  - Synergy benefits (not material)
- Opportunities for operational performance improvement at AltaSteel being part of a OneSteel's best practice groups

# Management structure



Chief Executive  
Mining Consumables

**ANDREW ROBERTS**

**BComm. Location: Sydney, Australia.**

Andrew is responsible for OneSteel's global mining consumables businesses including Moly-Cop, Grinding & Rail Australasia, Wire Ropes and AltaSteel.

Prior to his new role, Andrew was appointed Chief Executive Market Mills in 2009, which included Grinding & Rail Australasia, Wire Ropes and OneSteel Grinding Systems USA.

Andrew joined OneSteel from BHP Steel, starting in 1989.

President - Moly-Cop  
South America & Global Leader  
Grinding Media  
**JAIME SEPULVEDA**

**B.Sc (Industrial Eng), M. Sc, PhD  
Location: Santiago, Chile.**

Jaime is President Moly-Cop South America and Global Leader Grinding Media, since January 2011 and was previously Vice President Moly-Cop Latin America.

Jaime's responsibility for Moly-Cop South America includes Chile and Peru.

In the role of Global Leader Grinding Media, Jaime's role encompasses Strategic Marketing, Best Practices Exchange and Capital Expansion Design & Engineering at a global group level for grinding media.

Jaime, with 24 years of experience at Moly-Cop, holds a B. S. degree in Industrial Engineering and a M.S. and Ph.D. in Metallurgy from the University of Utah.

President - Moly-Cop  
North America  
**MARTIN MEULENDYKE**

**B.Eng, MBA  
Location: Kansas City, USA.**

Martin's responsibilities as President Moly-Cop North America includes Canada, USA and Mexico.

Prior to his new role, Martin was General Manager OneSteel Grinding Systems, located in Kansas City.

Martin joined OneSteel in 2007 as part of the Smorgon acquisition.

Martin has spent his career in the USA steel industry with over 30 years of experience in the grinding media business including research, manufacturing, sales, and general management.

General Manager - Grinding & Rail  
Australasia  
**JOHN BARBAGALLO**

**B.E.(Hons), MBA  
Location: Newcastle, Australia.**

John's current responsibility includes Waratah Steel works, Grinding sales in Australasia and the recently transferred Wire Ropes.

John joined OneSteel in 2005 as General Manager – OHS before transferring to General Manager – Rod & Bar in 2006. John led the Rod & Bar stream review following the Smorgon acquisition and managed the footprint changes and product transfers for Laverton, Sydney, Mayfield and Waratah rolling mills.

In 2009, John moved into the Grinding & Rail business that included the Waratah Steel Mill, Kansas City (USA), Cilegon (Indonesia) and REMS maintenance services.

Prior to joining OneSteel, John spent 10 years with Rio Tinto in senior management roles in the coal and aluminium divisions. He also spent 8 years with MIM Holdings within its Bowen Basin coal and port operations.

President - AltaSteel  
**CHRIS JAGER**

**BSc (Eng)  
Location: Edmonton, Canada.**

Chris was appointed to the role of President of AltaSteel in 2006 and in this role is responsible for AltaSteel and Maple Leaf Metals operations. Chris has worked with AltaSteel since 1975 and has held various management positions in AltaSteel operations. Chris is currently a Board Member of the 50JV of GenAlta.

Chris is a metallurgical engineer with deep experience in industrial manufacturing and leadership and has over 35 years' service with AltaSteel.

Chris is past president of the Electric Metal Makers Guild and is currently a member of the executive of the Steel Manufacturers Association and the Canadian Steel Producers Association.

Business Development & Finance  
Controller - Mining Consumables  
**LANCE DAWBER**

**BComm, CPA, MBA  
Location: Santiago, Chile.**

Lance's previous role was Manager Comsteel, responsible for the sales and marketing of grinding media in Australasia and the Cilegon Plant in Indonesia.

Lance has worked for Commonwealth Steel Company (Comsteel), Smorgon Steel and OneSteel for 14 years, including 2 years based in Kansas City, USA after the acquisition of a grinding media manufacturing facility there by Smorgon Steel.

Lance started as a commercial trainee, and has held many roles in the finance areas before moving into management positions in commercial, strategy, acquisitions and most recently as Australasian manager of sales and manufacturing for the Grinding Media business.

Lance had a key role in the acquisition of Moly-Cop and AltaSteel and is playing a pivotal role in the integration of the new businesses.



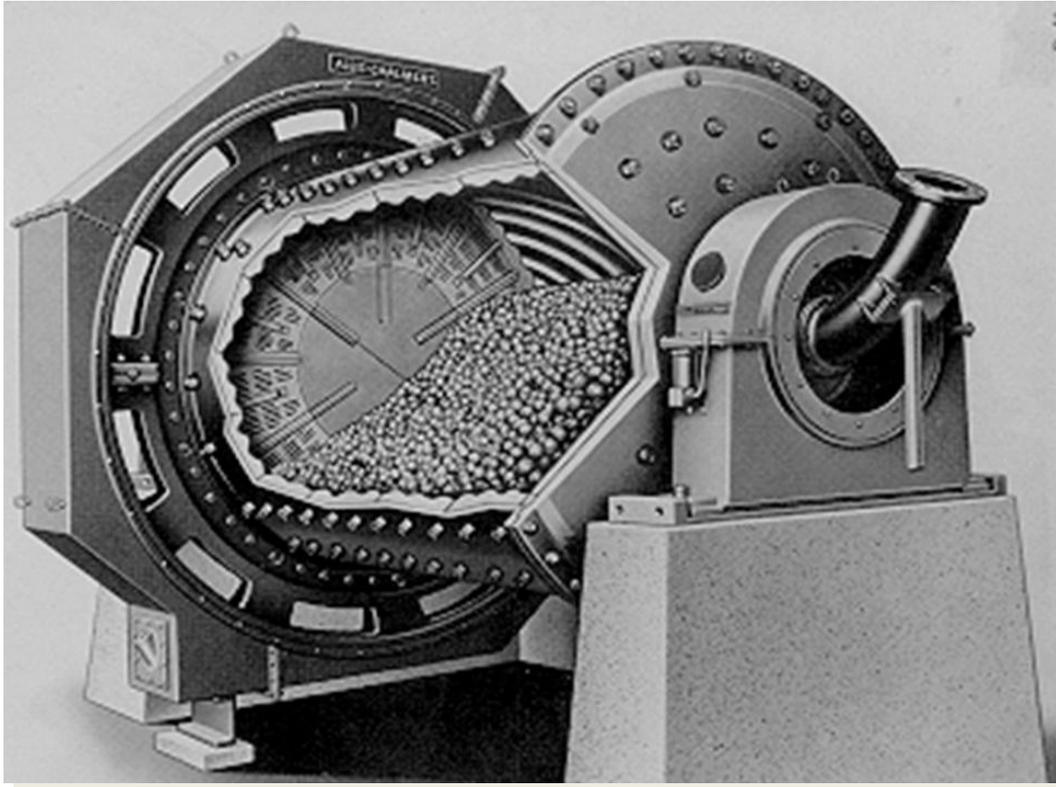
# Grinding Media Fundamentals

Jaime Sepulveda  
President South America  
Global Leader Grinding Media

Martin Meulendyke  
President North America

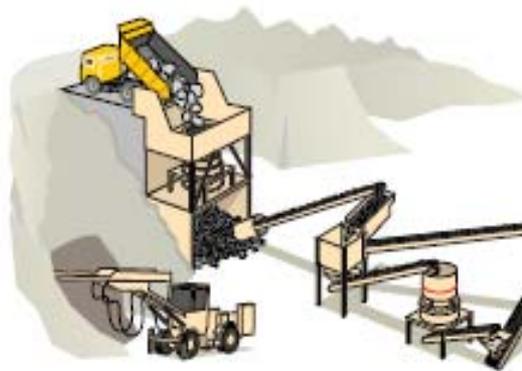


# Grinding media - a key mining consumable

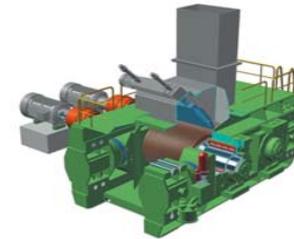


- Grinding media are used in the process of extracting minerals from ore, particularly in the fast growing copper and gold industries
  - Ore particles must be ground down to sufficiently small sizes so the contained metal species become 'liberated'; i.e. free from gangue materials, prior to subsequent concentration processes
  - Grinding is carried out in large horizontal tumbling mills, partially filled with steel balls or rods (grinding media)
- 
- Mills require continuous refilling with new grinding media as they get consumed
  - Consumption of grinding media is related primarily to the volume of ore processed and ore characteristics (abrasiveness, particle size and specific energy input)

# Grinding circuits



SAG Mills



HPGR

Crushing and screening

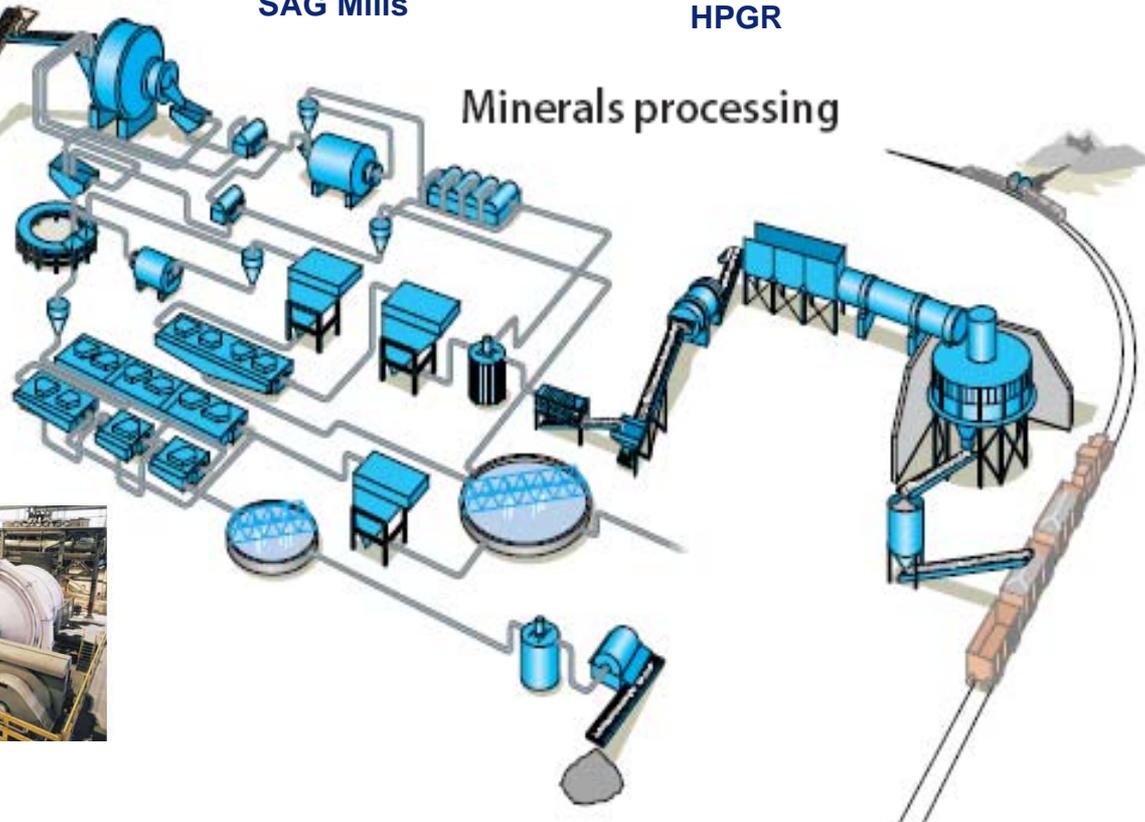


Rod Mills

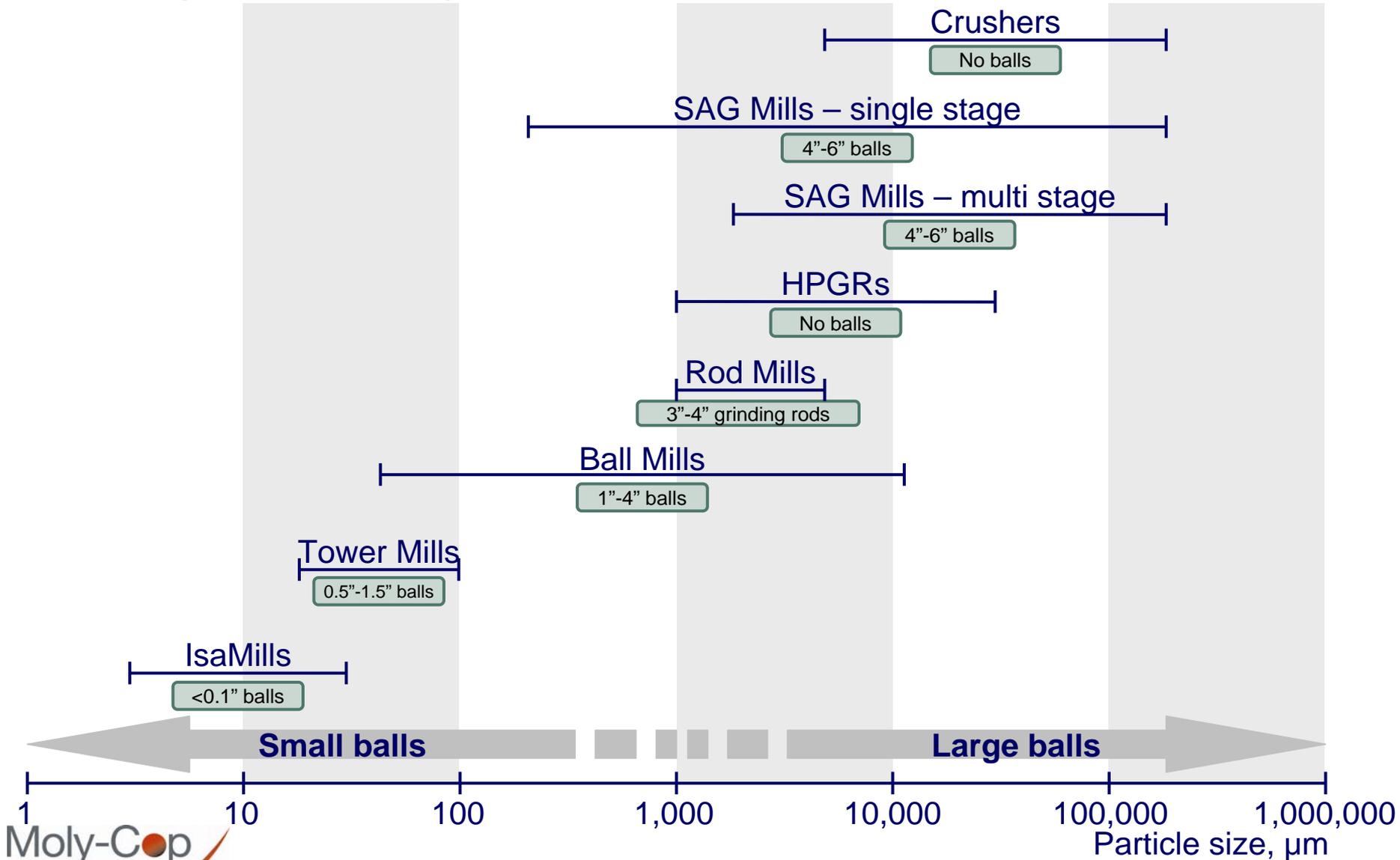


Ball Mills

Minerals processing



# Grinding media usage



# Types of grinding media



Source	Product	Process	Main Grinding Applications	Suppliers (Americas)	Ball Type			Relative Wear*
					Small (10%)	Medium (60%)	Large (30%)	
<b>Balls (Steel) (70%)</b>		Forged	Copper, Gold, Fe Ore & Polymetallics	MolyCop, Gerdau (USA), Sabo (Chile), Arcelor (USA), Chinese Suppliers		<b>X</b>	<b>X</b>	100
		Cast	Copper, Gold, Fe Ore & Polymetallics	Proacer (Chile) Mepsa (Peru)		<b>X</b>		105 - 110

<b>Balls &amp; Cyls (Iron) (30%)</b>		Cast High Chrome	Cement, Coal, Industrial Metals, & Fe Ore	Magotteaux Chinese Suppliers	<b>X</b>	<b>X</b>		30 - 75
		Iron	Regrinds, Tower Mills, and Fine Grinding	Doering (Germany)	<b>X</b>			150 - 200

Source	Products	Process	Main Grinding Applications	Suppliers	Rod Type		Relative Wear
					2" - 3"	3" - 4"	
<b>Rods</b>		High Carbon (green)	Rod Mills	CAP (Chile) Moly-Cop (USA) via Steel Mills	<b>X</b>	<b>X</b>	100
		Heat Treated	Rod Mills	AltaSteel		<b>X</b>	70 - 85

\* The lower the relative wear rate the longer the life of the ball

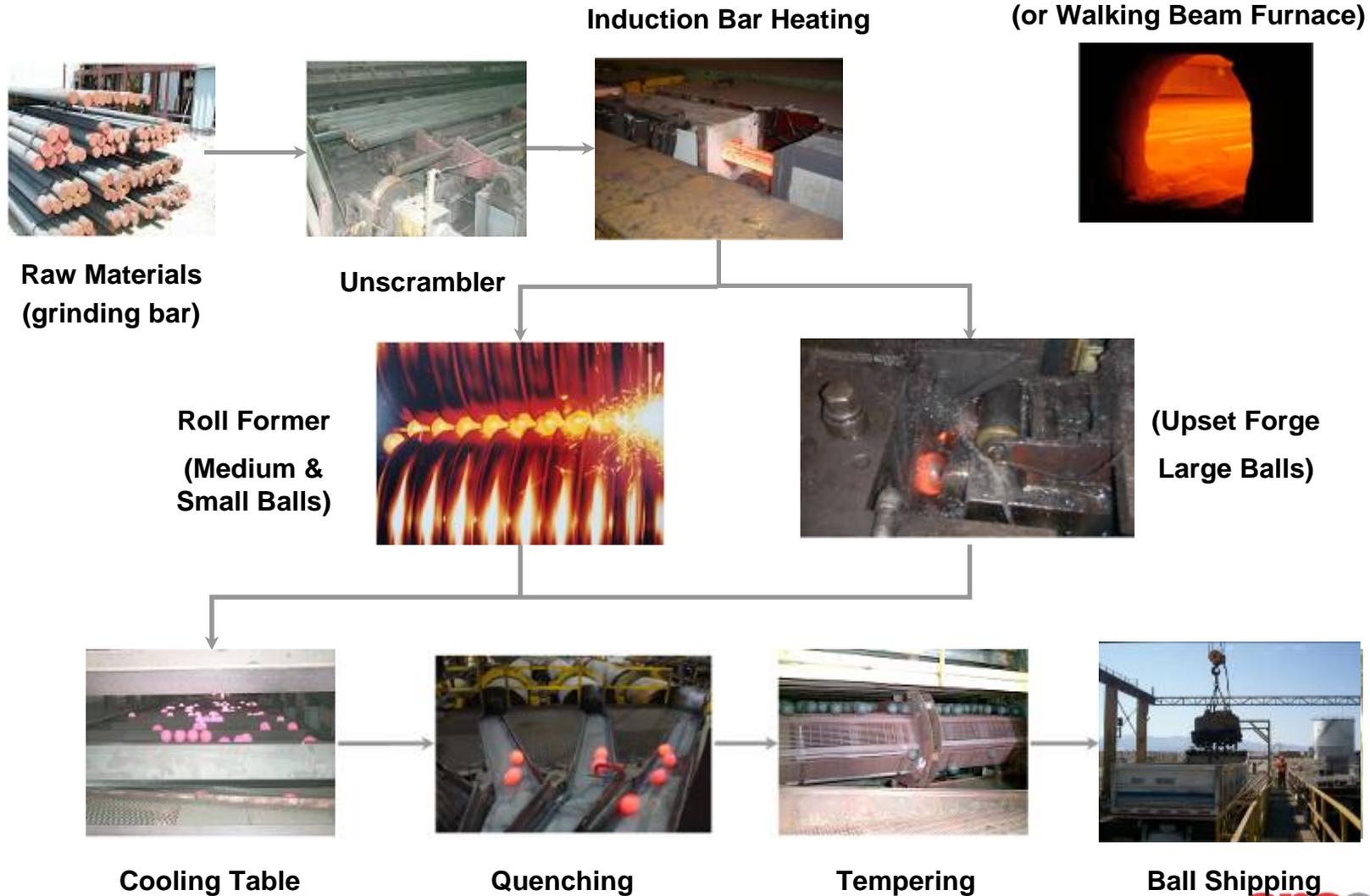


## Types of grinding media

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- Despite their relative higher price, Forge Balls are 'cost-effective' due to 10-15% improved wear performance, as compared to Steel Cast Balls
- Cast Balls are limited in size up to 3.5" diameter, as they can not sustain the high-impact environments characteristic of semiautogenous grinding applications (SAG) where larger ball diameters are required
- Because of their much higher relative price, High Chrome Cast Balls have a narrow field of application in cement grinding and ultrafine wet regrinding operations where corrosion may be the predominant wear mechanism
- Small Cylpebs (<1") have been shown to be effective in ultrafine wet regrinding operations
- A typical, modern grinding circuit will roughly consume 30-40% large balls (>4"), 40-50% medium size balls (2" - 3.5") and the balance of small balls (< 2")
- Rod mills have been gradually displaced by SAG mills for the grinding of intermediate ore particle sizes (2" down to 1/4"), but those existing units are expected to continue to operate for the life of the mine where they were originally installed

# Forged manufacturing process





## Moly-Cop Overview

Jaime Sepulveda  
President South America  
Global Leader Grinding Media

Martin Meulendyke  
President North America



# Moly-Cop history

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- In the 1930s, Armco's Sheffield Steel of Kansas City produced the first heat-treated grinding ball alloyed with molybdenum and copper. The new ball significantly improved wear performance versus the quality levels of that time, and was patented and appropriately trademarked as Moly-Cop®
- In 1961, Armco built its first grinding ball forging operation outside the USA - now known as Moly-Cop Chile. This began several decades of growth to build the international Moly-Cop business with grinding ball plants located strategically around the world to include Chile, Peru, Mexico, and Canada
- In 2001, then owner GS Industries went into bankruptcy and sold the international Moly-Cop businesses to Anglo's Scaw Metals in 2002. The original Kansas City ball plant restarted as an independent company in 2003 and became part of OneSteel in 2007
- With OneSteel's acquisition of Moly-Cop, Kansas City has been reunited with the businesses it helped build, further enhancing the strength and depth of the new Moly-Cop organisation



## Moly-Cop – strong brand, new logo



# Moly-Cop



While preserving the heritage of the original 90-year old Moly-Cop brand – synonymous with leading, top quality grinding media, OneSteel is celebrating the creation of the world's largest ball manufacturing group with the launch of a new logo aimed to reflect the significance of the key dynamic interactions between ball and mill liners in ore grinding processes

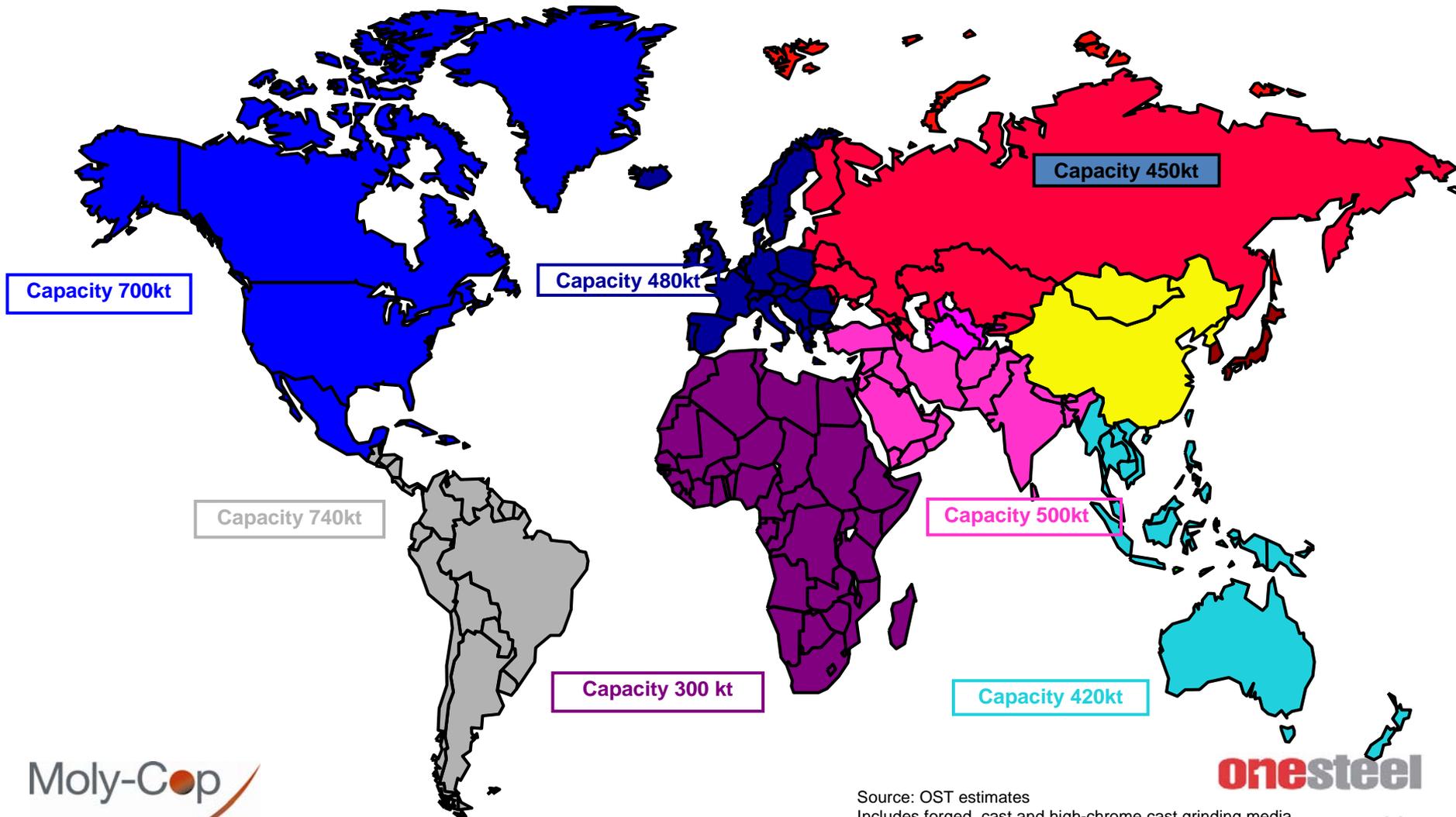


**onesteel**

# Grinding media - global capacity



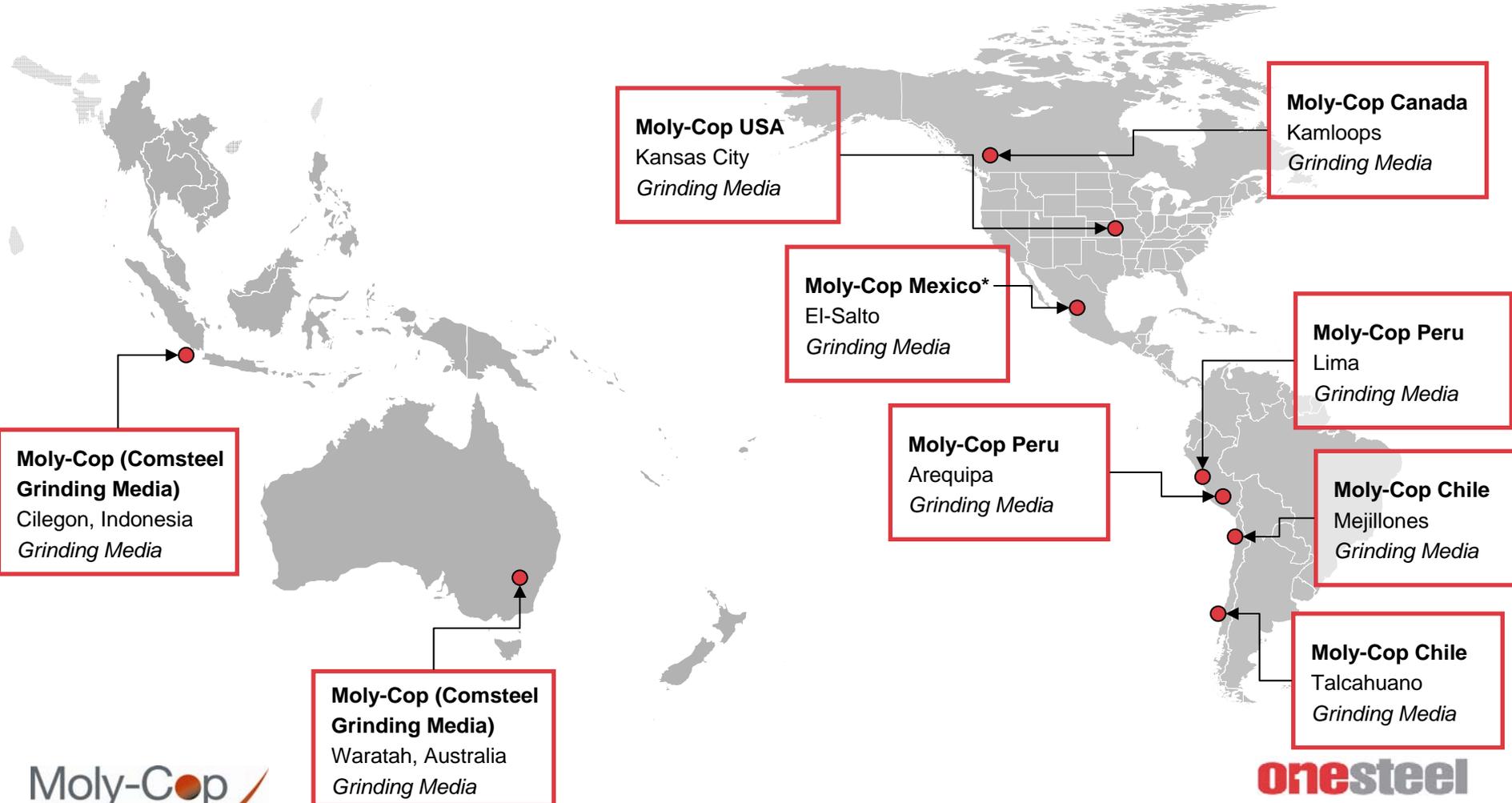
Total installed nameplate capacity 2010 – 3.6 million tonnes (excluding China)



# Moly-Cop operations



9 state of the art grinding media facilities across the Americas and Australasia close to local markets and customers with capacity of c. 1.3 mt pa



\*Guadalajara site being decommissioned in CY11

# Moly-Cop's business model



## Buy Side

- Integrated and external bar suppliers
- Long standing in-region supply relationships
- Bar price generally indexed to Scrap or CRUspi Longs Index to reduce volatility in bar cost for ball manufacturers and customers
- Security of bar supply is important
- Bar quality important
- Freight key component

## Conversion

- Feed Bar represents at least 80% of ball cost
- Next significant costs include energy and labour
- Low fixed costs
- High operating and energy efficiencies
- Focus on yield (97-98%) and operating efficiency (>90% availability)

## Sell Side

- Customer contracts are generally 1 – 5 years.
- Large customers: 10 - 25k+ tpa
- Pricing generally based on an agreed price formulae relative to the CRUspi or scrap
- Freight generally paid and managed by Moly-Cop, freight key part of price equation (proximity to customer important)
- Security of supply to customers is critical
- Technical support important
- Ball performance and price per unit determines the 'value in use' to the customer

# Moly-Cop's value proposition



## Superior wear performance:

- Ball wear and breakage rates define the effective quality of the media at any given application
- Moly-Cop focus is in improving the 'value in use' to our customers
- Moly-Cop is driving continuous improvement in wear rates and breakage rates by working on our proprietary manufacturing processes and quality of bar feed
- Accurate evaluation of grinding media performance may take 6 – 12 months to assess

## Timely and flexible deliveries:

- Certainty of supply is critical for the continuity of mill operations - Moly-Cop has the critical mass, proven reliable performance and short supply chains providing confidence to our customers
- Enhanced by Moly-Cop's international footprint of strategically located facilities
- Moly-Cop has a history of expanding capacity ahead of the market, supporting customers' growth plans

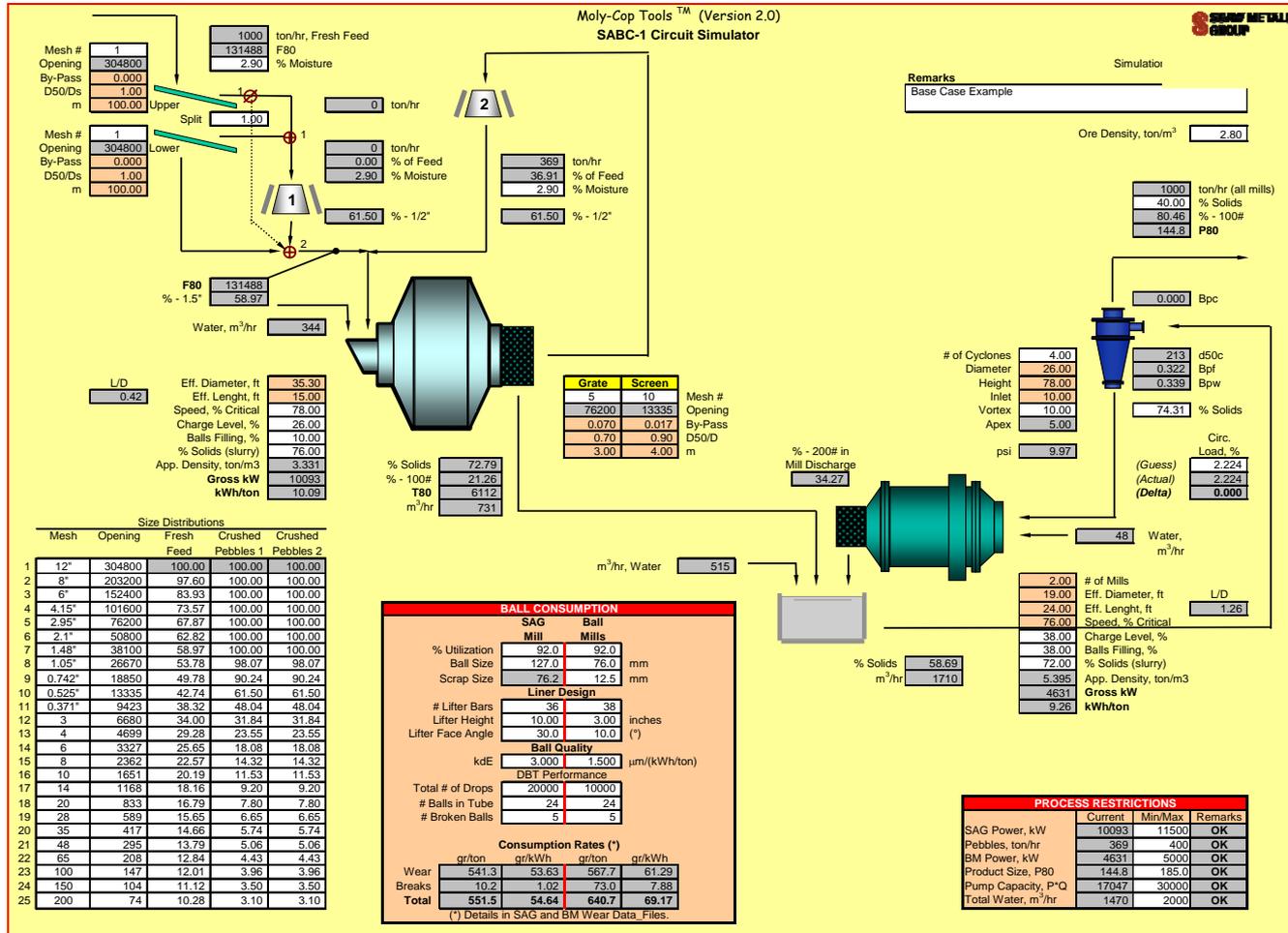


**“Helping customers do their job better”**

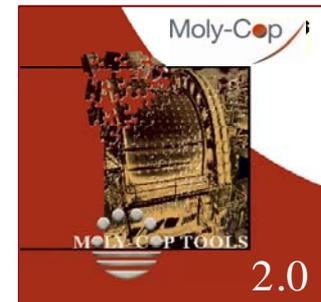
Moly-Cop is the world leader in “in-market” and technical support to customers

Moly-Cop Tools and its application adds value to our customers

# Moly-Cop Tools software – “Helping customers do their job better”



- **Moly-Cop Tools** is a set of easy-to-use spreadsheets designed to help Mineral Process Engineers characterise and evaluate the operating efficiency of any given grinding circuit, following standardised methodologies and widely accepted evaluation criteria



- Since 1997, Moly-Cop Tools has been widely distributed – free of charge - among the customer base as well as the academic mining community

# Customers

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- Demand for grinding media primarily arises from a relatively small number of very large customers, being 10 – 25+ ktpa. In every territory, typically 5 to 10 customers represent over 90% of the total demand
- Customer contracts and supply agreements generally 1 – 5 years
- As a market leader, Moly-Cop enjoys strong relationships with key customers, leading to ongoing participation in their businesses
- Given the importance of grinding media in the milling production process, quality and cost performance is closely monitored on an ongoing basis. Considering that a good ball may last anywhere from 3 to 8 months in the mill, depending on the application, the accurate evaluation of the performance of alternative media products, at full industrial scale, may take 6 to 12 months
- Moly-Cop's '**Value Proposition**' is a systematic approach to understand customers local and global needs of their production systems, focusing on (i) Quality, (ii) Supply Assurance and (iii) Technical Support

**“HELPING CUSTOMERS DO THEIR JOBS BETTER”**

# Global players

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- Magotteaux

Magotteaux provides a variety of equipments and wear resistant products; primarily high-chrome cast balls, produced in several locations across the globe. Limited overlap with Moly-Cop as their natural fields of application are different: cement industry for Magotteaux's high-chrome balls, base metal ore grinding for Moly-Cop's forged balls

- ME Elecmetal

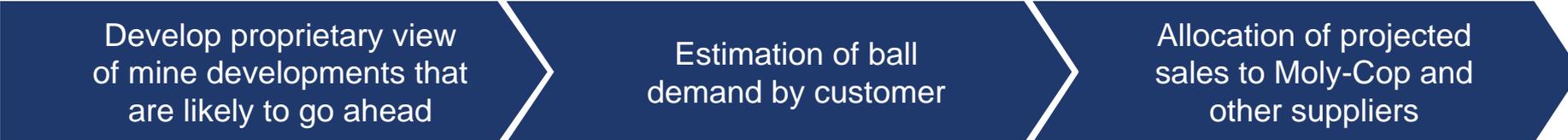
ME Elecmetal is part of the Elecmetal Group, which is a conglomerate of businesses across steel, containers, wine and communications. In recent years, ME Elecmetal have included forged grinding media from China (sourced from Long Teng) as part of their product offering of mill liners to mining companies



## Regional players – Americas

- SABO (Chile) – A Spanish owned, forged steel media manufacturer located in Antofagasta, northern Chile (~ 40 ktpa capacity)
- Proacer (Chile) - Cast steel media manufacturer of a limited size range of balls, located near Santiago, Chile (~ 60 ktpa capacity)
- Mepsa (Peru) - Cast steel media manufacturer of a limited size range of balls from located in Lima, Peru ( ~ 50 ktpa capacity)
- Arcelor Mittal (USA) - A small forged steel media manufacturer of a limited size range of balls, located outside El Paso, Texas (~ 50 ktpa capacity)
- Gerdau (USA) - A forged steel media manufacturer of a limited size range of balls, located in Duluth, Minnesota (~ 110 ktpa capacity)

# 'Bottom-up' demand projections



MEDIA CONSUMPTION ESTIMATOR									
Remarks	Ball Mill - Mine 1								
Mill Dimensions and Operating Conditions	Power, KW 6.231								
Diameter ft	Length ft	Speed ft	Charge %	Balls nterstia %	Lift %	Balls 1.078	Rocks 0	Slurry 1.078	Net Total 7.306
19.50	30.00	72.00	35.00	35.00	100.00	45.00	3.00	% Losses 3.00	Gross Total 7.532
% Solids in the Mill 78.00	Ore Density, ton/m3 2.80	Slurry Density, ton/m3 2.01	Balls Density, ton/m3 7.75	Charge Vc m3 88.97	Charge Weight, tons 413.71	App. Dens. ton/m3 0.00	Slurry 71.38	% Utilization 5.452	% Losses 3.00
Ore Feedrate, ton/hr 905.0	ton/day 20,004	Energy, KWH/ton (ore) 8.31	Make-up Ball Size, mm 150	Scrap Size, mm 83.5	Spec. Area, m <sup>2</sup> /m <sup>3</sup> (app) 30.55	Total Charge Area, m <sup>2</sup> 2718	Purge Time, hrs 2.014	Ball Recharge Rate gr/ton 540.4	KWH/gr 65.00
								Wear Rate Constants, μm/KWH(balls)/ton(balls) mm/hr 78.57	2.852
									0.0450

Customer	1.0"	1.25"	1.5"
Customer	1.0"	1.25"	1.5"
Customer	1.0"	1.25"	1.5"
Customer	1.0"	1.25"	1.5"
Cameco	10	0	0
Claude Resources	20	0	0
Dianvik	0	10	0
Forty Two Metals	0	15	0
Gibraltar Mines	0	0	100
HBMS - F lin Flon	0	0	150
Highland Valley	50	0	0
Huckleberry	0	50	0
Kemess	70	0	0
Kennecott	0	0	0
Lafarge - Exshaw	0	40	0

Grinding Media  
MARKET SEGMENTATION BY COMPETITOR, %

Competitor	'10	'11	'12	'13	'14	'15	'16
Moly-Cop	61.9	66.0	66.3	69.4	71.1	72.7	77.8
Proacer	11.1	10.1	10.0	9.0	8.1	7.7	6.2
Sta. Ana	6.2	5.8	5.7	5.2	4.9	4.6	3.8
Mepsa	4.3	3.9	3.9	3.5	3.3	3.1	2.6
Magotteaux	9.8	9.0	8.9	8.1	7.6	7.2	5.8
China	3.6	3.2	3.2	2.9	3.2	3.0	2.4
Cylpebs	0.7	0.7	0.7	0.6	0.6	0.5	0.4
Others	2.3	1.3	1.3	1.3	1.2	1.1	0.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

- Moly-Cop has developed methodologies to accurately assess grinding media demand 3-5 years out, based on continuous direct contacts with relevant customers and engineering firms
- The accuracy of these projections has been critical to Moly-Cop's business success; particularly in the 1-3 year timeframe, since mining projects take at least that much time to be executed from their instance of approval to final commissioning; i.e. currently 2011 - 2013

# Strong market drivers



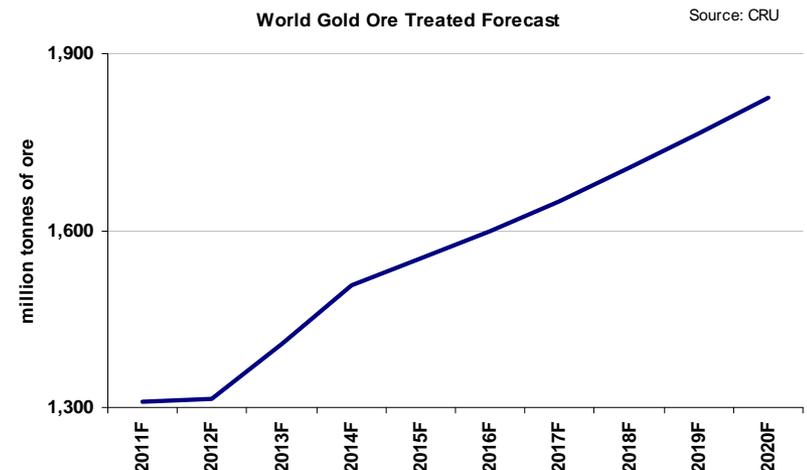
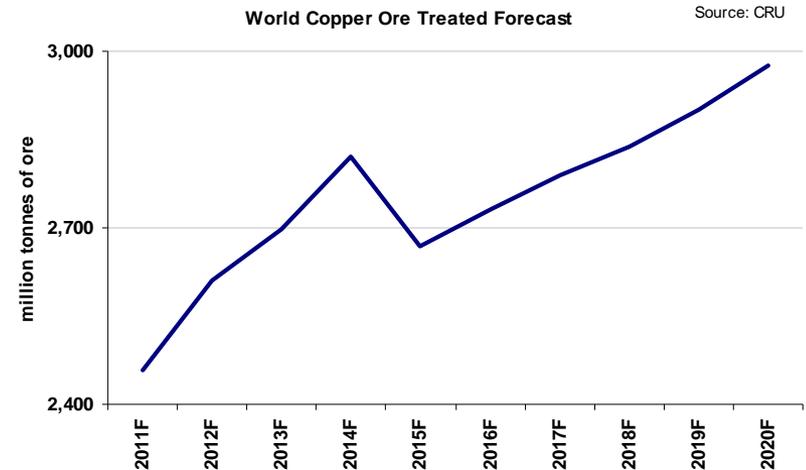
Grinding media demand is driven by copper and gold production. Moly-Cop has a significant in-country presence in some of the largest and fastest growing copper and gold mining regions in the world. Copper and gold drive ~80% of forged grinding media demand in the Americas

## Copper

- CRU forecasts global refined copper consumption to grow at an average of 3.1% per annum from 2011 to 2020
- The Americas currently accounts for c.60% of global copper reserves.
- Chile, the USA, and Peru are the top 3 producers of copper in the world. Moly-Cop has a major presence and No.1 market positions in Chile, Peru and the USA
- Demand growth for grinding media is also underpinned by gradually declining head grades that force operations to expand just to maintain productivity levels

## Gold

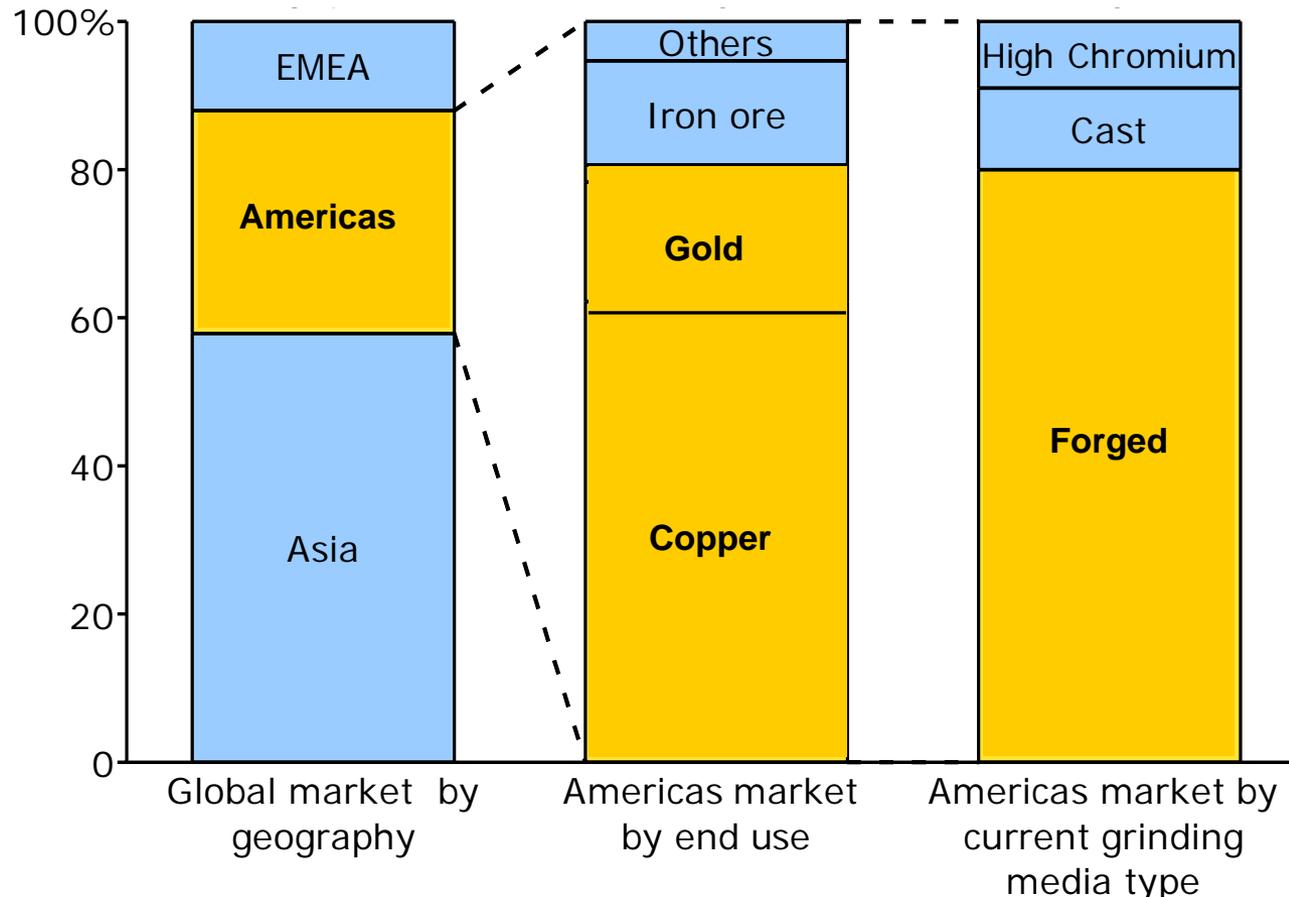
- CRU forecasts the volume of gold ore treated each year to grow at an average of 4.0% per annum from 2011 to 2020
- South America treats the most gold ore (28% of global total), and CRU forecasts this region to grow at 4.4% per annum over the period 2010-2020
- Canada is a top 10 gold producer and home to some of the world's largest gold projects
- Moly-Cop has a major presence and No. 1 market positions in Chile, Peru and Canada



# In the Americas, copper and gold account for 80% of demand; market is mainly forged balls



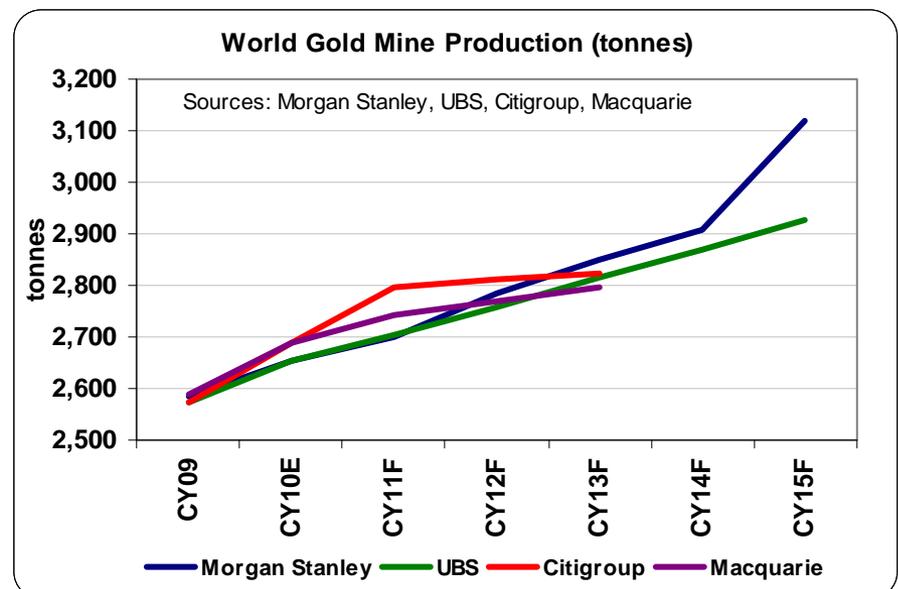
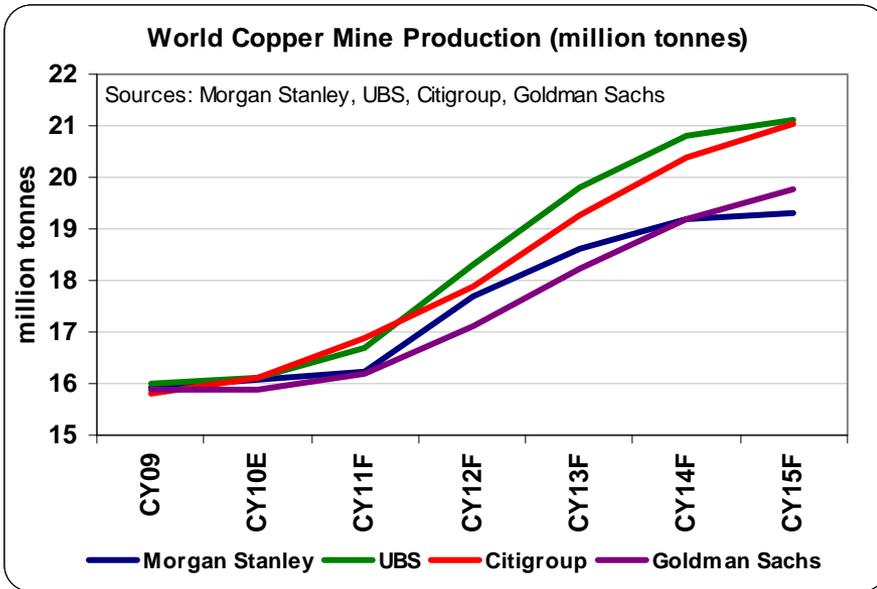
Grinding Ball market, 2008 (Millions T)



Note: Other ores includes other related ores from copper mining i.e. Nickel, Zinc, Lead, Molybdenum; Market by grinding ball type based on competitor split, excludes grinding rod; Asia has been adjusted to reflect MC equivalent durability grinding ball

Source: Business management

# Strong market drivers



## Copper

- The average annual growth rate of world copper mine production is forecast to range from 3.7% to 5.6% for the period from 2010 to 2015
- The growth in copper production is driven by global industrial production recovery post GFC

## Gold

- The average annual growth rate of world gold mine production is forecast to range from 2.0% to 3.3% for the period from 2010 to 2015

# Grinding media growth - Americas



## Drivers

- Strong growth in copper and gold production, particularly in Chile, Peru, Mexico, USA and Canada
- Growth in iron ore production in Brazil
- Declining head grades for copper production

## OneSteel estimates\*:

- Volume growth of grinding media market in South America:
  - ~8% CAGR from FY11 to FY14
  - ~11% CAGR from FY11 to FY16
- Volume growth of grinding media market in North America:
  - ~10% CAGR from FY11 to FY14
  - ~9% CAGR from FY11 to FY16

# Moly-Cop strengths

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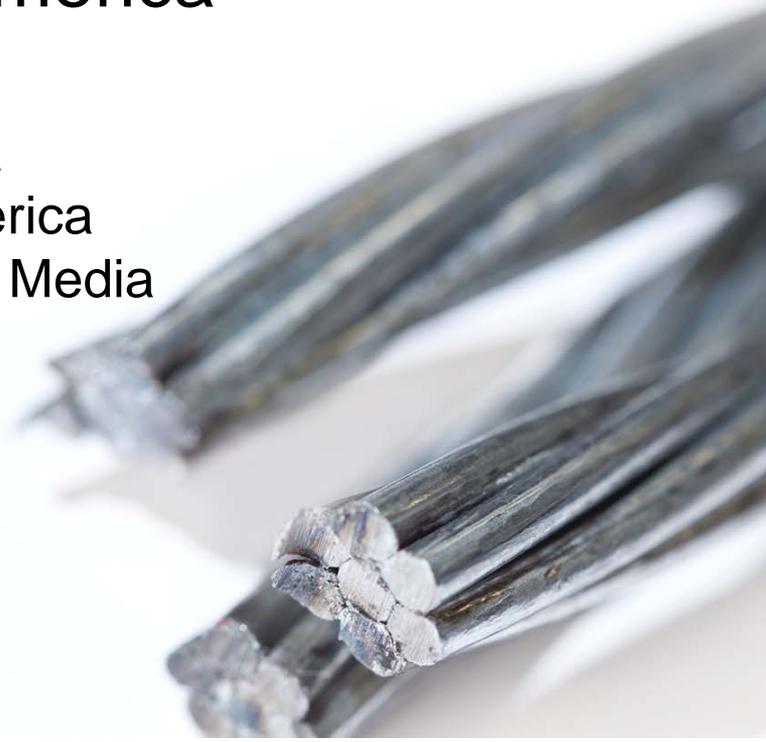


- Moly-Cop is a global leading player in a highly attractive industry with strong forecast demand growth and with a clearly differentiated position
- Moly-Cop is uniquely positioned to benefit from such projected demand growth, leveraged by our broad footprint of strategically located grinding media manufacturing facilities
- Differentiated capabilities relative to competitors: superior quality and product performance, supply assurance and effective technical support
- Long term, strategic alliances with key integrated and local steel bar suppliers
- Moly-Cop's installed capacity is about 6 times larger than its next largest international competitor
- Proven track record of expanding the business with actionable plans in place to meet future demand and proprietary metallurgical and engineering know-how
- Strong and highly experienced management team based in market



## Moly-Cop South America

Jaime Sepulveda  
President South America  
Global Leader Grinding Media



# Moly-Cop South America



PERU	
<b>Facilities</b>	<ul style="list-style-type: none"> <li>Arequipa</li> <li>Lima</li> </ul>
<b>Capacity</b>	Total: ~115ktpa
<b>Employees</b>	<ul style="list-style-type: none"> <li>Arequipa - 39</li> <li>Lima - 58</li> </ul>
<b>Market Position</b>	1 <sup>st</sup> <ul style="list-style-type: none"> <li>&gt;60% market share</li> </ul>
<b>Major Supplier</b>	<ul style="list-style-type: none"> <li>Sider Peru</li> </ul>
<b>Major Customers</b>	<ul style="list-style-type: none"> <li>Cerro Verde</li> <li>Antamina</li> <li>Yanacocha</li> <li>SPCC</li> </ul>
<b>Competitors</b>	<b>In-market</b> <ul style="list-style-type: none"> <li>Mepsa</li> </ul> <b>Imports</b> <ul style="list-style-type: none"> <li>Chinese</li> </ul>



CHILE	
<b>Facilities</b>	<ul style="list-style-type: none"> <li>Mejillones</li> <li>Talcahuano</li> </ul>
<b>Capacity</b>	Total: ~430ktpa
<b>Employees</b>	<ul style="list-style-type: none"> <li>Mejillones - 73</li> <li>Talcahuano - 93</li> </ul>
<b>Market Position</b>	1 <sup>st</sup> <ul style="list-style-type: none"> <li>&gt;60% market share</li> </ul>
<b>Major Supplier</b>	<ul style="list-style-type: none"> <li>CAP</li> </ul>
<b>Major Customers</b>	<ul style="list-style-type: none"> <li>Collahuasi</li> <li>Escondida</li> <li>Codelco</li> <li>Pelambres</li> <li>Candelaria</li> <li>Vale</li> <li>Kinross</li> </ul>
<b>Competitors</b>	<b>In-market</b> <ul style="list-style-type: none"> <li>SABO</li> <li>Proacer</li> </ul> <b>Imports</b> <ul style="list-style-type: none"> <li>Mepsa (Peru)</li> <li>Chinese</li> </ul>

# Moly-Cop South America demand



## Drivers of Demand

- Grinding media is driven by copper and gold production, mine expansion projects, new mines and the trend of increasing ore hardness and declining head grades
- CRU has forecast copper ore treated to grow by CAGR 5.0% from 2011 – 2015 and gold ore treated to grow by CAGR 6.5% for the South American regions

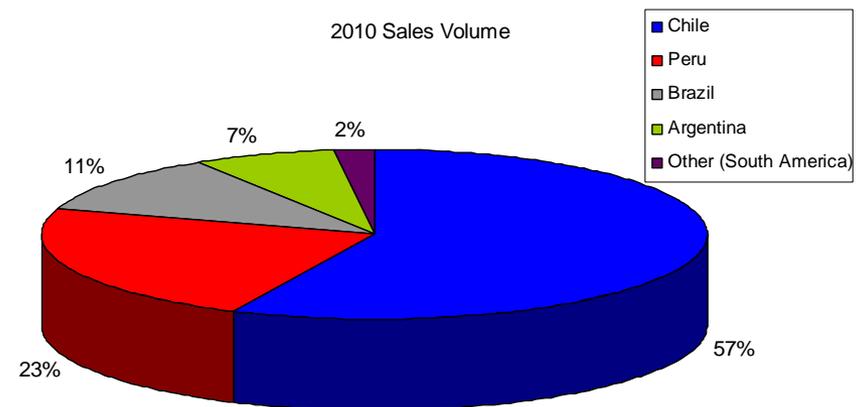
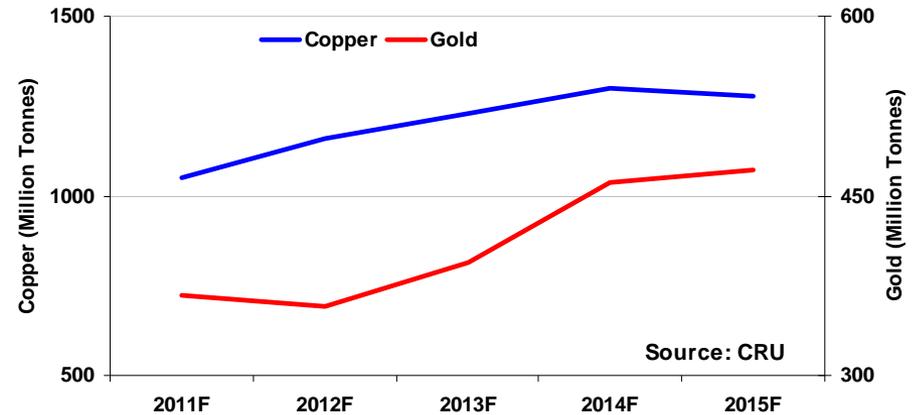
## Market Conditions

- Moly-Cop South America comprises the markets of Chile, Argentina, Brazil and Peru, with a market size of c.600 – 700ktpa
- Market conditions remain buoyant with high commodity prices and is expected to see significant growth out to 2015, and particularly with current activity for the period 2011 – 2013

## Market Position

- Moly-Cop has leading market positions in Chile and Peru and is well positioned to service the growth in these markets through existing capacity in the short – medium term
- Chile is the largest region for sales volumes in South America, followed by Peru. It is expected that Peruvian sales volumes will comprise a greater proportion of the mix towards 2015 driven by significant mine expansion projects

South America - Copper and Gold ore treated forecast





# Moly-Cop South America growth

## Expansion/new mining projects

- Chile
  - Andina Expansion
  - Esperanza
  - Los Bronces
  - Escondida Expansion
  - Pascua Lama
  - Caserones
  - Sierra Gorda
  - Cerro Casale
  
- Peru
  - Antamina Expansion
  - Antapaccay
  - Toquepala Expansion
  - Toromocho
  - Quellaveco
  - Las Bambas
  - Cuajone Expansion
  - Minas Conga
  - El Galeno

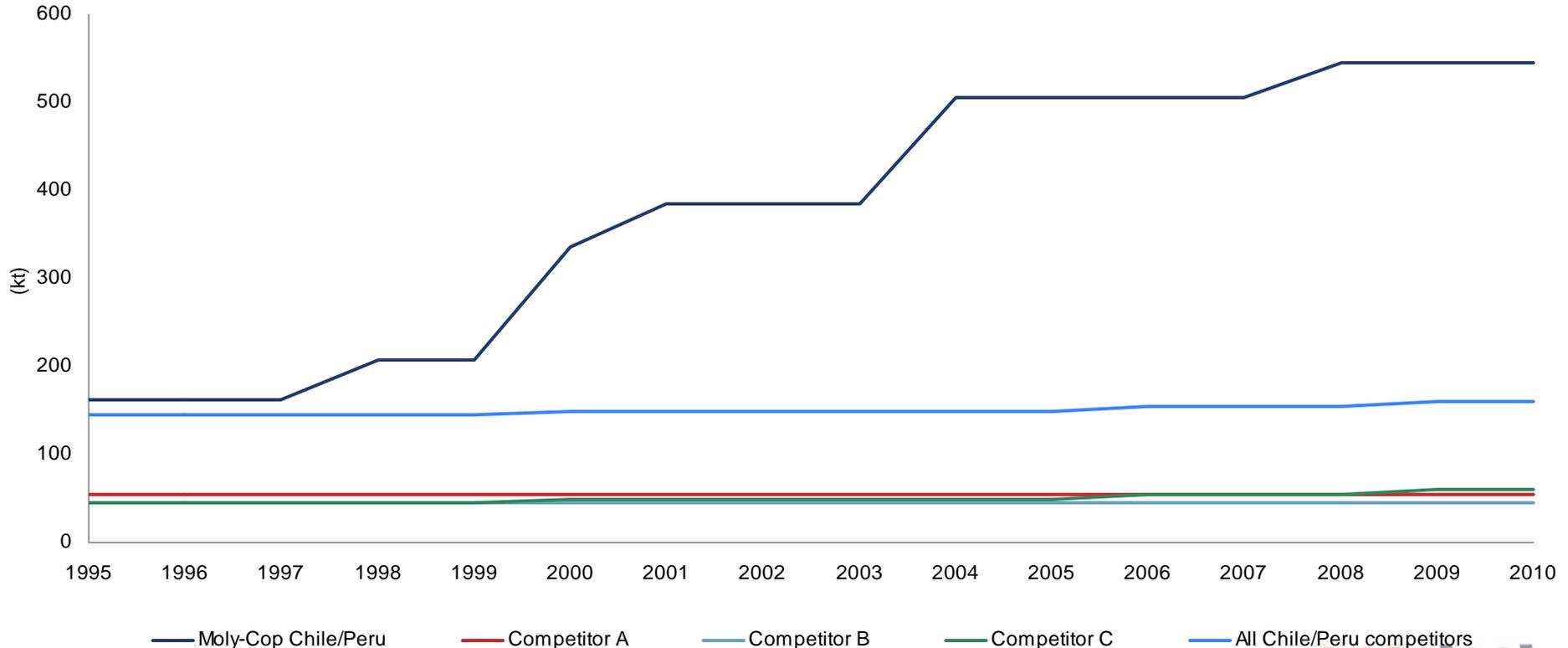
**Indicative additional grinding media  
volume growth by 2015  
c. 240+ ktpa**

# Capacity expansions – South America



- Moly-Cop has been the only South American supplier to significantly expand facilities over the last 15 years

## Annual grinding ball capacity in South America (Chile and Peru)

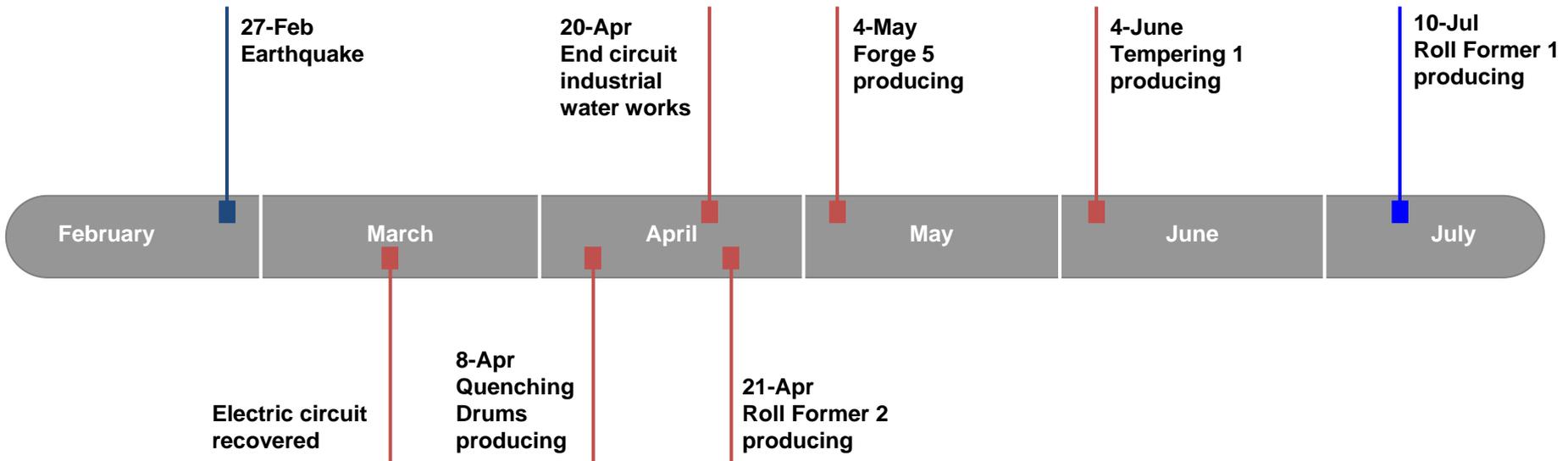


# Moly-Cop's network strength demonstrated during major 2010 Chilean earthquake



- On February 27<sup>th</sup>, 2010 Chile suffered a strong earthquake, level 8.8 (Richter Scale), followed by a catastrophic tsunami
- Moly-Cop's Talcahuano facilities were severely damaged, as well as CAP installations across the street
- No fatalities or personnel injuries
- On April 20<sup>th</sup>, 2010 the first of three lines was put back in operation. By June 30<sup>th</sup>, all three lines were running at full capacity
- Service to customers was maintained during this period, due to Moly-Cop's network effective support, which is even larger post acquisition
- In response to the earthquake, Mejillones achieved records in March and July and Moly-Cop Chile in August 2010

# Earthquake recovery timeline



Service to customers was maintained during this period, due to Moly-Cop's network effective support, which is even larger post acquisition



## Moly-Cop North America

Martin Meulendyke  
President North America

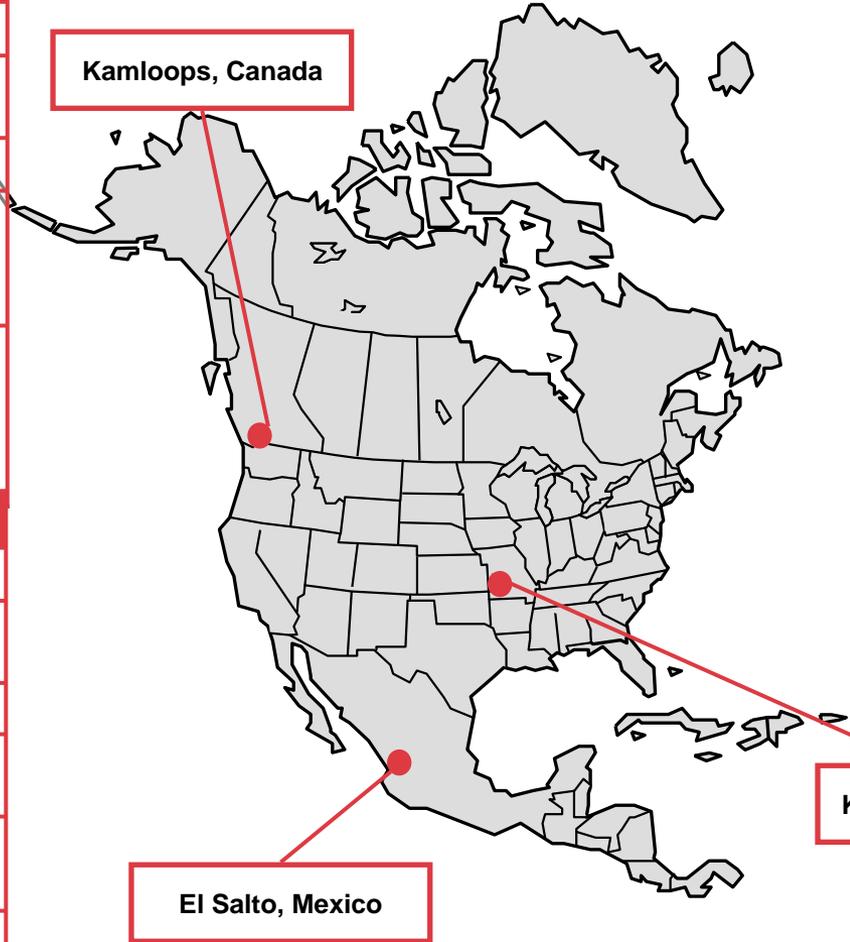


# Moly-Cop North America



CANADA	
Facility	Kamloops
Capacity	~115ktpa
Employees	57
Market Position	1 <sup>st</sup> : <ul style="list-style-type: none"> <li>&gt;55% market share</li> </ul>
Major Supplier	<ul style="list-style-type: none"> <li>AltaSteel</li> </ul>
Major Customers	<ul style="list-style-type: none"> <li>Highland Valley</li> <li>Gibraltar</li> <li>Agnico</li> <li>Huckleberry</li> </ul>
Competitors	<b>Imports</b> <ul style="list-style-type: none"> <li>Gerdau</li> <li>Magotteaux</li> <li>ME Elecmetal</li> <li>Other China</li> </ul>

MEXICO	
Facility	El Salto
Capacity (nominal)	~170ktpa
Employees	68
Market Position	1 <sup>st</sup> : >60% market share
Major Customers	<ul style="list-style-type: none"> <li>Grupo Mines</li> <li>Gold Corp</li> <li>Penoles</li> </ul>
Competitors	<b>Imports</b> <ul style="list-style-type: none"> <li>Arcelor Mittal</li> <li>Magotteaux</li> <li>China</li> </ul>



USA	
Facilities	Kansas City
Capacity	~180ktpa
Employees	60
Market Position	1 <sup>st</sup> : <ul style="list-style-type: none"> <li>&gt;40% market share</li> </ul>
Major Customers	<ul style="list-style-type: none"> <li>Newmont</li> <li>Freeport</li> <li>Barrick</li> <li>Asarco</li> </ul>
Competitors	<b>In-Market</b> <ul style="list-style-type: none"> <li>Gerdau</li> <li>Magotteaux</li> <li>Arcelor Mittal</li> </ul> <b>Imports</b> <ul style="list-style-type: none"> <li>ME Elecmetal</li> <li>Other China</li> </ul>



# Moly-Cop North America demand

## Drivers of Demand

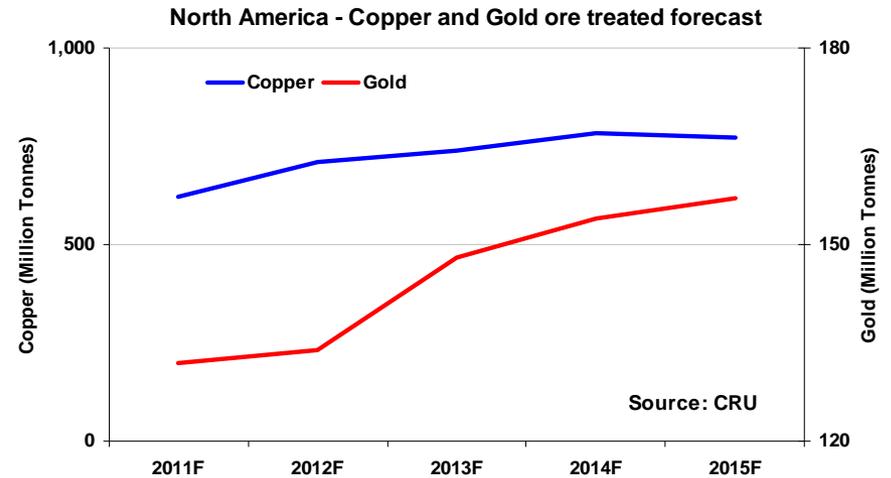
- Grinding media is driven by copper and gold production, mine expansion projects, new mines and the trend of increasing ore hardness and declining head grades
- CRU has forecast copper ore treated to grow by CAGR 5.6% from 2011 – 2015, which will underpin the majority of the growth in the North American grinding media market over this period

## Market Conditions

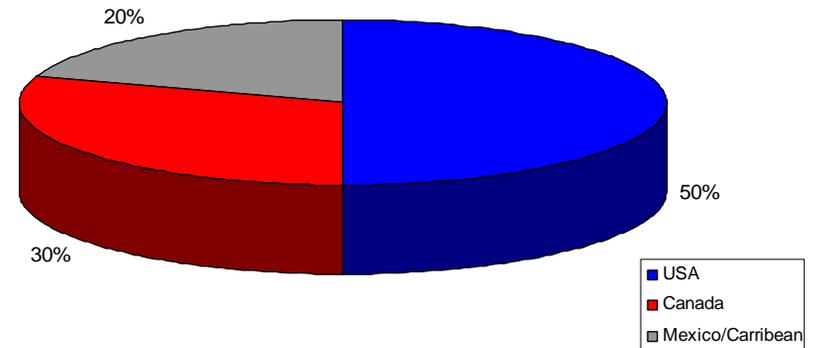
- Moly-Cop North America comprises the markets of Canada/Alaska, USA, and Mexico/Caribbean with a market size of c.500 – 600ktpa
- Market conditions remain buoyant with high commodity prices and is expected to see significant growth out to 2015

## Market Position

- Moly-Cop has leading market positions in Canada, the USA and Mexico and is well positioned to service the growth in these markets with existing capacity in the short to medium term



2010 Sales Volume





# Moly-Cop North America growth

## Projected expansion/new mining projects

- Canada/Alaska
  - Osisko – Malartic
  - Copper Mountain Project
  - Thompson Creek – Endako (Expansion)
  - New Gold – New Afton
  - Detour Lake
  - Thompson Creek - Mt Milligan
  
- USA
  - Freeport – Chino (Re-start)
  - Mercator – Mineral Park (Expansion)
  - Barrick – Golden Sunlight (Re-start)
  - Barrick - Goldstrike Mill 1 (Re-start)
  - Augusta – Rosemont
  - Freeport – Climax Leadville
  
- Mexico/Caribbean
  - Goldcorp - Penasquito
  - Grupo Mexico – Cananea (Re-start & Expansion)
  - Barrick - Pueblo Viejo
  - Inmet – Cobre Panama

**Indicative additional  
grinding media  
volume by 2016  
c. 200 kt**



# Financials Overview & Strategic Opportunities

Andrew Roberts  
Chief Executive  
Mining Consumables



# Financial overview

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## Financials

- New businesses CY10 EBIDTA ~US100M, including Donhad contribution, which was in line with managements' expectation
  - 80% of the earnings in CY10 was from the new Moly-Cop business
  
- The new Moly-Cop business H2 FY11 EBITDA in line with expectations
  - Stronger volume and margin partially offset by higher imported bar costs in the half, secured in response to the Chilean earthquake in February 2010
  
- AltaSteel H2 FY11 profit performance has been below expectations: (estimated impact approx. US\$6 - 9m)
  - PPA suspension due to TransAlta claims of Force Majeure and termination (approx. US\$2m impact in H2)
  - Lower margins from grinding rod\*, carry over from H2 2010, and rebar sales in Q4
  - Poor operational performance, particularly in January & February 11\*\*

\*Lower margins in grinding rod has been addressed

\*\*Work continuing via Best Practice Groups to improve operational and cost performance

# Strategic focus

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## Current opportunities - immediate focus

- Deliver value by capturing the expected market growth for grinding media in the current regions of North and South America, and Australasia, and mining rope in Australia
- Planning is well progressed on “brown/green field” capacity expansions in Peru, Indonesia and Canada to bring on additional capacity in 2013 ahead of the market. Combined new capacity expansion totalling ~250kt pa @ US\$60 – 75m

## New opportunities – medium term focus

- Expanding geographically with current products
- New products in mineral processing and mineral extraction

# Conclusions

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- New businesses in line with OneSteel expectations (based on a thorough due diligence process)
  - We remain confident Moly-Cop is a good business with strong growth potential
  - AltaSteel has some challenges as expected, which OneSteel, with its experience and capability can improve in the short to medium term
- Strong growth forecasts for copper and gold demand driving increased demand and volumes for grinding media
- Moly-Cop is the largest global grinding media manufacturer and has strong market positions in South & North America and Australasia
- Moly-Cop is well positioned in South & North America and Australasia to capture a significant part of the market growth in grinding media with strong customer relationships
- Moly-Cop (grinding media) is a strong foundation for the Mining Consumables strategy
- Future growth potential via new grinding media regions and new products for mineral processing and mineral extraction



# Appendix



Moly-Cop





## Acquisition funding

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- Announced in November 2010 Moly-Cop/AltaSteel acquisition with enterprise value of US\$932m and would be financed by:
  - US\$500m bridging loan
  - Balance from existing facilities
  
- Announced April 2011 that bridging loan was replaced by US\$600m Asian syndicated loan facility with three tranches expiring July 2014, July 2015, and July 2016
  - Was well oversubscribed and accepted additional US\$100m
  
- Announced May 2011 US\$200m private placement to partly replenish facilities used to finance acquisition
  - Formed part of program to extend/smooth the company debt maturity profile
  
- Program to extend/smooth maturity profile is continuing



# CRUspi Longs index

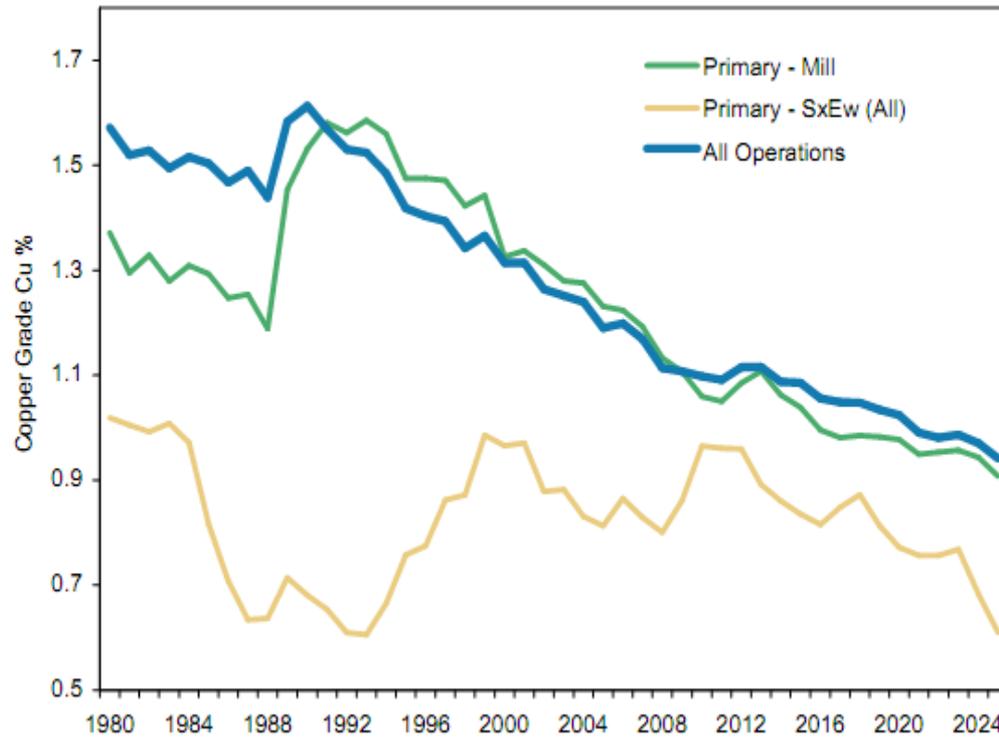
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- CRU is an independent, privately owned, business analysis and consultancy group focused on the mining, metals, power, cables, fertilizer and chemical sectors
- Of particular interest to Moly-Cop's business, CRU publishes a series of Steel Price Indices (CRUspi) intended to monitor the evolution of selected groups of steel product prices in various international markets
- CRUspi Indices are constructed from actual information of numerous commercial transactions worldwide, following standardized surveying methodologies
- CRUspi indices are published on a regular basis; the first Wednesday of every month
- Since 2004, Moly-Cop has been using the CRUspi Longs Index as a reference for periodic price updating of both steel purchasing and grinding media sale contracts
- The consistent application of the CRUspi Longs Index has allowed Moly-Cop to engage into long-term, variable pricing purchase/sale agreements
- It should be noted that the CRUspi Longs Index will be fully representative for Moly-Cop as long as such reference is accepted by its main bar suppliers. When bar suppliers, like AltaSteel, accept this reference, they are in practice committing to maintain a certain level of longer-term competitiveness in the international markets and so do Moly-Cop with our customers

# Copper – forecast head grades



## Head Grade Decline Driving Up Copper Mining Industry Costs



Source: Brook Hunt, Morgan Stanley Research

Copper head grade is forecast to decline which will increase demand for grinding media

# Historical financial performance



## New Moly-Cop/AltaSteel businesses

US\$M (unless stated) Year-end Dec 31	FY2007A	FY2008A	FY2009A	FY2010E
Sales Volume (kt)	766	823	732	803
Sales Revenue (US\$m) <sup>1</sup>	557	826	642	717
EBITDA	85	132	72	100
EBITDA Margin	15%	16%	11%	13%

- The business has delivered strong growth over the last few years
- Lower risk business profile reflected in stable margins
- Volumes in 2009 were impacted as a result of the Global Financial Crisis, however, have rebounded in 2010
- The Business has made a significant investment in expansionary capex over the past three years (~\$70m), which it will benefit from moving forward
- Modest stay in business capex of \$10 - \$15m per annum

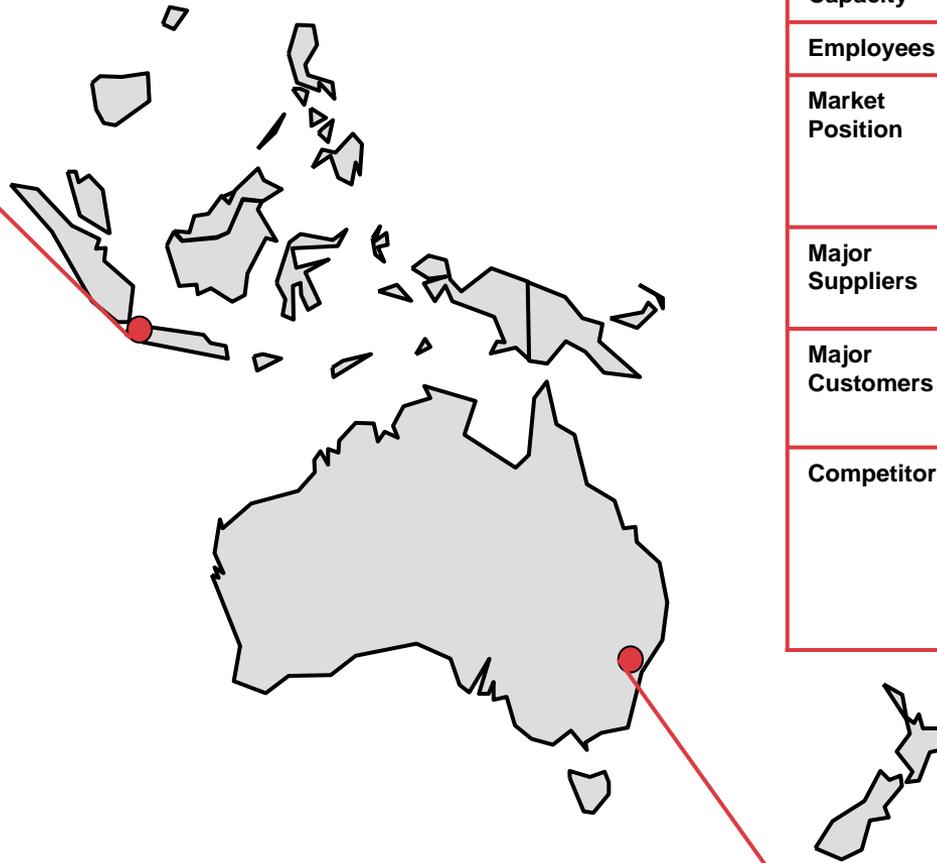
1. Moly-Cop grinding media sales volumes & AltaSteel total sales volumes; excludes sales by Maple Leaf Metals and GenAlta

# Comsteel (Moly-Cop) Australasia



Cilegon, Indonesia

INDONESIA	
<b>Facility</b>	Cilegon
<b>Capacity</b>	~30ktpa
<b>Employees</b>	50
<b>Market Position</b>	1 <sup>st</sup> ▪ >55% market share (Australasia)
<b>Major Supplier</b>	▪ OneSteel (Waratah)
<b>Major Customers</b>	▪ Freeport ▪ Newmont
<b>Competitors</b>	<b>Imports</b> ▪ Donhad ▪ China



Waratah, Australia

## AUSTRALIA

<b>Facilities</b>	Waratah
<b>Capacity</b>	~250ktpa
<b>Employees</b>	85
<b>Market Position</b>	1 <sup>st</sup> ▪ >55% market share (Australasia)
<b>Major Suppliers</b>	▪ OneSteel (Waratah)
<b>Major Customers</b>	▪ Newmont ▪ Barrick
<b>Competitors</b>	<b>In-Market</b> ▪ Donhad <b>Imports</b> ▪ China ▪ Magotteaux